

ALASKA LEGISLATURE COMMITTEE FILES 1999-2000 8672

9973 HOUSE RESOURCES

7. Until September 30, 1994, IRS will not employ its electronic fish processor levy to those taxpayers who owe \$30,000 or less, except in those cases where the government's interest is threatened by statute expirations before December 31, 1995; other levies may take place at IRS' discretion;

8. DOI agrees to appoint a loan officer as liaison to IRS to coordinate the implementation of SB 251;

9. DOI will include a waiver of rights to privacy of tax return-related information in its loan application package;

10. DOI agrees to aggressively publicize the existence of the loan program created by SB 251.

The parties agree to jointly use their best efforts to develop a meaningful outreach program to encourage individuals needing assistance to participate in the new loan program and to satisfy their past due tax obligations. As resources permit, the IRS and DOI are committed to travel to selected areas of the state.

The parties understand that meaningful outreach can best occur with the help of trained local individuals who are trusted in the community selected for outreach, and the parties agree to use their best efforts to develop this human resource. Joint efforts will include communicating with the Alaska Federation of Natives (AFN) and its member organizations, the University of Alaska, fish processors, as well as other groups and individuals who may be able to contribute.

Where an individual has been designated and trained to be a local contact and helper in the outreach process, IRS will employ its best efforts to provide names of individuals whom the IRS would like to contact.

When time and funding permit, joint outreach efforts will be coordinated so employees from the IRS and DOI can jointly meet with the taxpayers to apply for the loan and resolve tax problems.

State employees will be provided with disclosure authorization forms so loan applicants can authorize village administrators, council members or other representatives to assist them in resolving outstanding tax problems.


IRS employees assigned to the project will focus on Federal tax compliance issues. To the extent that information they identify relates to or impacts on state tax issues, such information will be shared with the State of Alaska, Department of Revenue.

Exhibit O
(2 of 3)

The loan provisions of SB 251 are in effect for three years after the effective date of the act. The IRS and DOI representatives will meet yearly to exchange general information and develop new objectives. Any changes to the memorandum must be agreed to in writing by the signers.

APPROVED:

STATE OF ALASKA
DEPARTMENT OF COMMERCE


Martin Richard, Director
Division of Investments

Signed at Tuonuk-Aleka this
20th day of July, 1994

INTERNAL REVENUE SERVICE
ANCHORAGE DISTRICT


Michael R. Allen
District Director

Signed at Anchorage, AK, this
22nd day of July, 1994

STATE OF ALASKA
COMMERCIAL FISHERIES ENTRY COMMISSION


Dale G. Anderson, Commissioner
Commercial Fisheries Entry Commission

Signed at JUNEAU-AK, this
20th day of JULY, 1994

Exhibit O
(3 of 3)

HB

290

Correction of Changes introduced in Drafting

Amendment 1

Issue

In drafting the House Special Committee on Oil and Gas committee substitute, changes were made to the proposed amendment language dropping the phrase, "that individually consume" and replacing it with "in which the consumption by customers is". Additionally, the phrase "and each request for service by a public utility" was also dropped.

Resolution

Restoring the dropped phrases was agreed to by all working group members.

Affect of this Amendment

These changes restore the language in the bill to conform with the original amendment language.

CS Section 1 on Royalty in Value vs. Royalty in Kind

Amendment 2

Issue

The Chairman of the House Special Committee on Oil and Gas introduced this section as an amendment, with the stated intention of providing explicit direction to the commissioner of the Department of Natural Resources to consider whether royalty oil or gas to be taken in kind may be necessary to meet present or projected intrastate domestic or industrial demand, and to require legislative approval, by law, before the commissioner takes any action toward the taking or disposal of royalty oil or gas.

Resolution

The working group participants concur that the CSHB 290 (O&G) section 1 language related to policy direction for the commissioner is duplicative of existing statutory requirements in AS 38.05.182, and AS 38.05.183(d). The working group participants also agreed that the language in part "b" has unintended consequences which could prohibit the DNR commissioner from performing any act related to the taking and disposition of royalties, including accepting state royalty checks from producers without an explicit act of law. This was agreed to be untenable and the working group participants agreed to recommend that section 1 of the CS be deleted from the bill.

Affect of this Amendment

The amended language removes section 1 from the current CS.

JPO Issue

Amendment 3

Issue

The administration believed the bill's original language modifying AS 38.35.120, the Right of Way Leasing Act, introduced unnecessary ambiguity regarding the state pipeline coordinators office's oversight of the LNG plant and marine terminal.

Additional concerns had been raised by Yukon Pacific Corporation that the bill's original language in this same section would in some way prejudice their existing right of way lease for the Anderson Bay site.

Sponsor Group Concern

The sponsor group's intent in the bill's original language was to exclude the LNG plant and marine terminal only from the common carriage covenant requirement under the Right of Way Leasing Act, and not to modify any currently existing regulatory oversight, or to affect any existing right of way lease.

Resolution

The Department of Law has drafted language which resolves the concern to the satisfaction of all parties: the administration (SPCO), the sponsor group, and Yukon Pacific Corp.

Affect of this Amendment

The amended language removes the requirement for the LNG plant and marine terminal to be in common carriage under the Right of Way Leasing Act, without affecting the SPCO's delegated authority under the Act.

Intrastate tariff methodology

Amendment 4 (?)

Issue

The Regulatory Commission of Alaska (RCA) believes that intrastate tariffs for the gas pipeline should be calculated utilizing the tariff methodology from the Public Utilities Act (42.05), which is a different methodology than that provided for by the Pipeline Act (AS 42.06). According to the RCA, a utility ratemaking methodology will result in more affordable tariffs for the intrastate transportation of gas than will the Pipeline Act ratemaking methodology.

Sponsor Group Concern

The sponsor group believes that this requirement creates a regulatory hybrid which reduces the clarity and certainty intended in this legislation. The underlying statutory requirements for tariffs under both the Public Utilities Act and the Pipeline Act are the same. AS 42.05.381(a) under the Public Utilities Act, and AS 42.06.370(a) under the Pipeline Act, both impose the identical requirement that tariff rates be "just and reasonable".

The sponsor group believes the appropriate time for the detailed determination of what should or should not be allowed in an intrastate tariff will be when filed tariffs are before the RCA for its consideration as to whether they are just and reasonable. This section of the bill needlessly creates uncertainty about the intended regulatory regime.

Resolution

The working group was unable to develop a consensus on this issue, and the House Resource Committee working group chairwoman decided it for them.

Affect of this Amendment

The amended language removes section 8 from the current CS.



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Fairbanks Office:
 P.O. Box 82718, Fairbanks, AK 99708
 Phone: (907) 479-8946
 Email: ross@mosquitonet.com

February 21, 2000

TO: All Members, House Resources Committee

FR: Ross Coen

RE: House Bill 290

Dear Members of the House Resources Committee,

I am writing with regard to House Bill 290 in order to call your attention to what my organization believes to be a minor and altogether fixable fault in the bill. The Alaska Forum for Environmental Responsibility is a statewide, non-profit group that seeks to hold both government and industry accountable to the laws designed to safeguard Alaska's environment.

In Section 7, Paragraph 16 of HB 290, the definition for "stranded gas pipeline" specifically excludes "marine terminal facilities...including pollution control equipment[.]" I believe that this passage means the following: if this bill passes in its current form and the proposed natural gas pipeline is built by the ANS Sponsor Group then the marine terminal and spill response activities would be exempt from any regulation or oversight by the coordinated state agencies in the Joint Pipeline Office.

One could argue that this minor language in only one House Bill could not possibly grant such a monumental exemption, but it appears nevertheless to set a dangerous precedent as to what the state may regulate and what it may not. You might call it the proverbial first step down that slippery slope.

It is my understanding that the proponents of HB 290 have argued for this exemption because (1) by excluding the marine terminal you would decrease the gas' transportation costs, thereby increasing state revenue; and (2) the Joint Pipeline Office is charged with regulating only pipelines, not facilities. Both points are fallacious.

First, Roger Marks with the Department of Revenue has testified that the state may include regulatory authority on marine terminal oversight while not affecting the transportation costs of the gas. Second, both Bill Britt, the State Pipeline Coordinator, and Mike Barnhill with the Attorney General's office have testified that the state's regulatory authority is expressly defined as to include both pipelines and facilities. A claim to the contrary is not only erroneous, but ignores the more than 25-year history of the Valdez Marine Terminal.

I respectfully request that the House Resources Committee amend HB 290 to remove this exemption found in Section 7, Paragraph 16. Careful oversight of not only the gas pipeline but of all related facilities is necessary to ensure the safe operation of this industry so vital to Alaska's economic future.

Thank you,

Ross Coen

Alaska State Legislature

House Resources Committee

COPY

Co-Chair Beverly Masek
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Capitol Building, Room 124
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Committee Meetings
M/W/F 1 - 3 p.m.

Members: Vice Chair John Cowdery,
Representatives Ramona Barnes, John Harris, Carl Morgan, Jim Whitaker, Reggie Joule, Mary Kapsner

February 20, 2000

John Shively
Commissioner, Department of Natural Resources
400 Willoughby Ave
Juneau, AK 99801

Dear Commissioner Shively,

During the House Special Committee on Oil & Gas (O&G) hearing on Thursday, February 17, amendments were made to HB 290 Stranded Gas Pipeline Carriers that fall under your authority. The chairman stated that he was advised by legislative legal counsel of potential constitutional problems with the amendment numbered 2.B (attached for your review). The O&G committee adopted this amendment.

The amendment effects AS 38.05.182 by requiring the Commissioner of the Department of Natural Resources to consider whether the royalty oil and gas taken in kind may be necessary to meet the state's present and projected intrastate domestic and industrial needs. It further requires the Commissioner to obtain Legislative approval by law prior to accepting the state's royalty in kind or in value.

Please accept this letter as a courtesy call as well as an invitation to address the House Resources Committee tomorrow, Monday, February 21 at 1:00 p.m., with your comments on any section of CSHB 290(O&G).

You may contact my committee staff, Lorali Meier, at 465-3715 with questions or concerns.

Sincerely,

A handwritten signature in cursive script that reads "Beverly Masek".

Beverly Masek
Co-Chairman, House Resources Committee

Attachments

Bill Text



Stranded Gas Act

(1998)

BILL ID: SCS CSHB 393(FIN)

00 SENATE CS FOR CS FOR HOUSE BILL NO. 393(FIN)
 01 "An Act relating to contracts with the state establishing payments in lieu of
 02 other taxes by a qualified sponsor or qualified sponsor group for projects to
 03 develop stranded gas resources in the state; providing for the inclusion in the
 04 contracts of terms making certain adjustments regarding royalty value and the
 05 timing and notice of the state's right to take royalty in kind or in value from
 06 projects to develop stranded gas resources in the state; relating to the effect of
 07 the contracts on municipal taxation; and providing for an effective date."
 08 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
 09 * Section 1. FINDINGS. The legislature finds that
 10 (1) a vast quantity of gas in Alaska is stranded from commercial development
 11 because of the cost associated with providing access to markets for that gas; on
 12 North Slope alone, between the Colville and Canning Rivers, approximately 35 trillion c
 13 discovered gas resources are stranded in this way;
 14 (2) because of the high cost of providing access to markets for North Slope
 15 gas, exploration efforts there have historically focused on oil; if the infrastru
 16 cture to provide market access for North Slope gas were economically available, it is poss
 17 ible that gas exploration efforts would be initiated that could lead to the discovery and c
 18 discovery of significantly greater gas resources than have been discovered so far;
 19 (3) maintaining production operations, whether for oil, gas, or both, enhances
 20 the opportunities for oil and gas exploration and development on the North Slope;
 21 (4) large areas of the state, encompassing a number of geologic provinces and
 22 basins, do not have oil and gas production and still remain largely unexplored fo
 23 r exploration for gas in some of these areas might be facilitated if infrastructure
 24 economically available to provide access for the gas to markets;
 25 (5) Alaskans may desire a portion of the gas from a transportation project for
 26 in-state uses; however, it is unlikely that markets will develop within the state
 27 more than a relatively small proportion of the volume of stranded gas already dis
 28 covered on the North Slope; therefore, the primary need for gas infrastructure for approxima
 29 te a decade will be to provide access to markets outside the state;
 30 (6) currently the principal mode anticipated for stranded North Slope gas to
 31 access markets outside the state is a gas pipeline to an ice-free Alaska port whe
 32 re it would be turned into liquefied natural gas and exported using specially designed
 33 tankers;
 34 (7) the size of the capital expenditure needed to get North Slope gas to marke
 35 ts by way of a liquefied natural gas project requires long-term contracts for gas or
 36 approximately 14,000,000 metric tons a year of liquefied natural gas; to be successful, a North
 37 Slope liquefied natural gas project needs to reach this full annual volume in not more
 38 than a decade from the commencement of commercial operations;
 39 (8) for a North Slope liquefied natural gas project to become economically
 40 viable and competitive, the estimated costs of constructing such a project must b
 41 e reduced significantly; reducing the financial risk associated with the project would als
 42 o improve the project's chances of becoming economically viable and competitive;
 43 (9) the state has contracted an extensive financial analysis of the
 44 commercialization of North Slope gas; this analysis, performed by a recognized ex
 45 pert in petroleum economics, Dr. Pedro Van Meurs, indicates that changes in the local, st
 46 ate, and federal tax structure may be necessary to make commercialization of North Slope g
 47 as resources economically viable;
 48 (10) although the state can do little now to reduce expected construction cost
 49 s, the state can reduce some of the financial risk associated with a North Slope liq
 50 ued natural gas project or other stranded gas development projects by specifying with as much
 51 precision as possible the state taxes and royalties that would apply to such a project thro
 52 ughout its life;
 53 (11) the state could improve the economics and competitiveness of a stranded
 54 gas development project by adjusting the timing of the state's receipt of its sha
 55 re of the economic rent of the project; the present fiscal regime is front-end loaded, whic
 56 h means that the state and local governments take a significant part of their shares of the ec
 57 onomic rent of a project early in the life of the project, even before the project starts to ge
 58 nerate a cash stream; the state and local governments could improve the economics of a stranded
 59 gas development project by taking more of their shares of the economic rent of a proj

14 the life of the project;

15 (12) the state's present fiscal regime, as it would apply to a stranded gas
16 development project, is also regressive to the extent that it is insensitive to
17 profitability of the project, so that, in times of low profitability, the state
18 governments would take an excessive amount of the economic rent of the project,
19 times of high profitability, they would take an inadequate amount of the economic
20 project; the state and local governments could improve the economics of a stranded
21 development project by making the overall fiscal system less regressive and more
22 to the relative profitability of a project;

23 (13) establishing a fiscal regime applicable to a specific stranded gas
24 development project under a long-term contract with the state, where payments would
25 in lieu of other taxes, would

26 (A) enable the state to create a fiscal regime that is less front-end
27 loaded and less regressive for a project without rewriting the tax laws for gas
28 being developed and produced;

29 (B) enable the state to customize the timing and burden of its fiscal
30 regime to fit the economic circumstances of a particular stranded gas development
31 project;

01 (C) reduce the financial risk of the project by reducing uncertainty
02 about the fiscal terms applicable to the project;

03 (14) authorizing the state, through the executive branch, to develop a contract
04 establishing the fiscal regime that would apply to a qualified stranded gas development
05 if it were built will result in contracts that are an exercise of the legislature
06 that is consistent with art. IX, sec. 1, Constitution of the State of Alaska;

07 (15) authorizing the state, through the executive branch, to develop a contract
08 establishing a fiscal regime that reduces the risks and improves the economics of
09 gas development project will result in contracts that are an exercise of the legislature
10 under art. IX, sec. 4, Constitution of the State of Alaska, to create tax exempt
11 law and is consistent with the legislature's responsibility under art. VIII, sec.
12 Constitution of the State of Alaska, to provide for the utilization, development,
13 conservation of all natural resources belonging to the state for the maximum benefit
14 people;

15 (16) stranded gas development projects are a matter of statewide interest
16 because they are an important potential source of revenue to the state, job opportunities
17 for the people of the state, and gas for use by communities throughout the state;

18 (17) to the extent permissible under the Constitution of the United States and
19 the Constitution of the State of Alaska, the legislature intends that state residents
20 businesses share in and not be excluded from the opportunities stemming from the
21 development of the state's gas resources; and

22 (18) good faith efforts by qualified sponsors, qualified sponsor groups, and
23 contractors of qualified sponsors and qualified sponsor groups that enter into a
24 contract developed under this Act to undertake voluntary actions to provide employment
25 opportunities for Alaska residents and opportunities for Alaska businesses are in
26 the interests of the state.

27 * Sec. 2. INTENT. (a) The legislature intends that contracts developed under
28 provide stable fiscal terms that encourage the development of stranded gas projects
29 otherwise might not be developed under the prevailing tax and royalty regime. The
30 legislature further intends that any fiscal term agreed to in a contract developed under this
31 Act other taxes will fully and fairly compensate the people of the state for the severance
01 production, and sale of natural resources belonging to the people of the state, for the
02 effects and the risks that a project may impose on the state, and for the value of
03 infrastructure that may be provided by the state to a project, including all the
04 benefits of civilized society that may be provided by the state to the sponsors of a project.

05 (b) The legislature intends that, in order to provide the stable fiscal terms that
06 encourage development of stranded gas projects, any contract developed under this
07 Act express whether the state intends to be bound to the full extent allowed by the
08 Constitution of the State of Alaska; however, the legislature further intends that the terms
09 of a contract developed under this Act will not be binding on or enforceable against the state
10 or parties to the contract unless the governor is authorized to execute the contract
11 by the legislature.

12 (c) The legislature intends that a qualified sponsor or qualified sponsor group
13 contractor of a qualified sponsor or qualified sponsor group that enters into a contract
14 developed under this Act relating to a stranded gas project will, with respect to
15 the contract, voluntarily

16 (1) undertake reasonable measures to hire Alaska residents to perform work
17 that they are qualified to perform on a competitive basis;

18 (2) assist Alaska residents who are capable of being qualified and who make
 19 a good faith effort to obtain the requisite training required for employment; and
 20 (3) use reasonable efforts to contract with qualified Alaska businesses when
 21 their performance is competitive with regard to price, quality, and availability.

22 * **Sec. 3.** AS 43 is amended by adding a new chapter to read:

23 **Chapter 82. Development of Alaska Stranded Gas.**

24 **Article 1. Contracts for Payments in Lieu of Other Taxes.**

25 **Sec. 43.82.010. Purpose.** The purpose of this chapter is to

26 (1) encourage new investment to develop the state's stranded gas
 27 resources by authorizing establishment of fiscal terms related to that new invest
 28 without significantly altering tax and royalty methodologies and rates on existin
 29 and gas infrastructure and production;

30 (2) allow the fiscal terms applicable to a qualified sponsor or the
 31 members of a qualified sponsor group, with respect to a qualified project, to be
 01 to the particular economic conditions of the project and to establish those fisca
 02 in advance with as much certainty as the Constitution of the State of Alaska allc
 03 and

04 (3) maximize the benefit to the people of the state of the development
 05 of the state's stranded gas resources.

06 **Sec. 43.82.020. Contracts for payments in lieu of other taxes and for**
 07 **royalty adjustments.** The commissioner may, under this chapter, negotiate terms f
 08 inclusion in a proposed contract with a qualified sponsor or qualified sponsor gr
 09 providing for

10 (1) periodic payment in lieu of one or more taxes that otherwise would
 11 be imposed by the state or a municipality on the qualified sponsor or members of
 12 qualified sponsor group as a consequence of the sponsor's or group's participati
 13 an approved qualified project under this chapter; and

14 (2) certain adjustments regarding royalty under AS 43.82.220.

15 **Article 2. Qualification and Application Procedures.**

16 **Sec. 43.82.100. Qualified project.** Based on information available to the
 17 commissioner, the commissioner may determine that a proposal for new investment i
 18 a qualified project under this chapter only if the project

19 (1) is a project for the export of liquefied natural gas;

20 (2) would produce at least 500,000,000,000 cubic feet of stranded gas
 21 within 20 years from the commencement of commercial operations; and

22 (3) is capable, subject to applicable commercial regulation and technical
 23 and economic considerations, of making gas available to meet the reasonably
 24 foreseeable demand in this state for gas within the economic proximity of the prc

25 **Sec. 43.82.110. Qualified sponsor or qualified sponsor group.** The
 26 commissioner may determine that a person or group is a qualified sponsor or quali
 27 sponsor group if the person or a member of the group

28 (1) intends to own an equity interest in a qualified project, intends to
 29 commit gas that it owns to a qualified project, or holds the permits that the dep
 30 determines are essential to construct and operate a qualified project; and

31 (2) meets one or more of the following criteria:

01 (A) owns a working interest in at least 10 percent of the
 02 stranded gas proposed to be developed by a qualified project;

03 (B) has the right to purchase at least 10 percent of the stranded
 04 gas proposed to be developed by a qualified project;

05 (C) has the right to acquire, control, or market at least 10
 06 percent of the stranded gas proposed to be developed by a qualified project;

07 (D) has a net worth equal to at least 33 percent of the estimated
 08 cost of constructing a qualified project;

09 (E) has an unused line of credit equal to at least 25 percent of
 10 the estimated cost of constructing a qualified project.

11 **Sec. 43.82.120. Applications.** (a) A qualified sponsor or qualified spons
 12 group may submit to the department an application for development of a contract
 13 under AS 43.82.020 evidencing that the requirements of AS 43.82.100 and 43.82.110
 14 are met. The application must be submitted in the manner and form and contain th
 15 information required by the department.

16 (b) Along with an application submitted under (a) of this section, an appl
 17 shall submit a proposed project plan for a qualified project that contains the fo
 18 information based on the information known to the applicant at the time of
 19 application:

20 (1) a description of the work accomplished as of the date of the
 21 application to further the project;

22 (2) a schedule of proposed development activity leading to the
23 projected commencement of commercial operations of the project;
24 (3) a description of the development activity proposed to be
25 accomplished under the proposed project plan;
26 (4) a description of each lease or property that the applicant believes
27 to contain the stranded gas that would be developed if the project was built;
28 (5) a description of the methods and terms under which the applicant
29 is prepared to make gas available to meet the reasonably foreseeable demand in th
30 state for gas within the economic proximity of the project during the term of the
31 proposed contract, including proposed pipeline transportation and expansion rules
01 pipeline transportation is a part of the proposed project;
02 (6) a detailed description of options to mitigate the increased demand
03 for public services and other negative effects caused by the project;
04 (7) a detailed description of options for the safe management and
05 operation of the project once it is constructed;
06 (8) other information that the commissioner of revenue, in consultation
07 with the commissioner of natural resources, considers necessary to make a
08 determination that
09 (A) the work accomplished as of the date of application, the
10 schedule of proposed development activity, and the development activity
11 proposed to be accomplished under the proposed project plan reflect a proposal
12 for diligent development on the part of the applicant;
13 (B) the proposed project plan does not materially conflict with
14 the obligations of a lessee to the state under a lease or under a pool, unit, or
15 other agreement with the state; and
16 (C) the proposed project plan describes satisfactory methods and
17 terms for accommodating reasonably foreseeable demand for gas in this state
18 within the economic proximity of the project during the term of the proposed
19 contract.
20 (c) The requirements of (b) of this section do not diminish the obligator
21 a qualified sponsor or member of a qualified sponsor group to the state or restri
22 authority of the commissioner of revenue or the commissioner of natural resources
23 under any other law or agreement relating to a plan of development for a lease, g
24 or unit.
25 **Sec. 43.82.130. Qualified project plan.** A proposed project plan submitted
26 under AS 43.82.120 may be approved as a qualified project plan under AS 43.82.140
27 if the proposed project plan
28 (1) reflects a proposal for diligent development of the project on the
29 part of the applicant;
30 (2) does not materially conflict with the obligations of a lessee to the
31 state under a lease or under a pool, unit, or other agreement with the state; and
01 (3) describes satisfactory methods and terms for making gas available
02 to meet the reasonably foreseeable demand in this state for gas within the econo
03 proximity of the project during the term of the proposed contract.
04 **Sec. 43.82.140. Review of applications and determination of qualifications**
05 (a) The commissioner shall review an application submitted under AS 43.82.120 to
06 determine whether the provisions of AS 43.82.100 concerning a qualified project a
07 AS 43.82.110 concernin, a qualified sponsor or qualified sponsor group have been
08 met. The commissioner may approve an application only if those provisions have b
09 met.
10 (b) If the commissioner approves an application under (a) of this section,
11 commissioner and the commissioner of natural resources shall review the proposed
12 project plan submitted with the application to determine whether the provisions c
13 AS 43.82.130 have been met. The commissioner may approve the proposed project
14 plan as a qualified project plan only if the commissioner of natural resources cc
15 in the approval.
16 (c) The commissioner shall send to the applicant written notice of and the
17 reasons for the determinations made under (a) and (b) of this section.
18 **Sec. 43.82.150. Actions challenging determinations on applications.** (a)
19 Only an applicant under AS 43.82.120 who is aggrieved by a determination of the
20 commissioner of revenue or the commissioner of natural resources under AS 43.82.1
21 may seek judicial review of the determination.
22 (b) The only grounds for judicial review of a determination made under
23 AS 43.82.140 are
24 (1) failure to follow the qualification and application procedures set ou
25 in AS 43.82.100 - 43.82.180; or

30 (1) the terms should, in conjunction with other factors such as cost
31 reduction of the project, cost overrun risk reduction of the project, increased f
01 certainty, and successful marketing, improve the competitiveness of the approved
02 qualified project in relation to other development efforts aimed at supplying the
03 market;

04 (2) the terms should accommodate the interests of the state, affected
05 municipalities, and the project sponsors under a wide range of economic conditior
06 potential project structures, and marketing arrangements;

07 (3) the state's and affected municipalities' combined share of the
08 economic rent of the approved qualified project under the contract should be rela
09 progressive; that is, the state's and affected municipalities' combined annual st
10 the economic rent of the approved qualified project generally should not increase
11 there are decreases in project profitability, or decrease when there are increase
12 project profitability;

13 (4) the state's and affected municipalities' combined share of the
14 economic rent of the approved qualified project under the contract should be rela
15 lower in the earlier years than in the later years of the approved qualified proj

16 (5) the terms should allow the project sponsors to retain a share of the
17 economic rent of the approved qualified project that is sufficient to compensate
18 sponsors for risks under a range of economic circumstances;

19 (6) the terms should provide the state and affected municipalities with
20 a significant share of the economic rent of the approved qualified project, when
21 discounted to present value, under favorable price and cost conditions;

22 (7) the method for calculating the periodic payment in lieu of certain
23 taxes under the contract should be clear and unambiguous; and

24 (8) while cost calculations for the approved qualified project under the
25 contract should be based on amounts that closely approximate actual costs, agreed
26 upon formulas reflecting reasonable economic assumptions should be used if possib
27 promote administrative certainty and efficiency.

28 (c) Except as provided in (b) of this section, the commissioner's discreti
29 under this section in developing proposed terms for a contract under AS 43.82.020
30 not limited to consideration of the economic rent of the approved qualified proje

31 **Sec. 43.82.220. Contract terms relating to royalty.** (a) Notwithstanding
01 contrary provisions of AS 38, the commissioner of natural resources, with the
02 concurrence of the commissioner of revenue and the affected parties holding a sta
03 lease or unit agreement, may develop proposed terms for inclusion in a contract u
04 AS 43.82.020 that modify the timing and notice provisions of the applicable oil a
05 gas leases and unit agreements pertaining to the state's rights to receive its r
06 gas in kind or in value if

07 (1) the viability of the approved qualified project depends on long-term
08 gas purchase and sale agreements;

09 (2) certainty over time regarding the quantity of royalty gas that the
10 state may be taking in kind is needed to secure the long-term purchase and sale
11 agreements;

12 (3) the specified period of the state's commitment to take its royalty
13 share in value or in kind does not exceed the term of the purchase and sale
14 agreements; and

15 (4) the modification does not impair the ability of the approved
16 qualified project or the state to meet the reasonably foreseeable demand in this
17 for gas within economic proximity of the project during the term of the contract
18 developed under AS 43.82.020.

19 (b) Notwithstanding any contrary provisions of AS 38, the commissioner of
20 natural resources, with the concurrence of the commissioner of revenue and the
21 affected parties holding a state lease or unit agreement, may develop proposed te
22 for inclusion in a contract under AS 43.82.020 that establish a valuation method
23 the state's royalty share of the gas production from an approved qualified projec

24 (c) The commissioner of revenue shall include any proposed terms relating
25 royalty developed in accordance with this section in the proposed contract under
26 AS 43.82.400.

27 (d) Nothing in this chapter permits modification of the state's rights tha
28 to timing, notice, and rights to receive oil royalty in kind or in value under oi
29 leases or unit agreements.

30 **Sec. 43.82.230. Contract terms relating to hiring of Alaska residents and**
31 **contracting with Alaska businesses.** (a) The commissioner shall include in a
01 contract under AS 43.82.020 a term requiring the qualified sponsor or qualified
02 sponsor group and contractors of the qualified sponsor or qualified sponsor group

03 comply with all valid federal, state, and municipal laws relating to hiring Alaska
 04 residents and contracting with Alaska businesses to work in the state on the approved
 05 qualified project and not to discriminate against Alaska residents or Alaska businesses.
 06 Within the constraints of law, the commissioner shall also include in a contract
 07 AS 43.82.020 a term that requires the qualified sponsor or qualified sponsor group
 08 contractors of the qualified sponsor or qualified sponsor group to employ Alaska
 09 residents and to contract with Alaska businesses to work in the state on the approved
 10 qualified project to the extent the residents and businesses are available, competitively
 11 priced, and qualified.

12 (b) The commissioner shall include in a contract under AS 43.82.020 a term
 13 requiring the qualified sponsor or qualified sponsor group and contractors of the
 14 qualified sponsor or qualified sponsor group to

15 (1) advertise for available positions in newspapers in the location where
 16 the work is to be performed and in other publications distributed throughout the state,
 17 including in rural areas; and

18 (2) use Alaska job service organizations located throughout the state
 19 and not just in the location where the work is to be performed in order to notify
 20 Alaskans of work opportunities on the approved qualified project.

21 (c) Subject to the voluntary agreement of the qualified sponsor, the
 22 commissioner may include a term in the contract providing for incentives to encourage
 23 training and hiring of Alaska residents.

24 (d) This section does not create or abridge individual rights and does not
 25 a private right of action for any person.

26 (e) For purposes of this section,

27 (1) "Alaska business" means a firm or contractor that

28 (A) has held an Alaska business license for the preceding 12
 29 months;

30 (B) maintains, and has maintained for the preceding 12 months,
 31 a place of business in the state that competently and professionally deals in
 01 supplies, services, or construction of the nature required for the approved
 02 qualified project; and

03 (C) is

04 (i) a sole proprietorship and the proprietor is an Alaska
 05 resident;

06 (ii) a partnership and more than 50 percent of the
 07 partnership interest is held by Alaska residents;

08 (iii) a limited liability company and more than 50
 09 percent of the membership interest is held by Alaska residents;

10 (iv) a corporation that has been incorporated in the state
 11 or is authorized to do business in the state; or

12 (v) a joint venture and a majority of the venturers
 13 qualify as Alaska businesses under this paragraph;

14 (2) "Alaska job service organizations" means those offices maintained
 15 by the state and recommended by the Department of Labor whose functions are to assist
 16 the unemployed or underemployed in finding employment;

17 (3) "Alaska resident" means a natural person who

18 (A) receives a permanent fund dividend under AS 43.23; or

19 (B) is registered to vote under AS 15 and qualifies for a
 20 resident fishing, hunting, or trapping license under AS 16;

21 (4) "available," as applied to an Alaska resident or Alaska business,
 22 means that the resident or business is available for employment at the time required
 23 and is located anywhere in the state, not just in the area of the state where the
 24 work is to be performed;

25 (5) "qualified," as applied to an Alaska resident or Alaska business,
 26 means that the resident or business possesses the requisite education, training,
 27 certification, or experience to perform the work necessary for a particular position
 28 to perform a particular service.

29 **Sec. 43.82.240. Use of an independent contractor.** (a) The commissioner
 30 may use an independent contractor to assist in the evaluation of an application or
 31 the development of contract terms under AS 43.82.200. The commissioner may
 01 condition the development of a contract under AS 43.82.020 on an agreement by the
 02 applicant to reimburse the state for the expenses of an independent contractor under
 03 this section.

04 (b) An independent contractor selected under this section must sign an
 05 agreement regarding confidentiality and disclosures consistent with the determinations
 06 made under AS 43.82.310 before the contractor may review information that is

07 determined confidential under AS 43.82.310.

08 (c) Selection of an independent contractor under this section is not subje
09 AS 36.30 (State Procurement Code).

10 **Sec. 43.82.250. Term of contract; effective date.** The term of a contract
11 developed under AS 43.82.020 may be for no longer than is necessary to develop th
12 stranded gas that is subject to the contract; however, the term of the contract n
13 exceed 35 years from the commencement of commercial operations of the approved
14 qualified project.

15 **Sec. 43.82.260. Change of parties to an application or a contract;
16 assignment of interests.** (a) A qualified sponsor or member of a qualified spons
17 group may assign an interest in or add or withdraw a party to an application unde
18 AS 43.82.120 only if the commissioner has

19 (1) made a finding that the assignment, addition, or withdrawal is
20 consistent with the requirements of AS 43.82.110; and

21 (2) given prior written approval for the assignment, addition, or
22 withdrawal.

23 (b) A contract developed under this chapter may provide for the assignment
24 to or withdrawal of a qualified sponsor or member of a qualified sponsor group.

25 (c) Upon being added to an application under this section, a party becomes
26 qualified sponsor or a member of a qualified sponsor group, as appropriate, for t
27 relevant project.

28 (d) The commissioner may not unreasonably withhold approval under (a) of
29 this section, but may condition the approval in any way reasonably necessary to p
30 the fiscal interests of the state and to further the purposes of this chapter.

31 (e) For purposes of this section, an assignment includes a transfer of stc
01 a partnership interest in a manner that changes control of a qualified sponsor or
02 member of a qualified sponsor group.

03 **Sec. 43.82.270. Project plans and work commitments.** A contract under
04 AS 43.82.020 must include the qualified project plan approved under AS 43.82.140
05 and provisions for updating the plan at reasonable intervals until the commence
06 of commercial operations of the approved qualified project. The commissioner of
07 revenue, in consultation with the commissioner of natural resources, may, as a te
08 in a contract under AS 43.82.020, include work commitments or other obligations i
09 the contract to be accomplished before the commencement of commercial operations
10 of the approved qualified project.

11 **Article 4. Requests for Information; Confidentiality;
12 Disclosure of Information.**

13 **Sec. 43.82.300. Requests for information.** The commissioner of revenue or
14 the commissioner of natural resources may request from an applicant information t
15 the respective commissioner determines is necessary to perform the respective
16 commissioner's responsibilities under AS 43.82.140. If the application is approv
17 under AS 43.82.140, the respective commissioner shall require the successful appl
18 to provide financial, technical, and market information regarding the qualified p
19 that the respective commissioner determines is necessary for the purpose of devel
20 contract terms for the qualified project under AS 43.82.200. If requested inform
21 is not provided, the commissioner of revenue may not continue to review the
22 application under AS 43.82.140 or develop the contract under AS 43.82.200 -
23 43.82.270, as applicable.

24 **Sec. 43.82.310. Disclosure of information; confidentiality.** (a) An appli
25 may request confidential treatment of information that the applicant provides und
26 AS 43.82.300 by clearly identifying the information and the reasons supporting th
27 request for confidential treatment. The commissioner of revenue or the commissic
28 of natural resources, as appropriate, shall keep the information confidential unt
29 commissioner determines whether the requirements of (b) of this section are met.
30 the commissioner of revenue or the commissioner of natural resources has not made
31 a determination under (b) of this section within 14 days after receiving a reques
01 confidential treatment, the request is considered denied. If the appropriate
02 commissioner determines that the information does not meet the requirements of (b
03 of this section or if the commissioner fails to make a determination within 14 da
04 commissioner shall return the information and any copies of it at the request of
05 applicant. If the commissioner of revenue or the commissioner of natural resourc
06 as appropriate, returns information under this subsection, the commissioner shall
07 review of the application or cease contract development under AS 43.82.200 -
08 43.82.270, as appropriate, unless the commissioner determines that the returned
09 information is unnecessary to make a determination on the application or to devel
10 contract terms under AS 43.82.200 - 43.82.270.

11 (b) If requested by the applicant, information provided to the commissione
 12 revenue or the commissioner of natural resources under AS 43.82.300 shall be kept
 13 confidential if the commissioner receiving the information determines, upon an
 14 adequate showing by the applicant, that the information

15 (1) is a trade secret or other proprietary research, development, or
 16 commercial information that the applicant treats as confidential;

17 (2) affects the applicant's competitive position; and

18 (3) has commercial value that may be significantly diminished by
 19 public disclosure or that public disclosure is not in the long-term fiscal intere
 20 state.

21 (c) Information determined to be confidential under (b) of this section is
 22 confidential under that subsection only so long as is necessary to protect the
 23 competitive position of the applicant, to prevent the significant diminution of t
 24 commercial value of the information, or to protect the long-term fiscal interests
 25 state. The commissioner of revenue or the commissioner of natural resources, as
 26 appropriate, may not release information that the commissioner has previously
 27 determined to be confidential under (b) of this section without providing the app
 28 notice and an opportunity to be heard.

29 (d) Notwithstanding the limitation in (c) of this section, the Department
 30 Revenue and the Department of Natural Resources may provide to one another, to th
 31 Department of Law, to the legislature, and to the Office of the Governor any
 01 information provided under AS 43.82.300 relevant to the implementation of this
 02 chapter or to the enforcement of state or federal laws. Information that is excl
 03 under this subsection that was determined to be confidential under (b) of this se
 04 remains confidential except as provided in (c) of this section. The portions of
 05 records and files of the Department of Revenue, the Department of Natural Resourc
 06 the Department of Law, the legislature, and the Office of the Governor that refle
 07 incorporate, or analyze information that is determined to be confidential under (c
 08 this section are not public records except as provided in (c) of this section.

09 (e) Notwithstanding the limitation in (c) of this section, information tha
 10 determined to be confidential under (b) of this section shall be disclosed on req
 11 the commissioner of revenue, the commissioner of natural resources, or the attor
 12 general to a legislator; to the legislative auditor; and, as directed by the chai
 13 chair of the Legislative Budget and Audit Committee, to the director of legislati
 14 to the permanent employees of those divisions who are responsible for evaluating
 15 under AS 43.82.020, and to agents or contractors of the legislative auditor or th
 16 legislative finance who are engaged to evaluate a contract under AS 43.82.020. I
 17 that is determined to be confidential under (b) of this section may also be discl
 18 commissioner of revenue or the commissioner of natural resources to an independe
 19 contractor under AS 43.82.240 or to a municipal advisory group established under
 20 AS 43.82.510. Before confidential information is disclosed under this subsection
 21 receiving the information must sign an appropriate confidentiality agreement.

22 (f) If the commissioner of revenue chooses to develop a contract under
 23 AS 43.82.020, the portions of the records and files of the Department of Revenue,
 24 Department of Natural Resources, the Department of Law, and a municipal advisory
 25 group established under AS 43.82.510 that reflect, incorporate, or analyze inform
 26 that is relevant to the development of the position or strategy of the commissio
 27 revenue, the commissioner of natural resources, or the attorney general with resp
 28 to a particular provision that may be incorporated into the contract are not publ
 29 records until the commissioner of revenue gives public notice under AS 43.82.410
 30 the commissioner's preliminary findings and determination under AS 43.82.400.

31 Nothing in this subsection

01 (1) makes a record or file of the Department of Revenue, the
 02 Department of Natural Resources, or the Department of Law a public record that
 03 otherwise would not be a public record under AS 09.25.100 - 09.25.220;

04 (2) affects the confidentiality provisions of (a) - (e) of this section;

05 (3) abridges a privilege recognized under the laws of this state, whether
 06 at common law or by statute or by court rule.

07 **Article 5. Contract Review, Approval, and Termination.**

08 **Sec. 43.82.400. Preliminary findings and determination regarding the**

09 **contract.** (a) If the commissioner develops a proposed contract under AS 43.82.2
 10 43.82.270, the commissioner shall

11 (1) make preliminary findings and a determination that the proposed
 12 contract terms are in the long-term fiscal interests of the state and further the
 13 of this chapter; and

14 (2) prepare a proposed contract that includes those terms and shall

15 submit the contract to the governor.

16 (b) To make the preliminary findings and determination required by (a)(1)
17 this section, the commissioner shall compare the projected public revenue anticip
18 from the approved qualified project with the estimated operating and capital cost
19 the additional state and municipal services anticipated to arise from the constru
20 and operation of the approved qualified project. The commissioner shall address
21 reasonably foreseeable effects of the proposed contract on the public revenue.

22 (c) In conjunction with the making of preliminary findings and determinati
23 required by (a)(1) of this section, the commissioner shall describe the principal
24 including the projected price of gas, projected production rate or volume of gas,
25 projected recovery, development, construction, and operating costs, upon which th
26 determination made under (a)(1) of this section is based. If the commissioner ha
27 previously submitted a proposed contract to the governor, the commissioner shall
28 describe any material differences between the terms of the currently proposed cor
29 and the previously proposed contract.

30 **Sec. 43.82.410. Notice and comment regarding the contract.** The
31 commissioner shall

01 (1) give reasonable public notice of the preliminary findings and
02 determination made under AS 43.82.400;

03 (2) make copies of the proposed contract, the commissioner's
04 preliminary findings and determination, and, to the extent the information is not
05 required to be kept confidential under AS 43.82.310, the supporting financial,
06 technical, and market data, including the work papers, analyses, and recommendati
07 of any independent contractors used under AS 43.82.240 available to the public ar
08 to

09 (A) the presiding officer of each house of the legislature;

10 (B) the chairs of the finance and resources committees of the
11 legislature; and

12 (C) the chairs of the special committees on oil and gas, if any,
13 of the legislature;

14 (3) offer to appear before the Legislative Budget and Audit Committee
15 to provide the committee a review of the commissioner's preliminary findings and
16 determination, the proposed contract, and the supporting financial, technical, ar
17 market data; if the Legislative Budget and Audit Committee accepts the commissi
18 offer, the committee shall give notice of the committee's meeting to the public a
19 members of the legislature; if the financial, technical, and market data that is
20 provided must be kept confidential under AS 43.82.310, the commissioner may not
21 release the confidential information during a public portion of a committee meeti
22 and

23 (4) establish a period of at least 30 days for the public and members
24 of the legislature to comment on the proposed contract and the preliminary findin
25 and determination made under AS 43.82.400.

26 **Sec. 43.82.420. Coordination of public and legislative review.** To the ext
27 practicable, the commissioner shall coordinate the public comment opportunity
28 provided under AS 43.82.410(4) with a review by the Legislative Budget and Audit
29 Committee under AS 43.82.410(3).

30 **Sec. 43.82.430. Final findings, determination, and proposed amendments;
31 execution of the contract.** (a) Within 30 days after the close of the public con
01 period under AS 43.82.410(4), the commissioner of revenue shall

02 (1) prepare a summary of the public comments received in response to
03 the proposed contract and the preliminary findings and determination;

04 (2) after consultation with the commissioner of natural resources, if
05 appropriate, and with the pertinent municipal advisory group established under
06 AS 43.82.510, prepare a list of proposed amendments, if any, to the proposed cont
07 that the commissioner of revenue determines are necessary to respond to public
08 comments;

09 (3) make final findings and a determination as to whether the proposed
10 contract and any proposed amendments prepared under (2) of this subsection meet t
11 requirements and purposes of this chapter.

12 (b) After considering the material described in (a) of this section and se
13 the agreement of the other parties to the proposed contract regarding any propose
14 amendments prepared under (a) of this section, if the commissioner determines the
15 contract is in the long-term fiscal interests of the state, the commissioner shal
16 the contract to the governor.

17 (c) The commissioner's final findings and determination under (a) of this
18 section are final agency decisions under this chapter.

19 **Sec. 43.82.435. Legislative authorization.** The governor may transmit a
20 contract developed under this chapter to the legislature together with a request
21 authorization to execute the contract. A contract developed under this chapter is
22 binding upon or enforceable against the state or other parties to the contract unless
23 the governor is authorized to execute the contract by law. The state and the other parties
24 to the contract may execute the contract within 60 days after the effective date of the
25 law authorizing the contract.

26 **Sec. 43.82.440. Judicial review.** A person may not bring an action
27 challenging the constitutionality of a law authorizing a contract enacted under
28 AS 43.82.435 or the enforceability of a contract executed under a law authorizing a
29 contract enacted under AS 43.82.435 unless the action is commenced within 120 days
30 after the date that the contract was executed by the state and the other parties to the
31 contract.

01 **Sec. 43.82.445. Administrative termination of a contract.** (a) The
02 commissioner shall include terms in a contract developed under AS 43.82.020 that
03 provide for administrative termination of a party's rights under the procedures and
04 conditions set out in this section if the party has

05 (1) ceased to meet the requirements of AS 43.82.110 as a qualified
06 sponsor or qualified sponsor group;

07 (2) intentionally or fraudulently misrepresented, in whole or in part,
08 material facts or circumstances upon which the contract was made;

09 (3) failed to comply with a condition or material term of the contract
10 or a provision of this chapter; or

11 (4) failed to comply with the approved qualified project plan or any
12 updated project plan.

13 (b) Before administrative termination of a contract under this section, the
14 commissioner shall give notice to the parties of the commissioner's intent to terminate
15 the contract and an opportunity to be heard. The commissioner may also provide to the
16 parties an opportunity to cure any deficiency that is the basis for the termination.
17 The commissioner determines that curing the deficiency is appropriate under the
18 circumstances.

19 (c) Notwithstanding (a) and (b) of this section, the commissioner may not
20 administratively terminate a contract after the party has committed full project
21 funding except as provided in (e) of this section.

22 (d) A party to a contract who is affected by the commissioner's action to
23 terminate under (a) of this section may file an appeal with the superior court under
24 Alaska Rules of Appellate Procedure.

25 (e) The commissioner may provide terms and conditions in a contract
26 developed under AS 43.82.020 upon which a party's rights under the contract may be
27 administratively terminated after the party commits full project funding.

28 **Article 6. Municipal Participation.**

29 **Sec. 43.82.500. Obligation to share payments with municipalities.** If the
30 commissioner develops a contract under AS 43.82.020 that includes terms that extend
31 a party to the contract, and the property, gas, products, and activities associated
01 with the approved qualified project that is subject to the contract, from a municipal
02 assessment in accordance with AS 29.45.810 or AS 29.46.010(b), or AS 43.82.200 or
03 AS 43.82.210, the commissioner shall include a term in the contract that the party pay
04 a portion of the periodic payments due under the contract to the revenue-affected
05 municipality.

06 **Sec. 43.82.505. Payments to economically affected municipalities.** If the
07 commissioner executes a contract under AS 43.82.020 that will produce one or more
08 economically affected municipalities, the commissioner shall include a term in the
09 contract that provides for a portion of the periodic payments to the economically
10 affected municipalities under the principles in AS 43.82.520.

11 **Sec. 43.82.510. Municipal advisory group.** (a) If the commissioner approves
12 an application and proposed project plan under AS 43.82.140 and decides to develop
13 a contract under AS 43.82.020 and 43.82.200, the commissioner shall notify each
14 revenue-affected municipality and economically affected municipality.

15 (b) The mayor of a municipality notified by the commissioner under (a) of
16 this section may appoint one representative to a municipal advisory group in relation
17 to the application.

18 (c) Each municipal advisory group serves until a final action is taken on
19 the application for which the group was appointed.

20 (d) Each municipal advisory group shall elect a chair.

21 **Sec. 43.82.520. Duties of the commissioner of revenue in relation to**
22 **municipal participation.** (a) The commissioner shall meet with each municipal

23 advisory group periodically to report on the development of the contract provisio
24 affect the municipalities.

25 (b) In developing a contract under AS 43.82.200 - 43.82.270, the commissio
26 shall ensure that each revenue-affected municipality and economically affected
27 municipality receives a fair and reasonable share of the payments provided under
28 AS 43.82.210 in accordance with the following principles:

29 (1) the share of the payments to revenue-affected municipalities should
30 be given priority over payments to economically affected municipalities with due
31 regard to the anticipated size of the tax base that the contract would exempt fro
01 municipal taxation by revenue-affected municipalities;

02 (2) the share of the payments to municipalities should be determined
03 with due regard to the anticipated economic and social burdens that would be impo
04 on the municipality by construction and operation of the project;

05 (3) the respective shares of the total payments to the state and to
06 municipalities should be fixed in a manner to ensure that their respective intere
07 aligned;

08 (4) to the extent practicable, the periodic amounts paid to each of the
09 municipalities should be stable and predictable; and

10 (5) to the extent practicable, the provisions for sharing payments with
11 municipalities should be consistent with the principles established in AS 43.82.2

12 (c) In establishing the municipal shares under (b) of this section, the
13 commissioner shall consult with the pertinent municipal advisory group.

14 Article 7. Miscellaneous Provisions.

15 **Sec. 43.82.600. Governing law.** If a provision of this chapter conflicts w
16 another provision of state or municipal law, the provision of this chapter govern

17 **Sec. 43.82.610. Regulations.** The commissioner of revenue, the commissione
18 of natural resources, and the commissioner of labor may adopt regulations to carr
19 their respective duties under this chapter.

20 **Sec. 43.82.620. Procedures for collection of amounts due; security.** (a)
21 The commissioner may adopt procedures for the collection of amounts due the state
22 under a contract developed under AS 43.82.020, including the collection of intere
23 penalties.

24 (b) The commissioner may require a party to a contract developed under
25 AS 43.82.020 to provide security sufficient to guarantee amounts due under the
26 contract.

27 **Sec. 43.82.630. Reports and audits.** The commissioner may require pericdic
28 reports from and may at reasonable intervals conduct audits and inspect the books
29 a party that has entered into a contract developed under AS 43.82.020 to ensure
30 compliance with the provisions of this chapter and the regulations adopted under
31 chapter and of the terms of the contract.

01 **Sec. 43.82.640. Annual report of the commissioner of labor.** On an annual
02 basis, the commissioner of labor shall prepare and present to the legislature a
03 comprehensive report on each party to a contract with the state developed under
04 AS 43.82.020, and its contractors, regarding the state residency of the employees
05 working in this state on the approved qualified project that is subject to the cc
06 The commissioner of labor shall use state databases, including data from the quar
07 reports by a party to the contract developed under AS 43.82.020 and its contracto
08 unemployment insurance purposes, to determine state residency of employees regard
09 compliance with AS 43.82.230.

10 Article 8. General Provisions.

11 **Sec. 43.82.900. Definitions.** In this chapter, unless the context requires
12 otherwise,

13 (1) "affected municipality" means an economically affected
14 municipality or a revenue-affected municipality;

15 (2) "commencement of commercial operations" means the start of
16 regular deliveries of marketable products from an approved qualified project;

17 (3) "cubic foot of gas" means the quantity of gas contained in a volume
18 of one cubic foot at a standard temperature of 60 degrees Fahrenheit and a standa
19 absolute pressure of 14.65 pounds per square inch;

20 (4) "economically affected municipality" means a municipality the
21 commissioner of revenue determines will be reasonably required to provide additic
22 public services under the terms proposed in an application approved under
23 AS 43.82.140(a); the commissioner may consider historical data from construction
24 the Trans Alaska Pipeline System, and information submitted by a municipality in
25 making the determination;

26 (5) "economic proximity" means the distance within which a person

27 may be willing to design, construct, and operate a gas line to provide service to
28 consumer;

29 (6) "economic rent" means the estimated total gross revenue less
30 estimated total costs for a qualified project over the term of a contract under
31 AS 43.82.020, measured in undiscounted nominal dollars; for purposes of this
01 paragraph, total costs do not include a rate of return on capital, financing cost
02 payments to governments;

03 (7) "full project funding" means full approval by a party to a contract
04 under AS 43.82.020 for the expenditure of the capital necessary for construction
05 operation of the approved qualified project that is subject to the contract;

06 (8) "gas" has the meaning given in AS 43.55.900;

07 (9) "group" means two or more persons;

08 (10) "lease or property" has the meaning given in AS 43.55.900;

09 (11) "periodic payment" means payment made in lieu of one or more
10 other taxes under a contract under AS 43.82.020;

11 (12) "revenue-affected municipality" means a municipality that the
12 commissioner of revenue reliably expects will be restricted from imposing a tax,
13 portion of a tax, as a result of implementation of a contract developed under this
14 chapter;

15 (13) "stranded gas" means gas that is not being marketed due to
16 prevailing costs or price conditions as determined by an economic analysis by the
17 commissioner for a particular project.

18 **Sec. 43.82.990. Short title.** This chapter may be cited as the Alaska Stra
19 Gas Development Act.

20 * **Sec. 4.** AS 29.10.200 is amended by adding new paragraphs to read:

21 (54) AS 29.45.810 (exemption from municipal taxation);

22 (55) AS 29.46.010(b) (exemption from municipal assessment).

23 * **Sec. 5.** AS 29.45 is amended by adding a new section to read:

24 **Sec. 29.45.810. Exemption from municipal taxation.** (a) A party to a
25 contract approved by the legislature as a result of submission of a proposed cont
26 developed under AS 43.82 or as a result of acts by the legislature in implementin
27 purposes of AS 43.82, and the property, gas, products, and activities associated
28 the approved qualified project that is subject to the contract, are exempt, as sp
29 in the contract, from all taxes identified in the contract that would be levied a
30 collected by a municipality under state law as a consequence of the participatio
31 the party in the approved qualified project.

01 (b) This section applies to home rule and general law municipalities.

02 * **Sec. 6.** AS 29.46.010 is amended by adding a new subsection to read:

03 (b) Notwithstanding (a) of this section, a party to a contract approved by
04 legislature as a result of submission of a proposed contract developed under AS 4
05 or as a result of acts by the legislature in implementing the purposes of AS 43.8
06 exempt, as specified in the contract, from assessment under this chapter against
07 property associated with the approved qualified project that is subject to the co

08 * **Sec. 7.** AS 36.30.850(b) is amended by adding a new paragraph to read:

09 (38) contracts between the commissioner of revenue and an independent
10 contractor under AS 43.82.240.

11 * **Sec. 8.** AS 43.20.072 is amended by adding a new subsection to read:

12 (h) A taxpayer that has signed a contract approved by the legislature as a
13 of submission of a proposed contract developed under AS 43.82 or as a result of a
14 by the legislature in implementing the purposes of AS 43.82, providing for paymen
15 in lieu of the tax under this chapter and that has nexus with the state solely as
16 result of the taxpayer's participation in the approved qualified project that is
17 to the contract or would not, but for such participation, be engaged in the produ
18 of oil or gas from a lease or property in this state or engaged in the transport
19 oil or gas by pipeline in this state, is not required to file a return under this
20 unless required to do so by the contract.

21 * **Sec. 9.** AS 43.20.073 is amended by adding a new subsection to read:

22 (h) A corporation that has signed a contract approved by the legislature a
23 result of submission of a proposed contract developed under AS 43.82 or as a resu
24 of acts by the legislature in implementing the purposes of AS 43.82, providing fo
25 payments in lieu of the tax under this chapter and that has nexus with the state
26 as the result of the corporation's participation in the approved qualified projec
27 subject to the contract is not required to file a return under this section unles
28 to do so by the contract.

29 * **Sec. 10. SEVERABILITY.** Under AS 01.10.030, if any provision of this Act, c
30 application of a provision of this Act to any person or circumstance, is held inv

31 remainder of this Act and the application to other persons or circumstances is not
01 * Sec. 11. This Act takes effect immediately under AS 01.10.070(c).

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BASIS Last Updated 12/31/98

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 290

1 Page 1, line 1:

2 Following "relating to":

3 Insert "oil and gas, to the sale and disposition of state royalty oil and gas,"

4 Following "carriers":

5 Insert ",,"

6 Page 1, following line 4:

7 Insert a new bill section to read:

8 **** Section 1.** AS 38.05.182 is amended to read:

9 **Sec. 38.05.182. Royalty on natural resources.** (a) Any royalty provided for
10 in AS 38.05.135 - 38.05.181 may be taken in kind rather than in money if the
11 commissioner determines that the taking in kind would be in the best interest of the
12 state. However, royalties on oil and gas shall be taken in kind unless the
13 commissioner determines that the taking in money would be in the best interest of the
14 state. In making a determination under this subsection about whether to
15 recommend that royalties on oil and gas be taken in kind or in money, the
16 commissioner shall give specific consideration as to whether the royalty oil and
17 gas taken in kind may be necessary to meet the state's present and projected
18 intrastate domestic and industrial needs.

19 (b) Before taking any action with regard to the taking and disposition of
20 royalties on oil and gas, the [THE] commissioner shall submit a proposed
21 determination to take royalty [IN MONEY] to the legislature at the first opportunity
22 during a current session or, if the legislature is not in session, at the next regular
23 session. The legislature, [WITHIN 60 DAYS OR] by the adjournment of the session,
24 [WHICHEVER COMES SOONER,] may approve [REVOKE] the proposed

1 determination by law. If the legislature does not approve the proposed
2 determination, the commissioner may not implement the determination as
3 submitted [CONCURRENT RESOLUTION]."

4 Page 1, line 5:

5 Delete "** Section 1."

6 Insert "** Sec. 2."

7 Renumber the following bill sections accordingly.

Alaska State Legislature

House Resources Committee

Co-Chair Beverly Masek
(907) 465-3715
FAX (907) 465-4822
Capitol Building, Room 124
Juneau, Alaska 99801



Co-Chair Bill Hudson
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FAX (907) 465-2273
Committee Meetings
M/W/F 1 - 3 p.m.

Members: Vice Chair John Cowdery, Representatives: Ramona Barnes, John Harris, Carl Morgan, Jim Whitaker, John Cowdery, Reggie Joule, and Mary Kapsner

MEMORANDUM

DATE: February 18, 2000

TO: Jack Chenoweth,
Legislative Legal Services

FROM: Representative Beverly Masek *B.M. by Jim*
Co-Chairman, House Resources Committee

RE: Amended Section 1 of HB 290

During the House Special Committee on Oil & Gas hearing on Thursday, February 17, the chairman indicated potential problems with his offered amendment 1-LS1269\A.5 regarding 38.05.181 Royalty on natural resources.

Please provide a written response on the potential problems with that language by 9:00 a.m. Monday, February 21. The House Resources Committee must explore this issue in Monday's hearing.

Thank you.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 485-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 21, 2000

SUBJECT: Response to your inquiry in your memo of February 18 re amendment A.5 to HB 290

TO: Representative Beverly Masek, Co-Chair House Resources Committee

FROM: Jack Chenoweth *JBC lmb*
Assistant Revisor of Statutes

I don't know what representation House Special Oil & Gas Committee Chair Jim Whitaker made last Thursday concerning "potential problems" with amendment A.5 to House Bill 290. The amendment revises AS 38.05.182, a section of the Alaska Land Act (AS 38.05) that deals with the manner in which the state takes and disposes of its royalty share on various natural resources.

AS 38.05.182(b) as it is in effect today authorizes the legislature to involve itself in decisions affecting the form of the taking of royalty oil and gas. The legislature's involvement raises two questions: (1) whether the legislature may involve itself in the decision may constitute a violation of the "separation of powers" doctrine, and (2) whether the legislature may disapprove, by adoption of a concurrent resolution, a proposed taking of royalty oil and gas in money presents a question on how the legislature may engage in making law. Clearly legislative action taken as described in the second provision would, if challenged, be regarded as unconstitutional. Binding legislative action by adoption of a resolution is precluded by the decision in State v. A.L.I.V.E. Voluntary, 606 P.2d 769 (Alaska 1980).

Amendment A.5, adopted, as I understand by the Oil & Gas Committee, eliminates the use of the resolution to express legislative disapproval and substitutes a requirement that the legislature act by law--that is, by the adoption of a bill--to approve a proposal by the commissioner of natural resources to take royalty oil and gas in money. Maintaining legislative involvement in acting to approve or reject a proposed decision of the commissioner still presents the "separation of powers" objection that exists in the current unamended statute. How the courts would dispose of the question I cannot say, but I did call attention to it when the amendment was under consideration, and I suspect it is to that discussion that the Oil and Gas Special Committee Chairman had reference.

JBC:lmb
00-008.lmb

ANS LNG Sponsor Group -- CSHB-290 Testimony
House Resources Committee
2/21/2000

Co-Chairman Masek, Co-Chairman Hudson, members of the committee, for the record, my name is Michael Hurley. I work for ARCO Alaska, Inc in the ANS Gas Commercialization Group in Anchorage, and am currently assigned to manage the commercial regulatory efforts for the Alaska North Slope LNG Sponsor Group.

We appreciate the opportunity today to express our views on the House Special Committee on Oil and Gas committee substitute for HB-290.

For the last year and a half the sponsor group, comprised of ARCO Alaska, BP Amoco, Foothills Pipe Lines Ltd., Phillips Petroleum and Marubeni Corporation, has been actively pursuing the development of a new design for a market viable LNG export project. Crucial to the viability of this project is the development of a commercial regulatory regime, which will provide the regulatory certainty our long term customers require. Additionally, this bill was designed to meet the needs of the state and federal regulators for adequate access and commercial oversight.

As originally envisioned HB-290 was intended to accomplish 3 goals: first to provide clarity about the regulatory jurisdiction of the Regulatory Commission of Alaska (RCA) with respect to an LNG export project which would also supply intrastate gas transportation needs; second to limit the current common carriage provisions in the Right of Way Leasing Act and the Pipeline Act for an LNG export project to intrastate gas transportation; and third to develop a fair and equitable process for determining intrastate capacity needs for the system.

The current committee substitute before you, in large measure, accomplishes those goals, but has raised several concerns that limit our support for the current CS.

Section 1 of the CS addresses gas royalty issues between the state and gas producers which are outside of the commercial regulatory structure for an LNG export project. And while these issues may, or may not, be legitimate policy questions for the state, we believe their inclusion in this legislation detracts from the clarity and certainty of commercial regulation this legislation was designed to achieve. Thus, we would respectfully suggest that this section be deleted from this bill, and if warranted, considered in independent legislative action.

The second section of the CS deals with the Right of Way Leasing Act, and is only intended to clarify that the current statutory common carriage requirement should apply only to intrastate gas shipments.

The third and fourth sections of the CS clarify that a North Slope natural gas pipeline system's intrastate shipments would be regulated under the Pipeline Act (AS 42.06), rather than under the Utilities Act (AS 42.05).

In section 5, a new subsection is added to the Pipeline Act creating procedures, within RCA's existing pipeline certification process, for determining the amount of pipeline capacity which should initially be set aside for intrastate transportation.

That process sets out distinct criteria for capacity for Local Distribution Companies (LDCs) which must submit their gas purchase contracts to the RCA under current regulations, and for large industrial gas users who must provide written commitments to transport intrastate gas volumes, supported by take or pay purchase commitments with stranded gas producers.

Likewise, in section 6 of the CS, expansions of a stranded gas pipeline may be ordered by the Commission only if such requests for additional intrastate capacity are supported by firm commitments.

Section 7 allows the RCA to consider allowing a reservation or similar charge for firm intrastate transportation in the intrastate tariff, which it must approve.

Section 8 of the CS, which was added to the bill in the House Special Committee on Oil and Gas, requires that intrastate tariffs be designed as if the pipeline were regulated under the Public Utilities Act. We believe that this requirement creates a regulatory hybrid which reduces the clarity and certainty intended in this legislation.

Contrary to popular belief, the underlying statutory requirements for tariffs under both the Public Utilities Act and the Pipeline Act are the same. AS 42.05.381(a) under the Public Utilities Act, and AS 42.06.370(a) under the Pipeline Act, both impose the identical requirement that tariff rates be "just and reasonable".

We believe that the appropriate time for the detailed determination of what should or should not be allowed in an intrastate tariff will be when filed tariffs are before the RCA for its consideration as to whether they are just and reasonable. And we believe that the RCA has the flexibility under their current statutory standard to protect the public interest. Thus, we would respectfully suggest that this section be deleted from this bill because it needlessly creates uncertainty about the intended regulatory regime.

Finally, section 9 of the bill adds several definitions of terms referred to in other sections of the bill, in an effort to increase the clarity and understanding of the other sections.

In summary we believe sections 1 and 8 of the CS should be removed from the bill. They detract from the intent of providing clarity in the regulatory regime for the project.

I would like to thank the co-chairs and the committee for your sponsorship of this important piece of legislation, and for this opportunity to express our views on the House Oil and Gas committee substitute for HB-290, and I'd be happy to address any questions at this time, or at your convenience.

Alaska State Legislature

House Resources Committee

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Members: Vice Chair John Cowdery, Representatives: Ramona Barnes, John Harris, Carl Morgan, Jim Whitaker, John Cowdery, Reggie Joule, and Mary Kapsner

SPONSOR STATEMENT

CSHB 290(O&G)

"An Act relating to oil and gas, to the sale and disposition of state royalty oil and gas, to pipeline carriers of natural gas produced from the North Slope of Alaska, and to the intrastate regulation by the Regulatory Commission of Alaska of pipelines and pipeline facilities of that natural gas."

Before a North Slope natural gas pipeline project can proceed, certain amendments to existing state statutes are required. These changes are intended: 1) to apply to all potential North Slope natural gas pipeline projects, 2) to clarify respective state and federal jurisdictions in regulating such projects, 3) to be complementary to a non-discriminatory federal process which will apply to any export volumes of North Slope natural gas, 4) to provide for local (in state) gas transportation and sales, and 5) to provide needed exemption from public utility designation for a North Slope natural gas pipeline project.

Committee Substitute for House Bill 290 (CSHB 290(O&G)) amends AS 38.05.182 by requiring the Commissioner of the Department of Natural Resources to consider whether the royalty oil and gas taken in kind may be necessary to meet the state's present and projected intrastate domestic and industrial needs. It further requires the Commissioner to obtain Legislative approval by law prior to accepting the state's royalty in kind or in value.

CSHB 290(O&G) will amend the Pipeline Act (AS 42.06) to define a North Slope natural gas pipeline, will clarify that the Regulatory Commission of Alaska's (RCA's) authority in regulating a North Slope natural gas pipeline extends only to the intrastate transportation of gas through such a system, to define a fair, predictable and timely process to identify and dedicate sufficient initial intrastate capacity in a North Slope natural gas pipeline and to establish the criteria for needed pipeline system expansions over the life of a North Slope natural gas pipeline system to accommodate increased demand for in state gas supplies.

CSHB 290(O&G) will amend the Public Utilities Act (AS 42.05) to clarify that North Slope natural gas pipeline systems are exempt from the requirement of operating as a public utility, and will amend the Right-of-Way Leasing Act (AS 38.35) to limit the requirement of common

carriage for North Slope natural gas pipeline systems to the transportation of intrastate gas volumes only.

CSHB 290(O&G) also defines the types of intrastate transportation services that will be available in a North Slope natural gas pipeline system, provides that in its tariff filed with the RCA a North Slope natural gas pipeline carrier may charge separate rates for those services, and may also charge a reservation fee for reserving capacity in a North Slope natural gas pipeline system.

Collectively, these changes are intended to provide greater certainty and predictability in the regulation of North Slope natural gas pipeline systems. This increased certainty will enhance the ability of gas export project sponsors to market Alaska's North Slope natural gas reserves, to compete more effectively with alternative export projects and to attract the large investments required to construct and operate the pipeline and related facilities necessary to condition, transport and export North Slope natural gas reserves.

Alaska State Legislature

House Resources Committee

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SECTIONAL ANALYSIS CSHB 290(O&G)

Section 1:

Amends AS 38.05.182(a) and (b). AS 38.05.182(a) is amended by adding new language which requires the Commissioner of Natural Resources, in making determinations of whether to take the state's royalty on oil and gas in kind or in value, to "give specific consideration as to whether the royalty oil and gas taken in kind may be necessary to meet the state's present and projected intrastate domestic and industrial needs." AS 38.05.180(b) is amended by adding new language forbidding the Commissioner of Natural Resources from "taking any action with regard to the taking and disposition of royalties on oil and gas" without first submitting a proposed determination to take royalty, whether in value or in kind, to the legislature for its prior approval by law. The amendment further provides that if the legislature does not approve the Commissioner's proposed determination, it may not be implemented.

Section 2:

Amends AS 38.35.120(a) by adding a new paragraph (a)(1)(B) that provides that a right-of-way lessee that owns or operates a North Slope natural gas pipeline as a North Slope natural gas pipeline carrier is required to operate as a common carrier only with respect to the intrastate transportation of stranded gas.

Section 3:

Amends AS 42.05.711 by adding a new subsection (n) that exempts the owners or operators of a North Slope natural gas pipeline system from operating as a public utility.

Section 4:

Amends AS 42.06.230(b) to clarify that, with respect to a North Slope natural gas pipeline, the Regulatory Commission of Alaska's (RCA's) jurisdiction and authority extend only to the intrastate transportation of such gas.

Section 5:

Amends AS 42.06.240 by adding a new subsection, (f)(1)-(4), within which:

(f)(1) provides that persons making application for a certificate of public convenience and necessity for a North Slope natural gas pipeline must dedicate a portion of the pipeline's initial capacity sufficient to transport the total volume of North Slope natural gas that has been committed to tendering for firm intrastate transportation services at the time pipeline operations commence;

(f)(2) provides that, upon receipt of an application, the RCA shall issue public notice inviting requests for service by prospective intrastate shippers, and specifies the criteria for a request of service;

(f)(3) defines the criteria by which the RCA will determine the total volume of intrastate transportation of North Slope natural gas required for initial transportation by a North Slope natural gas pipeline and provides the RCA authority to consider peak volumes in its determinations. The provisions of (f)(3) also require the RCA to define in its orders the total volume of intrastate North Slope natural gas that a North Slope natural gas pipeline carrier must accept for intrastate transportation and limits those volumes to volumes substantiated by written commitments and contracts which comply with the requirements of the chapter; and

(f)(4) provides that, upon application by a North Slope natural gas carrier for authority to transport North Slope natural gas within the state in excess of the volume required by the RCA under (3)(B) of this subsection, the RCA shall grant the authority if the transportation of the increased volume is determined to be consistent with public convenience and necessity.

Section 6:

Amends AS 42.06.310 by adding a new subsection which limits the applicability of AS 42.06.310 (c), to the extent a North Slope natural gas pipeline carrier's pipeline does not allow for expanded capacity, and defines the standards which must be met for the RCA to require expansion, enlargement or extension of a North Slope natural gas pipeline system. Those standards include requirements that the person making a request for such expansion, enlargement or extension has made a firm contractual commitment to the North Slope natural gas pipeline carrier to transport the gas, and that the expansion, enlargement or extension will not result in substantial injury, including economic injury, to the North Slope natural gas pipeline facility or its customers; substantial detriment to the services furnished by the North Slope natural gas pipeline facility; or the creation of safety hazards.

Section 7:

Amends AS 42.06.350 by adding a new subsection (c) establishing the right of a North Slope natural gas pipeline carrier to charge separate rates for "firm transportation service" and "interruptible transportation service" under its tariff, providing for the carrier's imposition of a reservation fee for capacity in a North Slope natural gas pipeline as a condition of providing firm transportation, setting limits on the types of costs that may be included in a reservation fee and prohibiting the imposition of reservation fees for interruptible transportation service.

Section 8:

Amends AS 42.06.370 by adding a new subsection (c) specifying that the "rates demanded, observed, charged or collected" by a North Slope natural gas pipeline carrier for intrastate service shall be designed as if that portion of the carrier's pipeline were a public utility regulated under the provisions of AS 42.05, instead of 38.35

Section 9:

Amends AS 42.06.630 by adding new paragraphs (11)-(17), which define certain terms, introduced in CSHB 290(O&G), including:

"capacity"

"firm transportation service"

"interruptible transportation service"

"intrastate"

"North Slope natural gas"

"North Slope natural gas pipeline"; and

"North Slope natural gas pipeline carrier"

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HB 290

Revision Date/12/7/00 2:25 PM	Dept. Affected	DCED
Title	BRU	RCA
	Component	
Sponsor	RCA	
Requester	Component No.	2417

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	0.0	33.8	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	33.8	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0					
-----------------------------	------------	--	--	--	--	--

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0					
1003 GF Match	0.0					
1004 GF	0.0					
1005 GF/Program Receipts	0.0					
1037 GF/Mental Health	0.0					
Other (Regulatory Cost Charge)	0.0	33.8	0.0	0.0	0.0	0.0
TOTAL	0.0	33.8	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time	0.5					
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 290 is not expected to cause any increase to the agency's FY01 budget. One-half of one Utility Engineering Analyst III position (approximately \$33,800) will be necessary in the FY02 budget to process and analyze the increase in workload due to stranded gas pipeline certification applications. In subsequent fiscal years, these applications will be part of the Commission's ongoing certification workload and are not expected to generate additional costs.

Prepared by: <u>G. Nanette Thompson, Chair</u>	Phone <u>276-6222</u>
Division <u>Regulatory Commission of Alaska</u>	Date/Time <u>2/7/00 2:25 PM</u>
Approved by: <u>Commissioner Deborah B. Sedwick</u>	Date <u>02/07/00</u>
Agency <u>Dept. of Community & Regional Affairs</u>	

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FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HB 290

Revision Date/Time: _____ Dept Affected: Natural Resources
 Title: Stranded Gas Pipeline Carriers BRU: Oil & Gas Development
 Component: Pipeline Coordinator
 Sponsor: House Resources Committee
 Requestor: (H)O&G Component No. 1191

Expenditures/Revenues (Thousands of Dollars)
 Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
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 code)	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2000) cost: \$ none

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

There is no anticipated fiscal impact to the Pipeline Coordinator's Office associated with implementation of this legislation.

Prepared by: Bill Britt *[Signature]* Phone: 271-4412
 Division: State Pipeline Coordinators Office Date: 01-Feb-00
 Approved by Commissioner: John Shively *[Signature]* Date: 2-1-2000
 Agency: Natural Resources

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FISCAL NOTE

**STATE OF ALASKA
2000 LEGISLATIVE SESSION**

BILL NO. HB 290

Revision Date/Time (Note if correction)	<u>Jan. 26, 2000</u>	Dept. Affected	<u>Revenue</u>
Title	<u>Stranded gas pipeline carriers regulation</u>	<u>BRU</u>	<u>Revenue Operations</u>
Sponsor	<u>House Resources</u>	Component	<u>Oil and Gas Audit</u>
Requester	<u>House Oil & Gas</u>	Component No.	<u>115</u>

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
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 ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

This bill clarifies the regulatory environment for a potential North Slope natural gas pipeline, and would not impose any additional costs beyond those necessary for regulation currently. It would not create any revenues either.

Prepared by: Roger Marks
 Division: Oil and Gas Audit
 Approved by Commissioner: Wilson Condon
 Agency: Department of Revenue

Phone: 269-0082
 Date/Time: 26-Jan-00
 Date: 1/26/00

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HB

311

ALASKA STATE HOUSE OF REPRESENTATIVES

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Session Contact:
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State Capitol
Room 416

REPRESENTATIVE JOHN COGHILL

HB 311 Social Security Numbers & Recreational Licenses SPONSOR STATEMENT

A requirement to provide your social security number before obtaining a recreational hunting and fishing license was a recent federal mandate accepted by the legislature under the Smart Start legislation of 1998.

The reasoning for imposing the social security requirement for a casual license was to track people for child support enforcement agencies nationwide. While an integrated national system such as this may be efficient it is a double-edged sword. First, the requirement is an instrument for the abuse of privacy. Secondly the federal government tempts us to erode our constitutional responsibilities and rights through mandates that are accepted when taking federal funds.

Lets remember that our social security started in 1935 as a means of tracking earnings and benefit qualification for those workers who had jobs under this system. The social security number was never intended to be use for general identification purposes. Most importantly our social security number was not intended for invasion of anyone's privacy.

"The right to be left alone – the most comprehensive of rights, and the right most valued by free people."

Justice Louise Brandeis, *Olmstead v. U.S.* (1928)

"The right of the people to privacy is recognized and shall not be infringed."

Alaska State Constitution. Article 1, Section 22.

The privacy issue here is that information being gathered by vendors issuing licenses all over Alaska is available for purchase by anyone. The information of about 600,000 licensees can be purchased for \$350. While the social security number is purged from the database, the information provided on the application is collected by a vendor which is less secure.

The states' rights issue was created by a Supreme Court challenge by South Dakota of the federal mandate of legal drinking age requirement to receive federal highway funds. While the Court determined that the Tenth Amendment prevented the federal government from requiring states to impose a mandatory seatbelt law, the federal government did have the authority to withhold federal highway funds from a state that did not enforce a mandatory seatbelt law.

Since this decision, states have been surrendering individual and states' rights in return for federal dollars. We must ask our selves how much our individual and states' rights are worth.

Representative_John_Coghill@LEGIS.state.ak.us

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HB 311

Revision Date/Time (Note if correction) _____	Dept. Affected _____	Revenue _____
Title <u>No Social Security Number Required</u>	BRU _____	<u>Child Support Enforcement Division</u>
<u>on Hunting and Fishing Licenses</u>	Component _____	<u>Child Support Enforcement Division</u>
Sponsor <u>Representative Coghill</u>		
Requester <u>House Resources</u>	Component No. _____	<u>111</u>

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
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	(77,000.0)	(77,000.0)	(77,000.0)	(77,000.0)	(77,000.0)	(77,000.0)
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
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 (FY2000) cost: _____

POSITIONS

POSITIONS	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

According to federal law, Alaska will lose all of its federal funding for the child support division and public assistance (IV-A) programs if we do not have a law requiring that Social Security numbers be provided on applications for recreational hunting and fishing licenses. The federal funding lost will be over \$14 million a year for child support and \$63 million a year for public assistance.

Prepared by: <u>Barbara Miklos</u>	Phone <u>269-6800</u>
Division: <u>Child Support Enforcement Division</u>	Date/Time <u>4/7/00 - 3 p.m.</u>
Approved by: <u>Commissioner Wilson Condon</u>	Date <u>04/07/2000</u>
Agency: <u>Department of Revenue</u>	

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House Resources Committee

Pertaining to HB311

I feel Social Security number requirement on Licenses ie. sportfishing, Hunting, Commercial Fishing, Deck Hand & Driving Licenses is a Major invasion of My Constitutionally giving Right to Privacy!

Robin J. Niskki

(TRAXINGEE)

Niskki, AK.

CS FOR SENATE BILL NO. 154(FIN) am
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 5/9/97
Offered: 5/8/97

Sponsor(s): SENATOR PEARCE

A BILL

FOR AN ACT ENTITLED

1 "An Act making statutory changes that will be repealed on July 1, 1999,
2 relating to paternity determination and child support; making statutory changes
3 that will be repealed on July 1, 1999, relating to reporting of and access to
4 financial or other information for child support purposes; making statutory
5 changes that will be repealed on July 1, 1999, to laws relating to occupational
6 licenses, crewmember fishing licenses, drivers' licenses, and other permits,
7 certificates, or other authorizations issued by the state, other than recreational
8 fishing and hunting licenses, to facilitate administration of child support laws;
9 making statutory changes that will be repealed on July 1, 1999, relating to
10 immunity from civil liability for good faith compliance with reporting or other
11 requirements for child support purposes; making statutory changes that will be
12 repealed on July 1, 1999, relating to voiding fraudulent transfers and to

1 penalties for noncompliance with orders for child support purposes; making
2 statutory changes that will be repealed on July 1, 1999, providing that an
3 obligor will be considered to be in substantial compliance with a support order
4 or payment schedule if a court determines that the obligor is making the best
5 efforts possible to have no arrearages; making statutory changes that will be
6 repealed on July 1, 1999, providing that the authority of a tribunal to order
7 that service be given to a party by first class mail applies to subsequent child
8 support enforcement efforts by the agency with respect to that party; making
9 statutory changes that will be repealed on July 1, 1999, allowing a party
10 aggrieved by an order of nondisclosure of information relating to a party or
11 a child in a child support proceeding to contest that order in a hearing when
12 the order was based on an ex parte finding of risk; retaining existing law
13 relating to the duty of employers and labor unions to provide employment and
14 compensation reports to the child support enforcement agency; making statutory
15 changes that will be repealed on July 1, 1999, requiring that administrative
16 subpoenas of the child support enforcement agency be served in the manner
17 provided for service of liens by the agency; making statutory changes that will
18 be repealed on July 1, 1999, requiring that administrative orders to withhold
19 and deliver be served by the child support enforcement agency electronically or
20 in the manner provided for service of liens by the agency; retaining existing
21 law with respect to whether a lien arising under the child support laws of
22 another state shall be given full faith and credit in this state; making statutory
23 changes that will be repealed on July 1, 1999, allowing the child support
24 enforcement agency of this or another state, but not any other person, to serve

1 a copy of certain liens relating to child support at any time after recording
2 of the lien; making statutory changes that will be repealed on July 1, 1999,
3 allowing the periodic modification of child support orders without a showing of
4 a material change in circumstances but only if the order was not modified in
5 the three years preceding the periodic modification; making statutory changes
6 that will be repealed on July 1, 1999, modifying the duties of the child support
7 enforcement agency but not authorizing the agency to enter into contracts or
8 agreements with contractors to perform some or all of the function of the
9 agency's disbursement unit; reenacting and reinstating existing laws relating to
10 child support and paternity determination upon the repeal of the changes made
11 by this law on July 1, 1999; amending Rules 4, 5, 35, 52, 58, 78, 90.1, and
12 90.3, Alaska Rules of Civil Procedure; amending Rule 901, Alaska Rules of
13 Evidence; amending Rules 3 and 5, Alaska Bar Association Rules; repealing the
14 effective date of sec. 45, ch. 107, SLA 1996; and providing for an effective
15 date."

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

17 * **Section 1. FINDINGS; INTENT.** The legislature finds that the federal requirements are
18 unreasonable and constitutionally questionable, and the statutory changes that must be made
19 to meet the federal requirements may do little to improve collections. These statutory changes
20 are being made only under duress from the federal government.

21 * **Sec. 2.** AS 06.05 is amended by adding a new section to read:

22 **Sec. 06.05.537. Copies of records for child support purposes.** If a copy of
23 a record concerning an individual who owes or is owed child support, including a
24 record concerning assets and liabilities of the individual, prepared or maintained by a
25 bank of this state is requested by the child support enforcement agency established in

1 AS 25.27.010 or the child support enforcement agency of another state, the bank shall
2 provide the requesting agency with a certified copy of the record. If information is
3 prepared or maintained by the bank in an electronic data base, the bank may provide
4 the requesting agency a copy of the electronic record and a statement certifying its
5 contents. The agency receiving information under this section may use the information
6 only for child support purposes authorized under law.

7 * **Sec. 3.** AS 06.20.020 is amended by adding a new subsection to read:

8 (b) In addition to the requirements in (a) of this section, if a natural person
9 makes application for a license, the applicant shall supply the applicant's social
10 security number to the department. Upon request, the department shall provide the
11 social security number to the child support enforcement agency created in
12 AS 25.27.010, or the child support enforcement agency of another state, for child
13 support purposes authorized under law.

14 * **Sec. 4.** AS 06.40.050(a) is amended to read:

15 (a) Application for a license under this chapter shall be in writing and in the
16 form prescribed by the department. If the applicant is a natural person, the
17 application form must require submission of the applicant's social security
18 number.

19 * **Sec. 5.** AS 06.40.050 is amended by adding a new subsection to read:

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

24 * **Sec. 6.** AS 08.01.060 is amended by adding a new subsection to read:

25 (b) If the applicant is a natural person, the application must require that the
26 applicant submit the applicant's social security number to the department.
27 Notwithstanding any other provision of this title, a license to engage in a profession
28 may not be issued by the department to a natural person unless the social security
29 number has been provided to the department.

30 * **Sec. 7.** AS 08.01 is amended by adding a new section to read:

31 **Sec. 08.01.089. Copies of records for child support purposes.** If a copy of

1 a public record concerning an individual who owes or is owed child support that is
2 prepared or maintained by the department is requested by the child support
3 enforcement agency created in AS 25.27.010 or a child support enforcement agency
4 of another state, the department shall provide the requesting agency with a certified
5 copy of the public record, including the individual's social security number. If these
6 records are prepared or maintained by the department in an electronic data base, the
7 records may be supplied by providing the requesting agency with a copy of the
8 electronic record and a statement certifying its contents. A requesting agency
9 receiving information under this section may use it only for child support purposes
10 authorized under law.

11 * **Sec. 8.** AS 08.01.100 is amended by adding a new subsection to read:

12 (e) Notwithstanding any other provision of this title, a renewal of a license
13 may not be issued by the department to a natural person unless the licensee's social
14 security number has been provided to the department.

15 * **Sec. 9.** AS 08.08.137 is amended to read:

16 **Sec. 08.08.137. Fingerprints.** The Board of Governors shall require an
17 applicant for admission to be fingerprinted and to provide the applicant's social
18 security number. The fingerprints shall be used to determine whether the applicant
19 has a record of criminal convictions in this state or another jurisdiction. The Board
20 of Governors may use the information obtained from the fingerprinting only in its
21 official determination of the character and fitness of the applicant for admission to the
22 Alaska Bar Association. The applicant's social security number shall be provided
23 to the child support enforcement agency established in AS 25.27.010, or the child
24 support enforcement agency of another state, upon request by the respective
25 agency; the requesting agency may use that information only for child support
26 purposes authorized under law.

27 * **Sec. 10.** AS 09.25.100 is amended to read:

28 **Sec. 09.25.100. Disposition of tax information.** Information in the possession
29 of the Department of Revenue that discloses the particulars of the business or affairs
30 of a taxpayer or other person is not a matter of public record, except for purposes of
31 child support administration as described in (b) of this section, investigation, and

1 law enforcement. The information shall be kept confidential except when its
2 production is required in response to a request for purposes of child support
3 administration as described in (b) of this section, in an official investigation, in an
4 administrative adjudication under AS 43.05.400 - 43.05.499, or in a court proceeding.
5 These restrictions do not prohibit the publication of statistics presented in a manner
6 that prevents the identification of particular reports and items, [PROHIBIT] the
7 publication of tax lists showing the names of taxpayers who are delinquent and
8 relevant information that may assist in the collection of delinquent taxes, or
9 [PROHIBIT] the publication of records, proceedings, and decisions under
10 AS 43.05.400 - 43.05.499.

11 * Sec. 11. AS 09.25.100 is amended by adding a new subsection to read:

12 (b) If a copy of a record of tax information is requested under (a) of this
13 section for the purposes of child support administration, the copy may be released only
14 to the child support enforcement agency created in AS 25.27.010 or a child support
15 enforcement agency of another state. The Department of Revenue shall provide the
16 requesting agency with a copy of the record. The requesting agency receiving
17 information under this subsection may use it only for child support purposes authorized
18 under law.

19 * Sec. 12. AS 09.55.050 is amended to read:

20 **Sec. 09.55.050. Effect of presumptive death certificate.** After the judge or
21 magistrate has entered an order declaring that the person is presumed to be dead either
22 under AS 09.55.020 - 09.55.060 or under the laws dealing with missing persons, the
23 judge or magistrate shall make out and sign a certificate entitled "Presumptive Death
24 Certificate" in the form and manner and containing the information required by the
25 Bureau of Vital Statistics. In addition to the information required by the Bureau
26 of Vital Statistics, the certificate must contain the decedent's social security
27 number, if ascertainable. The certificate shall be recorded by the judge or magistrate
28 and then filed with the Bureau of Vital Statistics. Upon the entry of the order and the
29 recording and filing of the "Presumptive Death Certificate" as herein provided, the
30 missing person is presumed to be dead, and the person's estate may be administered
31 in accordance with the then existing provisions of law applicable to the administration

1 of the estates of deceased persons.

2 * **Sec. 13.** AS 09.65 is amended by adding a new section to read:

3 **Sec. 09.65.240. Immunity for certain actions related to child support.** A
4 person, including the state and its subdivisions, agencies, officers, and employees, may
5 not be held liable for good faith

6 (1) compliance with a subpoena of this or another state that requests
7 information, including the social security number and employment history of a person,
8 issued by the child support enforcement agency created in AS 25.27.010, or the child
9 support enforcement agency of another state, for child support purposes authorized
10 under law;

11 (2) collection of child support, including encumbering or surrendering
12 assets in response to a notice of lien or levy for the payment of child support; or

13 (3) compliance with an income withholding notice or an order to
14 withhold and deliver that is regular on its face and is for child support purposes.

15 * **Sec. 14.** AS 14.20 is amended by adding a new section to read:

16 **Sec. 14.20.027. Reporting of and access to social security numbers.**
17 Notwithstanding AS 14.20.010 - 14.20.040, the department may not issue a teacher
18 certificate under AS 14.20.020 or a limited teacher certificate under AS 14.20.025
19 unless the applicant has supplied the department with the applicant's social security
20 number. Upon request, the department shall provide the social security number to the
21 child support enforcement agency created in AS 25.27.010, or the child support
22 enforcement agency of another state, for child support purposes authorized under law.

23 * **Sec. 15.** AS 16.05.450(a) is amended to read:

24 (a) The commissioner or an authorized agent shall issue a crewmember fishing
25 license under AS 16.05.480 to each qualified person who files a written application at
26 a place in the state designated by the commissioner, containing the reasonable
27 information required by the commissioner together with the required fee. **The**
28 **commissioner shall require the reporting of the applicant's social security number**
29 **on the application.** The application shall be simple in form and shall be executed by
30 the applicant under the penalty of unsworn falsification.

31 * **Sec. 16.** AS 16.05.450 is amended by adding a new subsection to read:

1 (d) Upon request, the commissioner shall provide a social security number
 2 provided under (a) of this section to the child support enforcement agency created in
 3 AS 25.27.010, or the child support enforcement agency of another state, for child
 4 support purposes authorized under law.

5 * Sec. 17. AS 16.05.480(b) is amended to read:

6 (b) A person applying for a resident commercial license under this section
 7 shall provide the person's social security number and the proof of residence that the
 8 department requires by regulation.

9 * Sec. 18. AS 16.05.480 is amended by adding a new subsection to read:

10 (d) Upon request, the department shall provide a social security number
 11 provided under (a) of this section to the child support enforcement agency created in
 12 AS 25.27.010, or the child support agency of another state, for child support purposes
 13 authorized under law.

14 * Sec. 19. AS 16.05.815(a) is amended by adding a new paragraph to read:

15 (8) any of its records and reports to the child support enforcement
 16 agency created in AS 25.27.010, or the child support enforcement agency of another
 17 state, for child support purposes authorized under law.

18 * Sec. 20. AS 18.50.160(e) is amended to read:

19 (e) If the mother was not married at conception, during the pregnancy, or at
 20 birth, the name of the father may not be entered on the certificate of birth [,] unless

21 (1) paternity has been lawfully determined by a tribunal, in which case
 22 the name of the father, if determined by the tribunal, shall be entered;

23 (2) both the mother and the man to be named as the father have
 24 executed affidavits attesting that that man is the father, so long as the affidavits meet
 25 the requirements of (g) of this section and AS 18.50.165; or

26 (3) [AS] otherwise specified by statute.

27 * Sec. 21. AS 18.50.165(a) is amended to read:

28 (a) The state registrar shall prepare a form for use in acknowledging paternity
 29 under AS 25.20.055. On an after July 1, 1997, the form must comply with the
 30 minimum requirements of 42 U.S.C. 652(a)(7). The form must include

31 (1) a statement that the man who signs the form is acknowledging that

1 the man is the natural father of the child named in the form and that the man assumes
2 the parental duty of support of that child;

3 (2) the address and social security number of both parents of the child
4 named in the form;

5 (3) signature lines for both parents; [AND]

6 (4) a signature line for either a witness or notary public; and

7 (5) on and after July 1, 1997, a statement that

8 (A) sets out the legal consequences to and the rights and
9 responsibilities of the mother and the man acknowledging paternity of
10 signing the form, including

11 (i) if one of the parents is a minor, any rights given
12 due to minority status;

13 (ii) legal alternatives to signing the form; and

14 (iii) the legal responsibility that arises from signing
15 the form;

16 (B) the mother and the man acknowledging paternity have
17 been notified that, unless fraud, duress, or material mistake of fact is
18 shown in accordance with AS 25.20.050, the acknowledgment may only be
19 rescinded by the earlier of the following dates:

20 (i) 60 days after the date of the person's signature;

21 or

22 (ii) the date of initiation of an administrative or
23 judicial procedure to establish support of the child in which the
24 person is a party; and

25 (C) the mother and the man acknowledging paternity have
26 read and understand the contents of the form.

27 * Sec. 22. AS 18.50.165 is amended by adding new subsections to read:

28 (e) An acknowledgment of paternity that met the requirements of state law at
29 the time that the acknowledgment was made in this state is not ineffective due to
30 changes in the form for acknowledgment occurring after the date that the
31 acknowledgment was made.

1 (f) An acknowledgment of paternity affidavit or form executed in another state
2 meeting that state's legal requirements shall be considered in this state as if the
3 affidavit or form was executed in compliance with this section.

4 (g) The registrar shall offer voluntary acknowledgment of paternity services
5 by making available technical assistance about the form described in this section.
6 Upon request, the registrar shall provide oral assistance to parents wishing to complete
7 the form.

8 * **Sec. 23.** AS 18.50.230 is amended by adding a new subsection to read:

9 (f) A death certificate issued under this section must include the decedent's
10 social security number, if ascertainable. Upon request, the registrar shall provide a
11 decedent's social security number to the child support enforcement agency created in
12 AS 25.27.010, or the child support agency of another state, for child support purposes
13 authorized under law.

14 * **Sec. 24.** AS 18.50.280(a) is amended to read:

15 (a) For each dissolution, divorce, and annulment of marriage granted by a
16 court in the state, the clerk of the court shall prepare and file a certificate of
17 dissolution, divorce, or annulment with the bureau, on forms prescribed and furnished
18 by the bureau. The forms must require the reporting of the social security
19 numbers of the petitioner or plaintiff and, if ascertainable, the other party to the
20 dissolution, divorce, or annulment of marriage. The petitioner or plaintiff shall
21 furnish the court with the information necessary to complete the certificate, and the
22 furnishing of this information is prerequisite to the issuance of a decree.

23 * **Sec. 25.** AS 18.50.280 is amended by adding a new subsection to read:

24 (c) Upon request, the bureau shall provide a social security number supplied
25 under (a) of this section to the child support enforcement agency created in
26 AS 25.27.010, or the child support enforcement agency of another state, for child
27 support purposes authorized under law.

28 * **Sec. 26.** AS 18.50.320 is amended to read:

29 **Sec. 18.50.320. Copies of data from vital records.** Except as otherwise
30 provided and in accordance with the regulations adopted under AS 18.50.310,

31 (1) the bureau and the custodian of permanent local records shall, upon

1 request, issue a certified copy of a certificate or record in their custody, or a part of
 2 it; each copy issued must show the date of registration or recording, and copies issued
 3 from records marked "delayed," "amended," or "court order" shall be similarly marked
 4 and must show the effective date;

5 (2) a certified copy of a certificate or a part of it issued in accordance
 6 with (1) of this section is considered the original for all purposes, and is prima facie
 7 evidence of the facts stated, provided that the evidentiary value of a certificate or
 8 record filed more than one year after the event, or a record that has been amended, or
 9 a presumptive death certificate, shall be determined by the judicial or administrative
 10 body or official before whom the certificate is offered as evidence;

11 (3) the National Office of Vital Statistics may be furnished the copies
 12 or data it requires for national statistics [,] if the bureau is reimbursed for the cost of
 13 furnishing the data; the National Office of Vital Statistics may not use the data for
 14 purposes other than statistical purposes unless authorized by the state registrar;

15 (4) federal, state, local, and other public or private agencies, upon
 16 request, may be furnished copies or data for statistical purposes on the terms or
 17 conditions prescribed by the bureau;

18 (5) a person or agency may not prepare or issue a certificate or part of
 19 a certificate that purports to be an original, certified copy, or copy of a certificate of
 20 birth, death, fetal death, or marriage, except as authorized in this chapter or the
 21 regulations adopted under it;

22 **(6) upon request, the bureau shall furnish a copy of a certificate or**
 23 **record registered by the bureau to the child support enforcement agency created**
 24 **in AS 25.27.010, or the child support enforcement agency of another state, for**
 25 **child support purposes authorized under law; such a certificate or record that is**
 26 **prepared or maintained in an electronic data base may be supplied by providing**
 27 **the requesting agency with a copy of the electronic certificate or record and a**
 28 **statement certifying its contents.**

29 * Sec. 27. AS 18.60.395(a) is amended to read:

30 (a) The Department of Labor shall adopt regulations for the licensing of boiler
 31 operators. The regulations must conform to the generally accepted nationwide

1 standards and practices established for boiler operators. In addition to any
 2 requirements adopted by regulation under this subsection, a person applying for
 3 a license shall provide to the department, on the application, the person's social
 4 security number.

5 * Sec. 28. AS 18.60.395 is amended by adding a new subsection to read:

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

10 * Sec. 29. AS 18.65.410 is amended to read:

11 **Sec. 18.65.410. Applications.** Application for a license as a security guard
 12 must be made on forms provided by the commissioner. The application must require
 13 the furnishing of information reasonably required by the commissioner to carry out the
 14 provisions of AS 18.65.400 - 18.65.490, including classifiable fingerprints to enable
 15 the search of criminal indices for evidence of a prior criminal record, and must
 16 require the furnishing of the applicant's social security number if the applicant
 17 is a natural person. The application must be accompanied by a nonrefundable
 18 application fee of \$50 for a security guard and \$200 for a security guard agency.

19 * Sec. 30. AS 18.65.410 is amended by adding a new subsection to read:

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

24 * Sec. 31. AS 18.72.030 is amended to read:

25 **Sec. 18.72.030. Fireworks wholesaler's license.** (a) A person who desires
 26 to sell fireworks at wholesale in the state shall first make verified application for a
 27 license to the state fire marshal on forms provided by the state fire marshal. The
 28 forms must require the applicant to supply the applicant's social security number
 29 if the applicant is a natural person. The application shall be accompanied by an
 30 annual license fee of \$50.

31 (b) The license required under (a) of this section is valid until December 31

1 of the year during which it is issued [,] and is renewable upon

2 (1) the payment of each subsequent annual license fee and affirmation
 3 that the information contained in the wholesaler's original application for a fireworks
 4 wholesaler's license is currently accurate; and

5 (2) supplying the wholesaler's social security number if it has not
 6 previously been supplied under (a) of this section and if the wholesaler is a
 7 natural person.

8 * **Sec. 32.** AS 21.06 is amended by adding a new section to read:

9 **Sec. 21.06.255. Information for child support purposes.** Notwithstanding
 10 any other provision of this title, a natural person who applies for a license or requests
 11 renewal of a license issued by the director under this title shall provide the director
 12 with the person's social security number. Upon request, the director shall provide a
 13 social security number provided under this section to the child support enforcement
 14 agency created in AS 25.27.010, or the child support enforcement agency of another
 15 state, for child support purposes authorized under law.

16 * **Sec. 33.** AS 23.20.110(e) is amended to read:

17 (e) The department shall provide information

18 (1) requested by a state or federal agency under an income and
 19 eligibility verification system that meets the requirements of 42 U.S.C. 1320b-7 (Social
 20 Security Act); or

21 (2) as required by federal law for child support purposes.

22 * **Sec. 34.** AS 23.20.110 is amended by adding a new subsection to read:

23 (o) Upon request and for child support purposes authorized under law, the
 24 department shall provide to the child support enforcement agency created in
 25 AS 25.27.010, or the child support enforcement agency of another state, the following:

26 (1) the name, address, social security number, ordinary occupation, and
 27 employment status of each applicant for or recipient of benefits under this chapter;

28 (2) information about the applicant's or recipient's right to benefits
 29 under this chapter;

30 (3) the name, address, and employer identification number of the
 31 applicant's or recipient's current or former employer;

- 1 (4) information, if available, on the applicant or recipient concerning
 2 (A) earnings or other income of the applicant or recipient;
 3 (B) benefits from employment, including rights to or enrollment
 4 in group health care coverage; and
 5 (C) the type, status, location, and amount of assets of or debts
 6 owed by or to the applicant or recipient.

7 * Sec. 35. AS 25.05.091 is amended by adding a new subsection to read:

8 (b) In addition to the requirements of (a) of this section, each contracting party
 9 to the prospective marriage shall provide to the licensing officer the party's social
 10 security number, if any. Upon request, the licensing officer shall provide a social
 11 security number provided under this subsection to the child support enforcement
 12 agency created in AS 25.27.010, or the child support enforcement agency of another
 13 state, for child support purposes authorized under law.

14 * Sec. 36. AS 25.20.050(a) is amended to read:

15 (a) A child born out of wedlock is legitimated and considered the heir of the
 16 putative parent when (1) the putative parent subsequently marries the undisputed parent
 17 of the child; (2) for acknowledgments made before July 1, 1997, the putative parent
 18 acknowledges, in writing, being a parent of the child; (3) for acknowledgments made
 19 on or after July 1, 1997, the putative father and the mother both sign a form for
 20 acknowledging paternity under AS 18.50.165; or (4) [(3)] the putative parent is
 21 determined [JUDGED] by a superior court without jury or by another tribunal,
 22 upon sufficient evidence, to be a parent of the child. Acceptable evidence includes [,
 23 BUT IS NOT LIMITED TO,] evidence that the putative parent's conduct and bearing
 24 toward the child, either by word or act, indicates that the child is the child of the
 25 putative parent. That conduct may be construed by the tribunal [COURT] to
 26 constitute evidence of parentage. When indefinite, ambiguous, or uncertain terms are
 27 used, the tribunal [COURT] may use extrinsic evidence to show the putative parent's
 28 intent.

29 * Sec. 37. AS 25.20.050(d) is amended to read:

30 (d) The results of a genetic test that is of a type generally acknowledged as
 31 reliable by an accreditation body designated by the Secretary of Health and

1 Human Services and performed by a laboratory approved by such an
 2 accreditation body [A BLOOD TEST, TISSUE-TYPE TEST, PROTEIN
 3 COMPARISON, OR OTHER SCIENTIFICALLY ACCEPTED PROCEDURE] shall
 4 be admitted and weighed in conjunction with other evidence in determining the
 5 statistical probability that the putative parent is a legal parent of the child in question.
 6 However, a genetic test described in this subsection [SCIENTIFICALLY
 7 ACCEPTED PROCEDURE] that establishes a probability of parentage at 95 percent
 8 or higher creates a presumption of parentage that may be rebutted only by clear and
 9 convincing evidence.

10 * Sec. 38. AS 25.20.050(e) is repealed and reenacted to read:

11 (e) Except as provided in (i) of this section, in proceedings in which paternity
 12 is contested, the tribunal shall order the parties, including the child, to submit to testing
 13 as described in (d) of this section upon request of

14 (1) the child support enforcement agency created in AS 25.27.010 or
 15 the child support enforcement agency of another state; or

16 (2) a party, including a sworn statement

17 (A) alleging the paternity of an individual and setting out facts
 18 that show a reasonable possibility that the mother and that individual had
 19 sexual contact that could have resulted in the conception of the child; or

20 (B) denying the paternity of an individual and setting out facts
 21 that show a reasonable possibility that the mother and that individual did not
 22 have sexual contact that could have resulted in the conception of the child.

23 * Sec. 39. AS 25.20.050(f), as amended by sec. 11, ch. 107, SLA 1996, is amended to
 24 read:

25 (f) [IF THE CHILD SUPPORT ENFORCEMENT AGENCY IS A PARTY IN
 26 AN ACTION IN WHICH PATERNITY IS CONTESTED, THE AGENCY SHALL
 27 REQUEST THE COURT TO ORDER THE TESTS AND PROCEDURES
 28 DESCRIBED IN (e) OF THIS SECTION.] The child support enforcement agency
 29 may recover the costs of testing ordered under (e) of this section from the alleged
 30 father unless the testing establishes that the individual is not the father [TESTS
 31 AS A COST OF THE ACTION], except that costs may not be recovered from a

1 person who is a recipient of assistance under AS 47.27 (Alaska temporary assistance
2 program).

3 * **Sec. 40.** AS 25.20.050(h) is amended to read:

4 (h) The tribunal [COURT] in a paternity action shall give full faith and credit
5 to a determination of paternity made by another state, whether established through
6 voluntary acknowledgment or through administrative or judicial procedures.

7 * **Sec. 41.** AS 25.20.050 is amended by adding new subsections to read:

8 (i) If a tribunal finds that good cause exists not to order genetic testing after
9 considering the best interests of the child, the tribunal may not order testing under (e)
10 of this section.

11 (j) Invoices, bills, or other standard documents showing charges for medical
12 and related costs of pregnancy, childbirth, or genetic testing are admissible in an action
13 to establish paternity without testimony or other evidence from the medical or other
14 provider or third-party payor to provide the foundation for admissibility of the
15 documents. The documents shall constitute prima facie evidence of the amounts
16 incurred for such charges.

17 (k) Upon the motion of the child support enforcement agency or another party
18 in the action to establish paternity, the tribunal shall issue a temporary order for
19 support of the child whose paternity is being determined. The order shall be effective
20 until the tribunal issues a final order on paternity and a permanent order for support
21 is issued or the tribunal dismisses the action. The temporary order may only be issued
22 if the tribunal finds clear and convincing evidence of the paternity of the putative
23 father on the basis of the results of the genetic tests and other evidence admitted in the
24 proceeding.

25 (l) The tribunal shall consider a completed and signed form for acknowledging
26 paternity that meets the requirements of AS 18.50.165(a) as a legal finding of paternity
27 for a child born out of wedlock. For an acknowledgment signed on or after
28 July 1, 1997, the acknowledgment may only be withdrawn by the earlier of the
29 following dates: (1) 60 days after the date that the person signed it, or (2) the date on
30 which judicial or administrative procedures are initiated to establish child support for,
31 or to determine paternity of, the child who is the subject of the acknowledgement.

1 After this time period has passed, the acknowledgment may only be contested in
2 superior court on the basis of fraud, duress, or material mistake. The parent wishing
3 to contest the acknowledgment carries the burden of proof by a preponderance of the
4 evidence. Unless good cause is shown, the court may not stay child support or other
5 legal responsibilities while the action to contest the acknowledgment is pending.

6 (m) If a parent signs an acknowledgment of paternity under (a) of this section
7 and does not successfully challenge the acknowledgment under (l) of this section, the
8 child born out of wedlock is considered legitimated and the heir of the parent without
9 further action of the tribunal to ratify the acknowledgment of paternity.

10 (n) On and after July 1, 1997, a paternity order or an acknowledgment made
11 under this section must include the social security numbers, if ascertainable, of the
12 following persons:

- 13 (1) the father;
- 14 (2) the mother;
- 15 (3) the child.

16 (o) In this section, unless the context requires otherwise, "tribunal" means a
17 court, administrative agency, or quasi-judicial entity authorized by state law to
18 determine parentage.

19 * **Sec. 42.** AS 25.20.055 is amended by adding a new subsection to read:

20 (d) Notwithstanding (a) of this section, the Department of Health and Social
21 Services may adopt regulations to establish exceptions for good cause that identify
22 circumstances under which a hospital is not required to comply with (a) of this section.
23 A hospital may be excused from complying with (a) of this section if the hospital
24 meets those regulatory requirements.

25 * **Sec. 43.** AS 25.24.160 is amended by adding a new subsection to read:

26 (d) In a judgment issued under this section, the court shall include the social
27 security numbers, if ascertainable, of the following persons:

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

30 * **Sec. 44.** AS 25.24.170(b) is amended to read:

31 (b) For the purposes of a motion to modify or terminate child support, the

1 adoption or enactment of guidelines or a significant amendment to guidelines for
 2 determining support is a material change in circumstances [,] if the guidelines are
 3 relevant to the motion. As necessary to comply with 42 U.S.C. 666, a periodic
 4 modification of child support may be made without a showing of a material
 5 change in circumstances if the child support order being modified on the periodic
 6 basis has not been modified or adjusted during the three years preceding the
 7 periodic modification.

8 * Sec. 45. AS 25.24.210(e) is amended by adding a new paragraph to read:

9 (12) the social security numbers, if ascertainable, of the following
 10 persons:

11 (A) both spouses to the marriage being dissolved;

12 (B) each child whose rights are being addressed in the petition

13 for dissolution.

14 * Sec. 46. AS 25.24.230 is amended by adding a new subsection to read:

15 (i) In a judgment issued under this section, the court shall include the social
 16 security numbers, if ascertainable, of the following persons:

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

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

19 * Sec. 47. AS 25.24 is amended by adding a new section to read:

20 **Sec. 25.24.920. Provision of information to child support enforcement**
 21 **agency.** For purposes of 42 U.S.C. 666 and AS 25.27.193, when a court order or
 22 judgment provides for child support to be paid, the clerk of the court shall provide a
 23 copy of the order or judgment to the child support enforcement agency created in
 24 AS 25.27.010.

25 * Sec. 48. AS 25.25.101(7) is amended to read:

26 (7) "initiating state" means a state **from** [IN] which a proceeding **is**
 27 **forwarded or in which a proceeding is filed for forwarding to a responding state**
 28 under this chapter or a law **or procedure** substantially similar to this chapter, **or**
 29 **under a law or procedure substantially similar to** [THE FORMER PROVISIONS
 30 OF THIS CHAPTER,] the Uniform Reciprocal Enforcement of Support Act [,] or the
 31 Revised Uniform Reciprocal Enforcement of Support Act [IS FILED FOR

1 FORWARDING TO A RESPONDING STATE];

2 * **Sec. 49.** AS 25.25.101(16) is amended to read:

3 (16) "responding state" means a state in [TO] which a proceeding is
 4 filed or to which a proceeding is forwarded for filing from an initiating state under
 5 this chapter or a law or procedure substantially similar to this chapter, or under a
 6 law or procedure substantially similar to [THE FORMER PROVISIONS OF THIS
 7 CHAPTER,] the Uniform Reciprocal Enforcement of Support Act or the Revised
 8 Uniform Reciprocal Enforcement of Support Act;

9 * **Sec. 50.** AS 25.25.101(19) is amended to read:

10 (19) "state" means a state of the United States, the District of
 11 Columbia, the Commonwealth of Puerto Rico, or any territory or insular possession
 12 subject to the jurisdiction of the United States; the term "state" includes a foreign
 13 jurisdiction that has enacted a law or established procedures for issuance and
 14 enforcement of support orders that are substantially similar to the procedures under this
 15 chapter or under the Uniform Reciprocal Enforcement of Support Act or the
 16 Revised Uniform Reciprocal Enforcement of Support Act;

17 * **Sec. 51.** AS 25.25.207 is repealed and reenacted to read:

18 **Sec. 25.25.207. Recognition of controlling child support order.** (a) If a
 19 proceeding is brought under this chapter and only one tribunal has issued a child
 20 support order, the order of that tribunal is controlling and shall be recognized.

21 (b) If a proceeding is brought under this chapter and two or more child support
 22 orders have been issued by tribunals of this state or another state with regard to the
 23 same obligor and child, a tribunal of this state shall apply the following rules in
 24 determining which order to recognize for purposes of continuing, exclusive
 25 jurisdiction:

26 (1) if only one of the tribunals would have continuing, exclusive
 27 jurisdiction under this chapter, the order of that tribunal is controlling and shall be
 28 recognized;

29 (2) if more than one of the tribunals would have continuing, exclusive
 30 jurisdiction under this chapter, an order issued by a tribunal in the current home state
 31 of the child shall be recognized, but, if an order has not been issued in the current

1 home state of the child, the order most recently issued is controlling and shall be
2 recognized;

3 (3) if none of the tribunals would have continuing, exclusive
4 jurisdiction under this chapter, the tribunal of this state having jurisdiction over the
5 parties shall issue a child support order, which is controlling and shall be recognized.

6 (c) If two or more child support orders have been issued for the same obligor
7 and child and if the obligor or the individual obligee resides in this state, a party may
8 request a tribunal of this state to determine which order controls and shall be
9 recognized under (b) of this section. The request shall be accompanied by a certified
10 copy of every support order in effect. Every party whose rights may be affected by
11 a determination of the controlling order shall be given notice of the request for that
12 determination.

13 (d) The tribunal that issued the order that shall be recognized as controlling
14 under (a), (b), or (c) of this section is the tribunal that has continuing, exclusive
15 jurisdiction in accordance with AS 25.25.205.

16 (e) A tribunal of this state that determines by order the identity of the
17 controlling child support order under (b)(1) or (2) of this section, or that issues a new
18 controlling child support order under (b)(3) of this section, shall include in that order
19 the basis upon which the tribunal made its determination.

20 (f) Within 30 days after issuance of the order determining the identity of the
21 controlling order, the party obtaining that order shall file a certified copy of that order
22 with each tribunal that had issued or registered an earlier order of child support.
23 Failure of the party obtaining the order to file a certified copy as required under this
24 subsection subjects that party to appropriate sanctions by a tribunal in which the issue
25 of failure to file arises, but that failure has no effect on the validity or enforceability
26 of the controlling order.

27 * **Sec. 52.** AS 25.25.301(b) is amended to read:

28 (b) This chapter provides for the following proceedings:

29 (1) establishment of an order for child support or spousal support under
30 AS 25.25.401;

31 (2) enforcement of a support order and income withholding order of

1 another state without registration under AS 25.25.501 - 25.25.507 [AS 25.25.501 -
2 25.25.502];

3 (3) registration of an order for child support or spousal support of
4 another state for enforcement under AS 25.25.601 - 25.25.614 [AS 25.25.601 -
5 25.25.612];

6 (4) modification of an order for child support or spousal support issued
7 by a tribunal of this state under AS 25.25.203 - 25.25.206;

8 (5) registration of an order for child support of another state for
9 modification under AS 25.25.601 - 25.25.614 [AS 25.25.601 - 25.25.612];

10 (6) determination of parentage under AS 25.25.701; and

11 (7) assertion of jurisdiction over nonresidents under AS 25.25.201 -
12 25.25.202.

13 * **Sec. 53.** AS 25.25.304 is amended by adding a new subsection to read:

14 (b) If a responding state has not enacted a law or procedure substantially
15 similar to this chapter, a tribunal of this state may issue a certificate or other
16 documents and make findings required by the law of the responding state. If the
17 responding state is a foreign jurisdiction, the tribunal may specify the amount of
18 support sought and provide other documents necessary to satisfy the requirements of
19 the responding state.

20 * **Sec. 54.** AS 25.25.305(a) is amended to read:

21 (a) When a responding tribunal of this state receives a complaint or
22 comparable pleading from an initiating tribunal or directly under AS 25.25.301(c), it
23 shall cause the complaint or pleading to be filed and notify the petitioner [BY FIRST
24 CLASS MAIL] where and when it was filed.

25 * **Sec. 55.** AS 25.25.305(e) is amended to read:

26 (e) If a responding tribunal of this state issues an order under this chapter, the
27 tribunal shall send a copy of the order [BY FIRST CLASS MAIL] to the petitioner
28 and the respondent and to the initiating tribunal, if any.

29 * **Sec. 56.** AS 25.25.306 is amended to read:

30 **Sec. 25.25.306. Inappropriate tribunal.** If a complaint or comparable
31 pleading is received by an inappropriate tribunal of this state, it shall forward the

1 complaint or pleading, and accompanying documents, to an appropriate tribunal in this
2 state or another state and notify the petitioner [BY FIRST CLASS MAIL] where and
3 when the complaint or pleading was sent.

4 * **Sec. 57.** AS 25.25.307(b) is amended to read:

5 (b) In providing services under this chapter to the petitioner, the child support
6 enforcement agency shall, as appropriate,

7 (1) take all steps necessary to enable an appropriate tribunal in this
8 state or another state to obtain jurisdiction over the respondent;

9 (2) request an appropriate tribunal to set a date, time, and place for a
10 hearing;

11 (3) make a reasonable effort to obtain all relevant information,
12 including information as to income and property of the parties;

13 (4) send written notice from an initiating, responding, or registering
14 tribunal to the petitioner [BY FIRST CLASS MAIL] within two days of receipt,
15 exclusive of Saturdays, Sundays, and legal holidays;

16 (5) send a copy of a written communication from the respondent or the
17 respondent's attorney to the petitioner [BY FIRST CLASS MAIL] within two days of
18 receipt, exclusive of Saturdays, Sundays, and legal holidays; and

19 (6) notify the petitioner if jurisdiction over the respondent cannot be
20 obtained.

21 * **Sec. 58.** AS 25.25.310 is amended to read:

22 **Sec. 25.25.310. Duties of state information and locator agency.** The child
23 support enforcement agency is the state information agency under this chapter, and it
24 shall

25 (1) compile and maintain a current list, including addresses, of the
26 tribunals [COURTS] in this state that have jurisdiction under this chapter and the
27 appropriate agency offices in this state and transmit a copy to the state information
28 agency of every other state;

29 (2) maintain a register of tribunals and support enforcement agencies
30 received from other states;

31 (3) forward to the appropriate tribunal in this state all documents

1 concerning a proceeding under this chapter received from an initiating tribunal or the
2 state information agency of the initiating state; and

3 (4) obtain information concerning the location of the obligor and the
4 obligor's property within this state that is not exempt from execution by postal
5 verification and federal or state locator services, examination of telephone directories,
6 requests for the obligor's address from employers, and examination of governmental
7 records, including, to the extent not prohibited by other law, those relating to real
8 property, vital statistics, law enforcement, taxation, motor vehicles, driver's licenses,
9 and social security.

10 * **Sec. 59.** AS 25.25.312 is amended to read:

11 **Sec. 25.25.312. Nondisclosure of information in exceptional circumstances.**

12 Upon [SUBJECT TO THE PROVISIONS OF AS 25.27.275 AND UPON] a finding,
13 which may be made ex parte, that the health, safety, or liberty of a party or child
14 would be unreasonably put at risk by the disclosure of identifying information, or if
15 an existing order so provides, a tribunal shall order that the address of the child or
16 party or other identifying information not be disclosed in a pleading or other document
17 filed in a proceeding under this chapter.

18 * **Sec. 60.** AS 25.25.501 is repealed and reenacted to read:

19 **Sec. 25.25.501. Employer's receipt of income withholding order of another**
20 **state.** An income withholding order issued in another state may be sent to the person
21 or entity defined as the obligor's employer under AS 25.27 without first filing a
22 complaint or comparable pleading or registering the order with a tribunal of this state.

23 * **Sec. 61.** AS 25.25.502 is repealed and reenacted to read:

24 **Sec. 25.25.502. Employer's compliance with income withholding order of**
25 **another state.** (a) Upon receipt of an order under AS 25.25.501, the obligor's
26 employer shall immediately provide a copy of the order to the obligor.

27 (b) The employer shall treat an income withholding order issued in another
28 state that appears regular on its face as if it were issued by a tribunal of this state.

29 (c) Except as provided by (d) of this section and AS 25.25.503, the employer
30 shall withhold and distribute the funds as directed in the withholding order by
31 complying with the terms of the order, as applicable, that specify

1 (1) the duration and the amount of periodic payments of current child
2 support, stated as a sum certain;

3 (2) the person or agency designated to receive payments and the
4 address to which the payments are to be forwarded;

5 (3) medical support, whether in the form of periodic cash payment,
6 stated as a sum certain, or an order to the obligor to provide health insurance coverage
7 for the child under a policy available through the obligor's employment;

8 (4) the amount of periodic payments of fees and costs for a support
9 enforcement agency, the issuing tribunal, and the obligee's attorney, stated as sums
10 certain; and

11 (5) the amount of periodic payments of arrearages and interest on
12 arrearages, stated as sums certain.

13 (d) The employer shall comply with the law of the state of the obligor's
14 principal place of employment for withholding from income with respect to

15 (1) the employer's fee for processing an income withholding order;

16 (2) the maximum amount permitted to be withheld from the obligor's
17 income; and

18 (3) the time periods within which the employer must implement the
19 withholding order and forward the child support payment.

20 * **Sec. 62.** AS 25.25 is amended by adding new sections to article 5 to read:

21 **Sec. 25.25.503. Compliance with multiple income withholding orders.** If
22 an obligor's employer receives multiple orders to withhold support from the earnings
23 of the same obligor, the employer shall be considered to have satisfied the terms of the
24 multiple orders if the employer complies with the law of the state of the obligor's
25 principal place of employment to establish the priorities for withholding and allocating
26 income withheld for multiple child support orders.

27 **Sec. 25.25.504. Immunity from civil liability.** An employer who complies
28 with an income withholding order issued in another state in accordance with
29 AS 25.25.501 - 25.25.505 is not subject to civil liability to an individual or agency
30 with regard to the employer's withholding of child support from the obligor's income.

31 **Sec. 25.25.505. Penalties for noncompliance.** An employer who wilfully fails

1 to comply with an income withholding order issued by another state and received for
 2 enforcement is subject to the same penalties that may be imposed for noncompliance
 3 with an order issued by a tribunal of this state.

4 **Sec. 25.25.506. Contest by obligor.** (a) An obligor may contest the validity
 5 or enforcement of an income withholding order issued in another state and received
 6 directly by an employer in this state in the same manner as if the order were issued
 7 by a tribunal of this state. The provisions of AS 25.25.604 apply to the contest.

8 (b) The obligor shall give notice of the contest to

9 (1) a support enforcement agency providing services to the obligee;

10 (2) each employer that has directly received an income withholding
 11 order; and

12 (3) if

13 (A) a person or an agency is designated to receive payments in
 14 the income withholding order, to that person or agency; or

15 (B) no person or agency is designated to receive payments in
 16 the income withholding order, to the obligee.

17 **Sec. 25.25.507. Administrative enforcement of orders.** (a) A party seeking
 18 to enforce a support order or an income withholding order, or both, issued by a
 19 tribunal of another state may send the documents required for registering the order to
 20 the child support enforcement agency of this state.

21 (b) Upon receipt of the documents, the child support enforcement agency,
 22 without initially seeking to register the order, shall consider and, if appropriate, use
 23 any administrative procedure authorized by the law of this state to enforce a support
 24 order or an income withholding order, or both. If the obligor does not contest
 25 administrative enforcement, the order need not be registered. If the obligor contests
 26 the validity or administrative enforcement of the order, the child support enforcement
 27 agency shall register the order under this chapter.

28 * **Sec. 63.** AS 25.25.602(a) is amended to read:

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

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

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

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

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

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

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

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

13 (D) the names [NAME] and addresses [ADDRESS] of all
14 potential third-party [THIRD PARTY] resources, including a health insurer,
15 that might be available to meet the requirements of a medical support order;
16 and

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

19 * **Sec. 64.** AS 25.25.605(a) is amended to read:

20 (a) When a support order or income withholding order issued in another state
21 is registered, the registering tribunal shall notify the nonregistering party. [NOTICE
22 SHALL BE GIVEN BY FIRST CLASS, CERTIFIED, OR REGISTERED MAIL OR
23 BY ANY MEANS OF PERSONAL SERVICE AUTHORIZED BY THE LAW OF
24 THIS STATE.] The notice must be accompanied by a copy of the registered order and
25 the documents and relevant information accompanying the order.

26 * **Sec. 65.** AS 25.25.605(b) is amended to read:

27 (b) The notice must inform the nonregistering party

28 (1) that a registered order is enforceable as of the date of registration
29 in the same manner as an order issued by a tribunal of this state;

30 (2) that a hearing to contest the validity or enforcement of the
31 registered order must be requested within 20 days after [THE DATE OF MAILING

1 OR PERSONAL SERVICE OF THE] notice;

2 (3) that failure to contest the validity or enforcement of the registered
3 order in a timely manner will result in confirmation of the order and enforcement of
4 the order and the alleged arrearages and precludes further contest of that order with
5 respect to any matter that could have been asserted; and

6 (4) of the amount of alleged arrearages.

7 * **Sec. 66.** AS 25.25.606(a) is amended to read:

8 (a) A nonregistering party seeking to contest the validity or enforcement of a
9 registered order in this state shall request a hearing within 20 days after the [DATE
10 OF MAILING OR PERSONAL SERVICE OF] notice of the registration. The
11 nonregistering party may seek to vacate the registration, to assert a defense to an
12 allegation of noncompliance with the registered order, or to contest the remedies being
13 sought or the amount of alleged arrearages under AS 25.25.607.

14 * **Sec. 67.** AS 25.25.606(c) is amended to read:

15 (c) If a nonregistering party requests a hearing to contest the validity or
16 enforcement of the registered order, the registering tribunal shall schedule the matter
17 for hearing and give notice to the parties [BY FIRST CLASS MAIL] of the date, time,
18 and place of the hearing.

19 * **Sec. 68.** AS 25.25.609 is amended to read:

20 **Sec. 25.25.609. Procedure to register child support order of another state**
21 **for modification.** If a party or the child support enforcement agency seeks to modify,
22 or to modify and enforce, a child support order issued in another state but not
23 registered in this state, the party or agency shall register that order in this state in the
24 same manner provided in AS 25.25.601 - 25.25.608 [AS 25.25.601 - 25.25.604]. A
25 complaint for modification may be filed at the same time as a request for registration,
26 or later. The pleading must specify the grounds for modification.

27 * **Sec. 69.** AS 25.25.611(a) is amended to read:

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

1 (1) the following requirements are met:

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

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

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

8 (2) an individual party or the child is subject to the personal jurisdiction
9 of the tribunal and all of the individual parties have filed a written consent in the
10 issuing tribunal providing that a tribunal of this state may modify the support order and
11 assume continuing, exclusive jurisdiction over the order; **however, if the issuing state**
12 **is a foreign jurisdiction that has not enacted a law or procedure substantially**
13 **similar to this chapter, the written consent of the individual party residing in this**
14 **state is not required for the tribunal to assume jurisdiction to modify the child**
15 **support order.**

16 * Sec. 70. AS 25.25.611(c) is amended to read:

17 (c) A tribunal of this state may not modify any aspect of a child support order
18 that may not be modified under the law of the issuing state. **If two or more tribunals**
19 **have issued child support orders for the same obligor and child, the order that**
20 **is controlling and must be recognized under the provisions of AS 25.25.207**
21 **establishes the nonmodifiable aspects of the support order.**

22 * Sec. 71. AS 25.25.612 is amended to read:

23 **Sec. 25.25.612. Recognition of order modified in another state.** A tribunal
24 of this state shall recognize a modification of its earlier child support order by a
25 tribunal of another state that assumed jurisdiction under **this chapter or a law or**
26 **procedure** substantially similar to this chapter and, upon request, except as otherwise
27 provided in this chapter, shall

28 (1) enforce the order that was modified only as to amounts accruing
29 before the modification;

30 (2) enforce only nonmodifiable aspects of that order;

31 (3) provide other appropriate relief only for violations of that order that

1 occurred before the effective date of the modification; and

2 (4) recognize the modifying order of the other state, upon registration,
3 for the purpose of enforcement.

4 * **Sec. 72.** AS 25.25 is amended by adding new sections to article 6 to read:

5 **Sec. 25.25.613. Jurisdiction to modify support order of another state when**
6 **individual parties reside in this state.** (a) If all of the individual parties reside in
7 this state and the child does not reside in the issuing state, a tribunal of this state has
8 jurisdiction to enforce and to modify the issuing state's child support order in a
9 proceeding to register that order.

10 (b) A tribunal of this state exercising jurisdiction as provided in this section
11 shall apply the provisions of AS 25.25.101 - 25.25.209 and 25.25.601 - 25.25.614 to
12 the enforcement or modification proceeding. AS 25.25.301 - 25.25.507, 25.25.701,
13 25.25.801, and 25.25.802 do not apply, and the tribunal shall apply the procedural and
14 substantive law of this state.

15 **Sec. 25.25.614. Notice to issuing tribunal of modification.** Within 30 days
16 after issuance of a modified child support order, the party obtaining the modification
17 shall file a certified copy of the order with the issuing tribunal that had continuing,
18 exclusive jurisdiction over the earlier order and with each tribunal in which the party
19 knows that an earlier order has been registered. Failure of the party obtaining the
20 order to file a certified copy as required subjects that party to appropriate sanctions by
21 a tribunal in which the issue of failure to file arises, but that failure has no effect on
22 the validity or enforceability of the modified order of the new tribunal of continuing,
23 exclusive jurisdiction.

24 * **Sec. 73.** AS 25.25.701(a) is amended to read:

25 (a) A tribunal of this state may serve as an initiating or responding tribunal in
26 a proceeding brought under this chapter or a law or procedure substantially similar
27 to this chapter, a law or procedure substantially similar to the former provisions of
28 this chapter, the Uniform Reciprocal Enforcement of Support Act, or the Revised
29 Uniform Reciprocal Enforcement of Support Act to determine whether the petitioner
30 is a parent of a particular child or to determine whether a respondent is a parent of that
31 child.

1 * Sec. 74. AS 25.27.020(a)(2) is amended to read:

2 (2) adopt regulations to carry out the purposes of this chapter and AS 25.25,
3 including regulations that establish

4 (A) [SCHEDULES FOR DETERMINING THE AMOUNT AN
5 OBLIGOR IS LIABLE TO CONTRIBUTE TOWARD THE SUPPORT OF AN
6 OBLIGEE UNDER THIS CHAPTER AND UNDER 42 U.S.C. 651 - 669
7 (TITLE IV-D, SOCIAL SECURITY ACT);

8 (B)] procedures for hearings conducted under AS 25.27.170 and
9 for administrative enforcement of support orders;

10 (B) [(C)] subject to AS 25.27.025 and to federal law, a uniform
11 rate of interest on arrearages of support that shall be charged the obligor upon
12 notice if child support payments are 10 or more days overdue or if payment is
13 made by a check backed by insufficient funds; however, an obligor may not be
14 charged interest on late payment of a child support obligation, other than a
15 payment on arrearages, if the obligor is

16 (i) employed and income is being withheld from the
17 obligor's wages under an income withholding order;

18 (ii) receiving unemployment compensation and child
19 support obligations are being withheld from the obligor's unemployment
20 payments under AS 23.20.401; or

21 (iii) receiving compensation for disabilities under
22 AS 23.30 and child support obligations are being withheld from the
23 obligor's compensation payments; [AND]

24 (C) [(D)] procedures for establishing and disestablishing
25 paternity under AS 25.27.165 and 25.27.166 [AS 25.27.165 - 25.27.166],
26 including procedures for hearings; and

27 (D) procedures under which the agency shall enter into
28 contracts or agreements with financial institutions, including brokerage
29 houses, insurance companies, and other companies providing individual
30 investment, transaction, or deposit accounts, doing business in the state to
31 develop and operate an automated data match system as required by 42

1 U.S.C. 666(a)(17); the agency may pay a reasonable fee to a financial
 2 institution for conducting a data match under a contract or agreement
 3 under this subparagraph; the fee may not exceed the actual costs incurred
 4 by the financial institution for conducting the data match.

5 * Sec. 75. AS 25.27.020(a)(6) is amended to read:

6 (6) disburse support payments collected by the agency to the obligee,
 7 together with interest charged under (2)(B) [(2)(C)] of this subsection;

8 * Sec. 76. AS 25.27.020(a)(13) is amended to read:

9 (13) act as the central registry for all child support orders and
 10 exchange information as required by federal law.

11 * Sec. 77. AS 25.27.020 is amended by adding new subsections to read:

12 (d) The agency may issue an administrative order or request a court order that
 13 requires an individual in arrears under an order of support for a child who is receiving
 14 assistance under AS 47.07, or under AS 47.25.310 - 47.25.420 or a successor program,
 15 to make payments according to an approved payment plan or, if the individual is not
 16 incapacitated, to participate in appropriate work activities.

17 (e) To the extent required by federal law and as necessary for locating
 18 individuals for child support purposes, the agency, the child support enforcement
 19 agency of another state, or the federal government is entitled to have access to
 20 information used by the Department of Public Safety or a successor agency to locate
 21 an individual for purposes relating to motor vehicles or law enforcement.

22 * Sec. 78. AS 25.27.025 is amended to read:

23 **Sec. 25.27.025. Rate of interest.** The rate of interest imposed under
 24 AS 25.27.020(a)(2)(B) [AS 25.27.020(a)(2)(C)] shall be six percent a year or a lesser
 25 rate that is the maximum rate of interest permitted to be imposed under federal law.

26 * Sec. 79. AS 25.27.040(a), as amended by sec. 13, ch. 107, SLA 1996, is amended to
 27 read:

28 (a) The agency may appear on behalf of minor children or their mother or
 29 legal custodian of the state and initiate efforts to have the paternity of children born
 30 out of wedlock determined by the court. When the agency is a party to a court action
 31 in which paternity is contested, it shall request and pay for genetic testing and

1 procedures under AS 25.20.050(e) and may recover the costs of the testing as
 2 provided in AS 25.20.050(f). [THE AGENCY MAY RECOVER THE COSTS OF
 3 THE TESTS AS A COST OF THE COURT ACTION, EXCEPT THAT COSTS MAY
 4 NOT BE RECOVERED FROM A PERSON WHO IS A RECIPIENT OF
 5 ASSISTANCE UNDER AS 47.27 (ALASKA TEMPORARY ASSISTANCE
 6 PROGRAM).]

7 * Sec. 80. AS 25.27.062(d) is amended to read:

8 (d) Income withholding under a support order that does not require immediate
 9 income withholding and that is not being enforced by the agency may be initiated
 10 either by filing a motion with the court and complying with applicable court rules or,
 11 if there is a child support arrearage, by making a written request to the agency
 12 for immediate income withholding under AS 25.27.150. Application to the agency
 13 under this subsection may not, by itself, be construed as a request for other
 14 services of the agency. If immediate withholding under this subsection is sought
 15 through a motion to the court, the [. THE] court shall order the beginning of income
 16 withholding under this subsection if the court finds that any of the grounds in (c)(1),
 17 (2), or (3)(B) [(c)(1), (c)(2), OR (c)(3)(B)] of this section is satisfied. It is not a
 18 defense to a motion based on (c)(2) of this section that less than one full month's
 19 payment is past due by 30 days if at least one full month's payment was past due by
 20 30 days on the date the motion was filed. Notice to the obligor of income withholding
 21 ordered under this subsection must be given in a manner that complies with court
 22 rules. In this subsection, "past due by 30 days" means unpaid 30 days after the
 23 monthly due date specified in the support order.

24 * Sec. 81. AS 25.27.062(e) is amended to read:

25 (e) The agency or the person who obtains an income withholding order under
 26 this chapter shall immediately send a copy of the income withholding order, a copy
 27 of the relevant provisions of AS 25.27.260 and this section, and an explanation of the
 28 effect of the statutes to persons who may owe money to an obligor. These items may
 29 be sent by first class mail or certified mail, return receipt requested, or they may be
 30 served personally by a process server, except that the agency alternatively may send
 31 the items by electronic means. An income withholding order made under this chapter

1 is binding upon a person, employer, political subdivision, or department of the state
 2 immediately upon receipt of a copy of the income withholding order. An employer
 3 shall immediately begin withholding the specified amount from the employee's wages.
 4 The amount withheld shall be sent to the agency within seven business days after
 5 the date the amount would otherwise have been paid or credited to the employee
 6 [(1) 14 WORKING DAYS AFTER THE MAILING DATE ON THE ORDER OF
 7 WITHHOLDING OR 14 WORKING DAYS AFTER THE DATE ON WHICH THE
 8 ORDER WAS PERSONALLY SERVED, WHICHEVER IS APPLICABLE, OR (2)
 9 ON THE FIRST DAY OF THE NEXT PAY PERIOD, IF EARLIER. THE AMOUNT
 10 WITHHELD SHALL BE SENT TO THE AGENCY WITHIN 10 WORKING DAYS
 11 AFTER THE DATE THE EMPLOYEE IS PAID]. An employer may, for each
 12 payment made under an order, deduct \$5 from other wages or salary owed to the
 13 obligor.

14 * **Sec. 82.** AS 25.27.062(j) is amended to read:

15 (j) An employer may combine into a single payment to the agency amounts
 16 withheld from more than one obligor if the employer specifies the portion of the
 17 payment attributable to each obligor and complies with the time deadlines set out
 18 in (e) of this section.

19 * **Sec. 83.** AS 25.27.085 is amended to read:

20 **Sec. 25.27.085. Subpoenas.** The agency [, WITH THE CONCURRENCE OF
 21 THE COMMISSIONER OF REVENUE,] may subpoena persons, books, records, and
 22 documents to

23 (1) obtain any financial or other information needed to establish,
 24 modify, or enforce a child support order [DETERMINE THE EXTENT AND
 25 LOCATION OF ASSETS OF ANY OBLIGOR WHO IS MORE THAN 45 DAYS IN
 26 ARREARS IN A CHILD SUPPORT OBLIGATION ESTABLISHED EITHER BY
 27 COURT OR ADMINISTRATIVE ORDER];

28 (2) determine the paternity of a child under AS 25.27.165; or

29 (3) disestablish the paternity of a child under AS 25.27.166.

30 * **Sec. 84.** AS 25.27.085 is amended by adding new subsections to read:

31 (b) An administrative subpoena issued under this section shall be served in the

1 manner provided for service of liens under AS 25.27.240. Proof of service may be
2 completed according to Rule 5, Alaska Rules of Civil Procedure.

3 (c) A person who is issued an administrative subpoena shall be provided an
4 opportunity to refuse to comply with it for good cause by filing a request for a
5 conference with the agency in this state in the manner and within the time specified
6 in regulations adopted by the agency. Good cause shall be limited to mistake in
7 identity of the person or to a prohibition under law to release such information.

8 (d) After a conference requested under (c) of this section, the agency shall
9 issue an order on the request relating to good cause. If the person continues to refuse
10 to comply with the administrative subpoena, the agency in this state shall issue an
11 order to impose a civil penalty of \$10 for each day of noncompliance with the
12 subpoena.

13 (e) An order imposing a civil penalty under this section is a final
14 administrative decision and may be appealed under AS 25.27.210.

15 (f) This section does not limit the ability of the agency to make other lawful
16 requests for information.

17 * **Sec. 85.** AS 25.27 is amended by adding a new section to read:

18 **Sec. 25.27.086. Subpoenas issued by agency of another state.** (a) If the
19 child support enforcement agency of another state issues a subpoena regarding persons,
20 books, records, or documents in this state, the subpoena must be complied with as if
21 it were issued by this state's child support enforcement agency if

22 (1) the subpoena is for obtaining

23 (A) financial or other information needed to establish, modify,
24 or enforce a support order; or

25 (B) information needed to determine or disestablish the paternity
26 of a child under the laws of the state in which the subpoena was issued; and

27 (2) the issuing agency complied with AS 25.27.085(b).

28 (b) The procedures in or adopted under AS 25.27.085(c) and (d) apply to a
29 person who is issued a subpoena described in (a) of this section.

30 (c) The child support enforcement agency of this state shall enforce a subpoena
31 described in (a) of this section and shall provide the opportunity for conference and

1 issue any order under AS 25.27.085(c) and (d) on behalf of the issuing agency.
2 AS 25.27.085(e) applies to an order under this subsection.

3 (d) The penalties provided in AS 25.27.085 apply regarding a subpoena
4 described in (a) of this section.

5 (e) Nothing in this section limits the ability of a child support enforcement
6 agency of another state to make other lawful requests for information in this state.

7 * **Sec. 86.** AS 25.27.100(a) is amended to read:

8 (a) The agency shall provide aid to any person due child support under the
9 laws of this state upon application. The [SUBJECT TO (b) OF THIS SECTION,
10 THE] agency may, by regulation, impose a fee for services provided under this
11 chapter.

12 * **Sec. 87.** AS 25.27.103 is amended to read:

13 **Sec. 25.27.103. Payments to agency.** An obligor shall [MAY] make child
14 support payments to the agency if the agency is enforcing a duty of child support
15 under AS 25.25 or this chapter. [AN OBLIGOR MAY PAY MONEY TO THE
16 AGENCY TO SATISFY THE OBLIGOR'S IMMEDIATE DUTY OF CHILD
17 SUPPORT AS WELL AS ANY ADDITIONAL AMOUNT OF MONEY INTENDED
18 BY THE OBLIGOR TO BE USED FOR SUPPORT OF THE CHILD.] The agency
19 shall disburse that portion of a payment that exceeds the amount of money necessary
20 to satisfy the obligor's immediate duty of support in accordance with state and federal
21 requirements [THE INSTRUCTIONS OF THE OBLIGOR]. The agency shall credit
22 money disbursed under this subsection toward satisfaction of the obligor's duty of
23 support.

24 * **Sec. 88.** AS 25.27.105 is amended to read:

25 **Sec. 25.27.105. Audit of collections.** Within 30 working days after receipt
26 of a written request from an obligor, the obligor's legal representative, the obligee, or
27 the obligee's legal representative, the agency shall provide an audit of all child support
28 payments made by the obligor and received by the agency. The audit shall include the
29 date and amount of each payment, the name of the obligee, and the total amount of
30 arrearages of support past due and amount of unpaid penalties and interest imposed
31 under AS 25.27.020(a)(2)(B) [AS 25.27.020(a)(2)(C)]. The agency is required to

1 provide only one audit each year for each obligee and obligor under this section.

2 * **Sec. 89.** AS 25.27.120(c) is amended to read:

3 (c) Within 30 days after the agency knows the identity and address of an
4 obligor who resides in the state and who is liable to the state under this section, the
5 agency shall send written notification by certified mail to the obligor and the obligee
6 [PARENT] of the obligor's accruing liability and that the obligor shall make child
7 support payments to the agency. The notice required under this subsection must be
8 in clear, concise, and easily readable language. The notice may accompany other
9 communications by the agency.

10 * **Sec. 90.** AS 25.27.150(a) is amended to read:

11 (a) If an arrearage occurs under [IN ORDER TO INITIATE INCOME
12 WITHHOLDING FOR] a support order being enforced by the agency for which
13 immediate income withholding is not required under AS 25.27.062(a) or an
14 application is made to the agency for withholding under AS 25.27.062(d), the
15 agency may execute an income withholding order without prior notice to the
16 obligor. At the time of execution, the agency shall serve a notice of [ITS INTENT
17 TO INITIATE] income withholding on the obligor. Notice under this subsection shall
18 be served upon the obligor by certified mail to the obligor's last known address, and
19 service is complete when the notice is properly addressed, certified, and mailed.

20 * **Sec. 91.** AS 25.27.150(c) is amended to read:

21 (c) The notice shall inform the obligor that [THE] income withholding has
22 been ordered and of the procedures to follow if the obligor wishes to contest
23 withholding on the grounds that the withholding is improper due to a mistake of
24 fact. The notice must also inform the obligor of the information that was
25 provided to the employer in the document that ordered the withholding [ORDER
26 WILL TAKE EFFECT 15 DAYS AFTER THE DATE ON WHICH THE NOTICE IS
27 SERVED UNLESS THE OBLIGOR REQUESTS A HEARING WITHIN 15 DAYS
28 AFTER THE NOTICE IS SERVED. IF THE OBLIGOR REQUESTS A HEARING,
29 AN INCOME WITHHOLDING ORDER MAY NOT TAKE EFFECT UNTIL THE
30 CONCLUSION OF THE HEARING].

31 * **Sec. 92.** AS 25.27.150(e) is amended to read:

1 (e) The conference [APPEALS] officer shall inform the obligor of the
 2 informal conference decision [,] either at the informal conference hearing or within
 3 15 days after the hearing [, WHETHER OR NOT THE WITHHOLDING WILL
 4 OCCUR AND OF THE DATE ON WHICH IT IS TO COMMENCE].

5 * **Sec. 93.** AS 25.27.150(f) is amended to read:

6 (f) If the conference [APPEALS] officer determines that withholding will
 7 continue [OCCUR], the obligor may request a formal hearing [,] as provided in the
 8 department's regulations. [THE INCOME WITHHOLDING ORDER SHALL BE
 9 ISSUED AND WITHHOLDING SHALL BEGIN UNDER THE PROCEDURES IN
 10 AS 25.27.062, WHETHER OR NOT THE OBLIGOR REQUESTS A FORMAL
 11 HEARING, UNLESS THE OBLIGOR POSTS SECURITY OR A BOND IN THE
 12 AMOUNT THAT WOULD HAVE BEEN WITHHELD PENDING THE OUTCOME
 13 OF A FORMAL HEARING.]

14 * **Sec. 94.** AS 25.27.160(b) is amended to read:

15 (b) The notice and finding of financial responsibility served under (a) of this
 16 section must state

17 (1) the sum or periodic payments for which the alleged obligor is found
 18 to be responsible under this chapter [, CALCULATED BY TAKING INTO
 19 CONSIDERATION THE NEED OF THE ALLEGED OBLIGEE, THE ALLEGED
 20 OBLIGOR'S LIABILITY TO THE STATE UNDER AS 25.27.120 IF ANY, AND
 21 THE DUTY OF SUPPORT UNDER THE LAW];

22 (2) the name of the alleged obligee and the obligee's custodian;

23 (3) that the alleged obligor may appear and show cause in a hearing
 24 held by the agency why the finding is incorrect, should not be finally ordered, and
 25 should be modified or rescinded, because

26 (A) no duty of support is owed; or

27 (B) the amount of support found to be owed is incorrect;

28 (4) that, if the person served with the notice and finding of financial
 29 responsibility does not request a hearing within 30 days, the property and income of
 30 the person will be subject to execution under AS 25.27.062 and 25.27.230 - 25.27.270
 31 in the amounts stated in the finding without further notice or hearing.