

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 00/2

10955 HOUSE LABOR & COMMERCE

ALASKA LEGISLATURE COMMITTEE

10955 HOUSE LABOR & COMMERCE

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SB

365



ANNE VER HOEF MA, CCC-SLP

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Speech - Language Pathologist

5820 Yukon Road  
Anchorage, Alaska 99507  
(907) 345-4422  
Fax (907) 345-4422

House Labor and Commerce Committee  
Juneau, Alaska

May 2, 2004

RE: SB365

Regulation of speech-language pathologist assistants and speech-language pathologists in a clinical fellowship year.

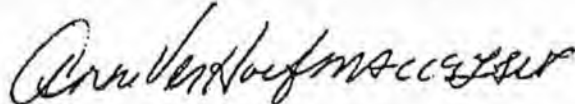
Dear Labor and Commerce Committee Members,

I am writing to urge you to pass SB365, the bill related to regulation of speech-language pathologist assistants and for speech-language pathologists in their clinical fellowship year.

The latter is merely a correction for licensure of professional speech-language pathologists. Those professionals who have completed their master's degree must also complete a 9-12 month fellowship (CFY) under the supervision of a certified (and licensed) speech-language pathologist. During this period, supervision is required under the guidelines provided by the American Speech-Language-Hearing Association (ASHA), which is also the national agency that determines and awards the national certification (CCC) upon completion of the CFY and national exam. This bill would allow professionals in the CFY to apply for and receive temporary state licensure and allow them to provide billable services. Speech-language pathologists in their CFY are qualified to provide billable services during the mentoring process in their first "real job."

The other part of this bill relates to speech-language pathologist assistants (SPL-A). The registration of SPL-A is critical in establishing the qualifications, activities, restrictions and supervision requirements for SPL-As. In Alaska there is a shortage of professional speech-language pathologists and the participation of assistants allows for increased and better delivery of speech-language services.

I urge you to pass this bill quickly through your committee and then on the House floor so that these critical services can be implemented as soon as possible.



Anne Ver Hoef, M.A., CCC-L-SLP  
Speech-Language Pathologist, Certified, Licensed

# Alaska State Legislature

DURING SESSION  
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## SENATOR CON BUNDE

District P

VICE-CHAIR, SENATE FINANCE COMMITTEE  
CHAIR, SENATE LABOR & COMMERCE COMMITTEE  
MEMBER, LEGISLATIVE BUDGET & AUDIT COMMITTEE

### Sponsor Statement SB365 Speech-Language Pathology Assistants

SB365 establishes registration of speech-language pathology assistants through the department of occupational licensing regardless of employment setting. Currently, speech-language pathology assistants (SLPA), in Alaska, are not licensed or regulated like the similar professions of physical and occupational therapy assistants. SB365 outlines the qualifications and training required to be an SLPA, their scope of practice, supervision and continuing education requirements.

Due to shortages in the number of qualified speech-language pathologists, many Alaskans are not receiving the consistency and appropriate amount of services they require. An SLPA will be able to assist the speech-language pathologists in clerical duties, charting progress, developing materials and assisting in other therapy services within their scope of practice. SLPAs will not be allowed to work independently of a speech-language pathologist or be given the sole responsibility of their own case/workload. SLPAs will be under the direction and supervision of a qualified and licensed Speech-Language Pathologist.

It is not the intent of SB365 to hire an SLPA in lieu of a qualified speech-language pathologist. SLPAs are to enhance the services provided.

All regions of Alaska will benefit from the use SLPAs. SLPAs will be able to enhance services in schools, private clinics, the underserved rural/remote areas, and in hospital settings. Having an assistant will allow the speech-language pathologist additional time to assess an individual's progress, write treatment plans, confer with medical and other professionals, attend meetings and complete other administrative duties as required. The recipients of speech-language pathology services will benefit the most, as they will have consistent services from appropriately trained individuals, which will decrease the length of treatment and thereby decreasing costs. Since many recipients of speech-language services receive assistance through Medicaid/Medicare, that cost savings is then passed on to the citizens of Alaska.

## Changes made to SB 365

The four changes that were made in Senate Finance to SB 365 were technical language changes throughout the bill that clarified that SPLAs should not conduct feeding and swallowing *screenings*.

We made the following changes to SB 365 (CS Version Q) in order to have all sections of the bill be in conformance with ASHA (American Speech Language Hearing Association) preferred practice patterns for speech-language pathology. It was recommended by Ms. Susan Pilch, Director, State Legislative and Regulatory Advocacy, ASHA, that the following changes be made to this bill to make it even stronger. Ms. Pilch reminded us that while SLPAs may perform feeding and swallowing treatment under the supervision of a certified Speech-Language Pathologist, they may not conduct feeding and swallowing screenings.

In order to have these specific changes be clear throughout all sections of SB 365, the following were necessary so that our intent to prohibit feeding and swallowing screenings by SLPAs would be achieved.

Sec. 08.11.042 (b) **page 2, line 26** "direct screening" was deleted.

Sec. 08.11.042 (c) **page 2, line 31** "new" was deleted from the former phrase "new screening."

Sec. 08.11.042 (e) **page 4, line 9** deals with what registered SLPAs are not permitted to do, that the following be added, "perform screening of feeding or swallowing functions."

Sec. 08.11.200 (11) **page 10, line 12** clarifies the definition of screening.

The new amended version reads,

"screening" means a procedure in which a client is identified by either "pass" or "fail" for purposes of necessitating further evaluation of speech, language or hearing.

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SB 365  
 (S) Publish Date: 4/2/04

Revision Date/Time (Note if correction): Dept. Affected: DCED  
 Title Speech-Language RDU Occupational Licensing (117)  
Pathologist Assistants Component Occupational Licensing  
 Sponsor Senate Labor and Commerce  
 Requester Senate Labor and Commerce Component No 2360

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	0.8	0.8	0.8	0.8	0.8	0.8
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( 1156 )</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other 1156 - Receipt Supported Services	0.8	0.8	0.8	0.8	0.8	0.8
<b>TOTAL</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

SB 365 creates registration for Speech-Language Pathologist Assistants. Currently there are 121 licensed Speech-Language Pathologists. Based on similar programs that register assistants, this fiscal note assumes that at least 10% of the current licensee number will register to become an Assistant (at least 12 registrants). The expenditure shown above is based on 10% of the FY03 Speech-Language Pathologist costs. Speech-Language Pathologist Assistants will be expected to cover these costs through registration fees.

Based on biennial costs of \$1.6, registrants can expect to pay a biennial registration fee of approximately \$133.00.

Prepared by: Jennifer Strickler, Administrative Manager Phone (907) 465-2144  
 Division Occupational Licensing Date/Time 3/23/04 3:10 PM  
 Approved by: Edgar Blatchford, Commissioner Date 3/23/2004  
 Agency Department of Community and Economic Development

# LEGAL SERVICES

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LEGISLATIVE AFFAIRS AGENCY  
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## MEMORANDUM

March 31, 2004

**SUBJECT:** Speech- Language Pathologist Assistants SB 365  
(Work Order No. 23-LS0504H)

**TO:** Senator Con Bunde  
Attn: Jane Alberts

**FROM:** Jean M. Mischel  
Legislative Counsel 

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

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

**Section 1.** Authorizes a temporary speech-language pathology license for persons who are in the process of completing supervised clinical experience.

**Section 2.** Adds reference to registration of speech-language pathologist assistants to lapsed license provision.

**Section 3.** Adds reference to registration of speech-language pathologist assistants to suspended license provision.

**Section 4.** Adds new sections pertaining to the activities, qualifications, and supervision of registered speech-language pathologist assistants. Authorizes the Department of Community of Economic Development to regulate speech-language pathologist assistants.

**Section 5.** Adds speech-language pathologist assistant registration application and renewal to list of fees that must be set by the Department of Community and Economic Development.

**Section 6.** Adds a new section relating to grounds for imposition, after a hearing, of disciplinary sanctions on a speech-language pathologist assistant.

**Section 7.** Adds references to speech-language pathologist assistants for purposes of imposition of disciplinary sanctions by the Department of Community and Economic

Development.

Section 8. Adds a reference to speech-language pathologist assistant registrants to summary suspension provision.

Section 9. Adds a reference to speech-language pathologist assistant registrants to reinstatement provision.

Section 10. Adds a reference to speech-language pathologist assistant registrants to provision allowing for reinstatement after revocation of a registration in certain circumstances.

Section 11. Adds a new subsection authorizing the Department of Community and Economic Development to place a registered speech-language pathologist on probation in certain circumstances.

Section 12. Defines different types of "supervision" and defines "screening" as used in this Act.

Section 13. Establishes a July 1, 2004 effective date for the Act.

JMM:med  
04-345.med



AMERICAN  
SPEECH-LANGUAGE-  
HEARING  
ASSOCIATION

March 31, 2004

Alaska Speech-Language Hearing Association  
Nancy Lovering, President  
4325 Laurel Street- Suite 100  
Anchorage, AK 99508

Dear Ms. Lovering:

The American Speech-Language-Hearing Association (ASHA) would like to formally express our support for Alaska S.B. 365. ASHA is the professional, credentialing and scientific organization that represents more than 114,000 audiologists; speech-language pathologists; and speech, language and hearing scientists nationwide.

We have examined the text of S.B. 365 and would like to focus our comments on the topic of speech-language pathology assistants. S.B. 365 is well written, comprehensive and generally consistent with ASHA policy and guidelines on the use of speech-language pathology support personnel. The bill does an excellent job of clearly delineating the tasks that are allowed and prohibited to be performed by speech-language pathology assistants.

With the passage of this legislation, Alaska would be joining 31 other states that currently regulate the use of speech-language pathology support personnel. Of these 31 states, 22 states regulate through registration, similar to the proposed Alaska bill. In addition, the sections of S.B. 365 that pertain to education/experience required, title, continuing education and supervision all fall within the spectrum of other state requirements ensuring that speech-language pathology assistants in Alaska would be comparable to assistants in other states.

We feel that the bill could be made even stronger by making some minor changes and we have detailed suggested amendment language for you in the attached e-mail. If you have any questions or concerns, please contact me at [spilch@asha.org](mailto:spilch@asha.org) or at (301) 897-5700, ext. 4284.

Sincerely,

Susan Pilch  
Director, State Legislative and Regulatory Advocacy

1. Under Section 08.11.042(b) we recommend that you strike the words "direct screening." This would bring the section into conformance with the ASHA preferred practice patterns for speech-language pathology that provide that while assistants may perform feeding and swallowing treatment, they may not conduct feeding and swallowing screening.
2. Under Section 08.11.045(3)(d) we would recommend that you specify that a "full-time" speech-language pathologist may not supervise more than two individuals. You may also wish to add a sentence that specifies that a "part-time speech-language pathology assistant may not supervise more than one assistant."
3. In addition, we would recommend that you include a statement similar to "A speech-language pathology assistant may not be assigned his or her own caseload" and "a school district that intends to utilize the services of a speech-language pathology assistant must provide written notification to the parent or guardian of each student served by a speech-language pathology assistant." All of the recommendations listed in this paragraph and the one prior are provisions that have been included in various state statutes and regulations pertaining to support personnel.



Senator Con Bunde  
State Capitol  
Juneau, AK 99801-1182

Senator Bunde;

I am writing in support of SB 365 and encourage your support. This bill will assist in the regulation of speech-language pathology assistants working with Alaskan children and adults with communication impairments. Nationwide there is a shortage of certified speech-language pathologists and in Alaska there is also such a shortage. Many of our remote areas rely on instructional assistants to implement services when the speech-language pathologist cannot be there. Additionally, speech-language pathologists in other work settings (i.e. hospitals, urban schools, clinics) are finding the need for qualified service delivery personnel to assist in implementing services.

Speech-language pathology assistants would be highly trained in their field with an AA or BA degree and a minimum of 100 hours supervised clinical practicum by a certified speech-language pathologist. In addition, these qualifications will satisfy the requirements for No Child Left Behind. The importance of trained speech-language pathology assistants cannot be ignored. The consistency and quality of services to people in need would be greatly enhanced.

Thank you for your consideration.

Nancy C. Lovering  
President- Alaska Speech and Hearing Association  
4325 Laurel St., Suite 100  
Anchorage, AK 99508  
907-562-8262

**Cara Leckwold, M.A. CCC-SLP**  
**4325 Laurel St. #100**  
**Anchorage, AK, 99508**  
**(907)561-8775**

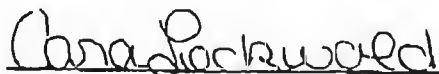
Senator Con Bunde  
Staten Capitol  
Juneau, AK 99801-1182

Dear Senator Bunde:

I am writing in support of SB 365 and to encourage your support. This bill will assist in the regulation of speech-language assistants working with children and adults with communication impairments. As I am sure you are aware, there is a national shortage of certified speech-language pathologists, and this has had a tremendous impact on the availability of services to people in Alaska with speech and language disorders. As a result of this shortage, many of our remote and undeserved areas must rely on assistants to implement services when a certified speech-language pathologist is not available.

Speech-language pathology assistants would be required to be highly trained in their field, have an Associate or Bachelor degree, and a minimum of 100 hours of clinical practicum supervised by a certified speech-language pathologist. These requirements of qualification would satisfy the requirements for the No Child Left Behind Act. The importance of having trained speech-language assistants cannot be ignored. The consistency and quality of services to people with communication disorders would be greatly enhanced by the implementation of this bill.

Thank you for your consideration.



Cara Leckwold, M.A. CCC SLP  
Speech Language Pathologist  
ASHA #: 01083614  
AK Lic. # 10



## Southwest Region School District

P.O. Box 90  
574 Kenny Wren Road  
Dillingham, AK 99576

(907) 842-287 • Phone  
(907) 842-5428 • Fax

To Whom It May Concern:

I am writing in support of the bill that will create regulations for SLP Assistants. As a rural speech pathologist serving nine villages, I have to rely on instructional assistants and special education teachers to deliver services when I'm not in the village. I can only visit my villages twice a month so that leaves a significant amount of time that these people are delivering services for me. Even though I have given them training, it is not the same as having someone who has graduated from a college program specifically designed for the purpose of delivering speech/language services. These assistants will be highly qualified which will satisfy the NCLB requirements.

Having a SLP Assistant deliver services under my supervision will allow me the time I don't have now to consult with teachers, medical personnel and others as well as give me the opportunity to train staff, attend meetings and complete the mountain of paperwork I have. The quality and consistency of services provided to my students will be greatly improved. Although the assistants will be highly qualified, they still need guidelines to work within. This bill will provide that.

*Aleknagik*

*Clark's Point*

*Ekwook*

*Koliganek*

*Manokotak*

*New Stuyahok*

*Portage Creek*

*Togiak*

*Twin Hills*

Sincerely,

*Tina Clumpner*

Tina Clumpner M.S., CCC-SLP  
Speech-Language Pathologist  
Southwest Region Schools

**Subject: SLP Assistants**

**Date:** Mon, 29 Mar 2004 13:46:13 -0900

**From:** "mary@ptialaska.net" <marylang@ptialaska.net>

**To:** <Jane\_Alberts@legis.state.ak.us>

**CC:** <campbell@alaska.net>

I would like to encourage the passing of SB 365 " An Act relating to the regulation of speech-language pathology assistants; and providing for an effective date." Certified, licensed Speech/Language Pathologists are in short supply in Alaska. Programs have been in effect to educate Assistants in field appropriately to work under the supervision of licensed personnel. Their scope of practice is limited to skills developed during the acquisition of the AA or the BA. They would enhance the services available at present, offered through the SLP. Having these personnel available will allow the SLP time to consult with medical personnel and other service providers, attend meetings, evaluate, and complete other administrative duties as required. There are a number of these people available in the state at present, having gone through the AA program through Prince William Sound. Implementing them will be a tremendous help to both private therapists and school personnel increasing the frequency of service throughout the system.

Mary J. Toutonghi, MS, CCC-SLP-L



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Speech &  
Language  
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March 29, 2004

**SB365** "An act relating to the regulation of speech-language pathology assistants; and providing for an effective date."

This letter is in support of SB365. Please consider the following points:

The State of Alaska currently has a shortage of certified Speech-Language Pathologists, in all work settings. Presently, there are students participating in long-distance education programs to obtain their master's degree in this field, to help alleviate this shortage. Alaska does not have a degree program for Speech-Language Pathology so residents have to choose whether to reside in Alaska and participate in a distance-learning program or spend their education dollars Outside. SB365 will allow these students to complete their supervised practicum and Clinical Fellowship, which are required for certification from the American Speech-Language Hearing Association and to be licensed in Alaska. Without SB365 these students would have an extremely difficult time fulfilling the requirements for their degrees while residing in Alaska.

SB365 will allow for qualified and appropriately trained assistants in the field of Speech-Language Pathology. These assistants will enhance the services currently provided in Alaska. Each assistant will be supervised by a certified & licensed Speech-Language Pathologist.

Alaska needs SB365 to be passed. Please support this bill.

Sincerely,

Cheryl Campbell, M.A., CCC  
Speech-Language Pathologist / President

**Subject:** SB365

**Date:** Fri, 26 Mar 2004 16:10:22 -0900

**From:** Bruce & Nancy Steely <bnsteely@gci.net>

**To:** Jane\_alberts@legis.state.ak.us

**CC:** campbell@alaska.net

I am writing in support of SB365. I am a practicing Speech/Language Pathologist in the Anchorage School District and have been employed in this field for over 20 years. I have seen many changes over the years, notably the extreme shortage of qualified ("highly qualified" as we now call them) Speech/Language Pathologists. I currently serve two elementary schools. I have, over the years, required the very able assistance of "speech assistants". My total caseload, this year, is such that I am again using an assistant. I am fortunate to have a person who is working on her SLPA degree. The level of professionalism and knowledge she brings to the job is superior and provides my students with the necessary follow-through of the therapy plan.

**ANNE VER HOEF MA, CCC-SLP***Speech - Language Pathologist*

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Anchorage, Alaska 99507  
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**LETTER IN SUPPORT OF  
SB365****An Act related to regulation of speech-language pathology assistants; and providing  
an effective date**

Dear Legislators:

This letter is in support of passing SB365 and the counterpart to be sent to the House regarding the regulation of speech-language pathology assistants and speech-language pathologists in their Clinical Fellowship Year (CFY).

Speech-language pathologists in their CFY have completed their Master's Degree in Speech-Language Pathology and all requirements by our national certifying agency, ASHA, with the exception of the Clinical Fellowship Year (CFY). During this 9-12 month period, the CFY candidate may be working as a Speech-Language Pathologist in various settings but is still supervised (more of a mentoring) by a certified and licensed SLP. SB365 would allow a SLP-CFY to obtain a temporary license, which is only appropriate for the scope of work the person is doing. They are providing professional services and this will help to clarify their status with various employment sites and reimbursement entities.

With regard to speech-language pathology assistants (SPL-A), SB365 will clarify the scope of practice, qualified personnel and increase the quality of services provided to Alaskans with impairments of communication, cognition and swallowing. The services provided by a SPL-A are under the direct guidance and supervision of a qualified speech-language pathologist and may occur in such varied settings as schools, hospitals, long-term care facilities and in the home. There is a critical shortage of service providers in a state with the geographical challenges of Alaska; but even in Anchorage certified speech-language pathologists are unable to cover the needs of those requesting and requiring services. This bill will help to ensure that qualified assistants may provide supportive services and Alaskan will benefit from obtaining medically necessary or educationally mandated services.

Thank you for your time and consideration in this matter.



Anne Ver Hoef, M.A., CCC-L-SLP  
Speech-Language Pathologist, Certified, Licensed



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1731 S. Bragaw St., Anchorage, AK 99508

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www.alaskaspeech.com

April 9, 2004

**SB365** "An act relating to the regulation of speech-language pathology assistants; and providing for an effective date."

This letter is in support of SB365. This bill will be heard in Senate Finance on Friday, April 16. Please consider the following points:

The State of Alaska currently has a shortage of certified Speech-Language Pathologists, in all work settings. Presently, there are students participating in long-distance education programs to obtain their master's degree in this field, to help alleviate this shortage. Alaska does not have a degree program for Speech-Language Pathology so residents have to choose whether to reside in Alaska and participate in a distance-learning program or spend their education dollars Outside. SB365 will allow these students to complete their supervised practicum and Clinical Fellowship, which are required for certification from the American Speech-Language Hearing Association and to be licensed in Alaska. Without SB365 these students would have an extremely difficult time fulfilling the requirements for their degrees while residing in Alaska.

SB365 will allow for qualified and appropriately trained assistants in the field of Speech-Language Pathology. These assistants will enhance the services currently provided in Alaska. Each assistant will be supervised by a certified & licensed Speech-Language Pathologist.

Alaska needs SB365 to be passed. Please support this bill.

Sincerely,

Cheryl Campbell, M.A., CCC  
Speech-Language Pathologist / President

## Fast Facts for SB365

SLP= Licensed/Certified Speech-Language Pathologist

SLPA= Speech –Language Pathology Assistant

### Concerns:

#### **Currently Alaska does not have standards/regulations for SLP Assistants.**

- Many school districts have special education aides assigned to SLPs. Aides have high school degrees, no training in speech –language specific techniques/therapies. There are not any supervision standards established or continuing education requirements. A scope of practice is not outlined and there are concerns with liability of untrained personnel providing medically related treatments (voice therapy, swallowing and feeding) and following established and proven service practices.
- With shortages of SLPs, specifically in rural areas, services cannot be provided as frequently as required.
- SLPs frequently are in a community a few days a month and need appropriately trained assistants to help provided needed services.
- Without regulations- the SLP workload increases because they have to train the new employee instead of working with clients or completing required paperwork/ billing. Hiring an appropriately trained SLPA will save time and money for the employers.
- With regulations for SLPAs, employers will be able to bill third parties and be paid for services provided.
- Regulations will prevent someone with a 2- year assistant's degree from working as an independent contractor/provider.
- **The 2-year degree requirement for SLPAs is aligned with the Federal regulations of No Child Left Behind.**

- 1) **31 states currently regulate SLPAs and 22 of those states have regulations similar to what is outlined in SB365** (including supervision, continuing education and initial training and practical experience). This ensures that speech-language pathology assistants in Alaska will be comparable to assistants in other states.
  
- 2) **Approximately 210 ASHA certified SLPs in AK.**  
Of this, 121 SLPs are licensed through State of AK- occupational licensing to work in private practice, hospitals, or other non-school settings. SLPs are not required to hold ASHA certification to work for a school district- but they must have a Master's degree.
  
- 3) **Number of SLPs in schools not currently available:**  
**A request has been made to DEED: Difficulty in obtaining information is due to:** SLPS can be certified with Type A (reg ed certificate w/ endorsement in SLP) or Type C (special services-SLP) Certification from DEED is not standardized for job title: Speech Language Pathology, Speech therapist, Communication Disorders Specialist, Speech/Hearing Sciences
  
- 4) **Approximate number of SLPs in larger school districts:**  
**ASD- 70. Juneau 9, Mat-Su 24, FBKS 20 and Kenai (central peninsula area) 20**
  
- 5) **Approximate number of non-regulated paraprofessionals working with SLPs in schools:** Anchorage 11, Kenai (central peninsula area) 2, Mat-Su SD 4, Juneau 1, Fbks 20
  
- 6) **SLPA program- Distance Delivery program through Prince William Sound Community College- in cooperation with UAA.** Has been in existence for 3 years. 10 graduates to date. Approximately 20 students enrolled in the SLPA program. 2/3 of current students are from rural areas. Several have indicated wanting to continue on to a BA or MA degree. Some students already have BA degrees and are going through the program to update their skills and get the needed practical experience to be an SLPA.

**S B**

**3 8 9**



# Alaska State Legislature

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## SENATOR CON BUNDE

District P

VICE-CHAIR: SENATE FINANCE COMMITTEE  
CHAIR: SENATE LABOR & COMMERCE COMMITTEE  
MEMBER: LEGISLATIVE BUDGET & AUDIT COMMITTEE

### Sponsor Statement for SB 389

**“An Act relating to the conversion of certain corporations to limited liability companies; and providing for an effective date.”**

Many states allow a corporation to be converted to a limited liability company (LLC). Alaska allows every kind of business except a corporation to be converted into a LLC. **SB 389 amends existing law to allow subsidiary corporations owned directly or indirectly by one or more parent corporations to convert to limited liability companies (LLCs).** Restricting this authority to subsidiaries ensures there is not a negative tax consequence.

Many Alaska Native Corporations (ANCs) have subsidiary companies that are active in the field of government contracting. For example, the ANCs and their subsidiaries are eligible to participate in the federal 8(a) contracting program. However, in order to participate in these programs, the ANCs have had to comply with the regulations promulgated by the Small Business Administration (SBA). Formerly, these regulations required that the ANCs establish subsidiary corporations with a great deal of separation in management from the parent.

LLCs are now much more widely accepted as a form of doing business. As a result, the SBA regulations have changed. The most efficient way for an ANC to participate in minority contracting is to use a LLC. Almost all of the subsidiaries that have been formed for minority contracting in recent years have been LLCs. However, there are still some subsidiary corporations left from the old days. These corporations could be changed into LLCs under current law by a roundabout process of liquidating the corporation and transferring its assets to a new LLC. This procedure is fraught with problems for the minority contracting subsidiaries. It means that the subsidiary must get the government agency for each of its contracts to agree to the transfer. The SBA must also approve each transfer of a government contract. This can probably be accomplished, but it is time consuming and inefficient.

The efficient way to turn these subsidiaries into LLCs is to convert them. If Alaska elects to not change its law to be comparable to that in other states, businesses will be encouraged to form new entities elsewhere. For example, the law of Colorado and of Delaware is more favorable than Alaska's because it is possible to convert a corporation to an LLC. **Changing the law will not allow an action that cannot already be done; it will just make the procedure quicker and more efficient.**

It is our understanding that the Department of Revenue does not object to the change, so long as it does not present an adverse tax impact. Since the subsidiary corporations are consolidated with the parent for tax purposes, they do not pay a separate corporate income tax. For that reason, the wording of the amendment is designed to allow conversion only by subsidiary corporations. This means that there should be no tax impact resulting from the change.

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SB 389  
 (S) Publish Date: 4/21/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCED  
 Title Corp.Conversion: Limited Liability Co. RDU Banking, Securities & Corporations (115)  
 Component Banking, Securities & Corporations  
 Sponsor Senate Labor & Commerce  
 Requester Senate Labor & Commerce Component No. 1233

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

The proposed legislation will allow certain domestic or foreign corporations to convert to limited liability companies.

The division does not anticipate any fiscal impact with the proposed legislation.

Prepared by: Mark Davis, Director Phone (907) 465-2521  
 Division Banking, Securities & Corporations Date/Time 4/20/04 12:11 PM  
 Approved by: Edgar Blatchford, Commissioner Date 4/20/2004  
 Agency Department of Community & Economic Development

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
Bill Version: SB 389  
(S) Publish Date: 4/21/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title Corp. Conversion: Limited Liability Co. RDU Revenue Programs & Services  
Component Tax Division  
Sponsor (S) Labor & Commerce  
Requester (S) Labor & Commerce Component No. 2476

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

Pursuant to federal income tax law, a limited liability company ("LLC") is an entity that is not automatically classified as a corporation. The default classification of a multimember business entity organized as an LLC is a partnership and the default classification of a single member business entity organized as an LLC is a disregarded entity where the owner is the taxpayer. The LLC may instead, however, elect to be taxed as a corporation in lieu of a default classification.

An LLC taxable as a corporation for federal income tax purposes is subject to the Alaska Corporation Net Income Tax in the same manner as any other corporation. An LLC with corporate member owners

Prepared by: Chuck Harlamert Phone 465-2320  
Division Tax Division Date/Time 4/19/04 8:25 AM  
Approved by: Steve Porter, Deputy Commissioner Date 4/19/2004  
Agency Department of Revenue

FISCAL NOTE #2

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO. SB 389

ANALYSIS CONTINUATION

that is treated as a partnership for federal income tax purposes is not itself subject to the Alaska income tax but each corporate owner would report the owner's share of the income and apportionment factors of the LLC on the owner's Alaska corporate tax return. In essence, there should be no income tax effect as long as the LLC either elects to be taxed as a corporation or the LLC is 100% owned by corporate entities, and remains so following the conversion. Since the bill provides that only subsidiary corporations may convert to an LLC the act of conversion would not have a fiscal impact on state tax revenues regardless of the federal tax characterization as either a corporation or partnership.

Current tax law provides a large incentive for business to be conducted in the state outside the regular corporate form, as partnerships, individuals, and S-Corporations are not subject to the income tax. The bill provides for a more direct method of converting a corporate subsidiary to an LLC, but does not influence the federal or state tax consequences. Since this incentive already exists, the practical effect of the bill is to enable conversions that would not occur under existing law due to non-tax reasons. Therefore, there should be no measurable revenue impact due to the legislation. It should be noted that a measurable revenue impact is possible if the conversion option were made available to non-subsidiary corporations.

Background

## EXPLANATION OF WHY CORPORATIONS SHOULD BE ALLOWED TO CONVERT TO LLCs

Many Alaska Native Corporations (ANCs) have subsidiary companies that are active in the field of government contracting. The ANCs and their subsidiaries are eligible to participate in the federal 8(a) contracting program because of their status as minority and/or disadvantaged businesses.

However, in order to participate in these programs, the ANCs have had to comply with the regulations surrounding the minority contracting programs that have been promulgated by the Small Business Administration. Formerly, these regulations required that the ANCs establish subsidiary corporations with a great deal of separation in management from the parent. A number of the ANCs have subsidiaries which were set up as corporations in order to comply with the rules as they existed then.

Since that time, and with the gradual acceptance of LLCs as a form of doing business, the SBA regulations have changed. The most efficient way for an ANC to participate in minority contracting is now to use an LLC. Almost all of the subsidiaries which have been formed for minority contracting in recent years have been LLCs. However, there are still some subsidiary corporations left from the old days.

Theoretically, these corporations could be changed into LLCs under current law by a roundabout process. The corporation would be liquidated and its assets would be transferred to a new LLC. This procedure is fraught with problems for the minority contracting subsidiaries, however, because it means that the subsidiary will have to get the government agency for each of its contracts to agree to the

transfer. Each transfer of a government contract must also be approved by the SBA. This can be done, but it is time consuming and inefficient.

The efficient way to turn these subsidiaries into LLCs would be to convert them. In fact, many states allow a corporation to be converted into an LLC. And Alaska allows every kind of business except a corporation to be converted into an LLC.

If Alaska doesn't change its law to be comparable to that in other states, businesses will be encouraged to form new entities elsewhere. For example, the law of Colorado and of Delaware is more favorable than Alaska's because it is possible to convert a corporation to an LLC. Moreover, as explained above, changing the law will not allow an action that can't already be done, it will just make the procedure quicker and more efficient.

The Department of Revenue does not object to the change, so long as it does not present an adverse tax impact. Since the ANC subsidiary corporations are in most cases consolidated with the parent for tax purposes, they do not pay a separate corporate income tax. For that reason, the wording of the amendment is designed to allow conversion only by those corporations which are consolidated with a parent for tax purposes. This means that there would be no tax impact resulting from the amendment.

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## Advantages of forming an LLC

**In general:** An LLC is a hybrid between a partnership and a Corporation in that it combines the "pass-through" treatment of a partnership with the limited liability accorded to corporate shareholders.

**Two members required:** Unlike a corporation which can have as few as one shareholder, most states require that an LLC consist of two or more members (owners). Recently, however, more states are allowing single-member LLCs. Please note, however, that the IRS may treat a single person LLC differently than an LLC with more than one member.

**Separate Legal Entity:** Like limited partnerships and corporations, an LLC is recognized as a separate legal entity from its "members."

**Limited Liability:** Ordinarily, only the LLC is responsible for the company's debts thus shielding the members from individual liability. However, there are some exceptions where individual members may be held liable:

**Guarantor Liability:** Where an LLC member has personally guaranteed the obligations of the LLC, he or she will be liable. For example, where an LLC is relatively new and has no credit history, a prospective landlord about to lease office space to the LLC will most likely require a personal guarantee from the LLC members before executing such a lease.

**Alter Ego Liability:** Very similar to the judicial doctrine applied to corporations where a court may hold the individual shareholders liable where the business entity is merely the "Alter Ego" of its shareholders, a member of an LLC may also be held liable for the LLC's debts if the court imposes its "alter ego liability" doctrine.

Please note, however, that although a corporation's failure to hold shareholder or director meetings may subject the corporation to alter ego liability, this is not the case for LLCs in California. An LLC's failure to hold meetings of members or managers is not usually considered grounds for imposing the alter ego doctrine where the LLC's Articles of Organization or Operating Agreement do not expressly require such meetings.

**Management and control:** Management and control of an LLC is vested with its members unless the articles of organization provide otherwise.

**Voting Interest:** Ordinarily, voting interest directly corresponds to interest in profits, unless the articles of organization or operating agreement provide otherwise

**Transferability:** No one can become a member of an LLC (either by transfer of an existing membership or the issuance of a new one) without the consent of members having a majority in interest (excluding the person acquiring the membership interest) unless the articles of organization provide otherwise.

**Duration:** Although many states now allow an LLC to have a perpetual existence, LLC's traditionally were required to specify the date on which the LLC's existence will terminate. In most cases, unless otherwise provided in the articles of organization or a written operating agreement, an LLC is dissolved at the death, withdrawal, resignation, expulsion, or bankruptcy of a member (unless within 90 days a

majority in both the profits and capital interests vote to continue the LLC).

**Formalities:** The existence of an LLC begins upon the filing of the Articles of Organization with the Secretary of State. The articles must be on the form prescribed by the Secretary of State. Among the required information on the form is the latest date at which the LLC is to dissolve and a statement as to whether the LLC will be managed by one manager, more than one manager, or the members.

To validly complete the formation of the LLC, members must enter into an Operating Agreement. This Operating Agreement may come into existence either before or after the filing of the Articles of Organization and may be either oral or in writing.

Although states have differing definitions for LLC's, the more important scorekeepers the IRS. Per my Jeff's sister and husband, who has worked for the IRS since 1978, the IRS will consider an LLC a corporation, if they determine so, thereby subjecting it to double taxation.

Liz Ross  
RGMC  
*Turning Ideas into Actions*  
321-235-0253  
[www.rgmc.biz](http://www.rgmc.biz)

## **AS 10.50.570. Conversion to Limited Liability Company.**

(a) Any other entity may convert to a limited liability company by filing with the department

(1) a certificate of conversion to a limited liability company that has been executed under (b) of this section by one or more persons organizing the conversion; and

(2) articles of organization that comply with AS 10.50.075 and that have been signed by one or more persons organizing the conversion.

(b) The certificate of conversion to a limited liability company must state

(1) the date on which and the jurisdiction where the other entity was first created, formed, or incorporated, or otherwise came into being, and, if the other entity has changed its jurisdiction, its jurisdiction immediately before its conversion to a limited liability company;

(2) the name of the other entity immediately before the filing of the certificate of conversion to a limited liability company;

(3) the name of the limited liability company as stated in its articles of organization filed under (a) of this section; and

(4) the future effective date or time, which must be a certain date or a certain time, of the conversion to a limited liability company if the conversion is not to be effective on the filing of the certificate of conversion to a limited liability company and the articles of organization.

(c) On the filing with the department of the certificate of conversion to a limited liability

company and the articles of organization, or upon the future effective date or time of the certificate of conversion to a limited liability company and the articles of organization, the other entity is converted to a limited liability company and, after the conversion, is subject to all of the provisions of this chapter, except that, notwithstanding AS 10.50.080 , the existence of the limited liability company is considered to have commenced on the date the other entity commenced its existence in the jurisdiction in which the other entity was first created, formed, or incorporated, or otherwise came into being.

(d) The conversion of any other entity to a limited liability company does not affect any obligation or liability of the other entity incurred before the conversion, or the personal liability of any person that is incurred before the conversion.

(e) When a conversion of any other entity to a limited liability company becomes effective under this section, for all purposes of the laws of this state,

(1) all rights, privileges, and powers of the other entity, all real, personal, and mixed property, all debts due to the other entity, and all other things and causes of action belonging to the other entity, are vested in the limited liability company and are after the conversion, the property of the limited liability company as they were of the other entity;

(2) the title to any real property vested by deed, or otherwise vested, in the other entity does not revert and is not in any way impaired by reason of this chapter;

(3) all rights of creditors and all liens on property of the other entity attach to the limited liability company; and

(4) all debts, liabilities, and duties of the other entity attach to the limited liability company, and may be enforced against it to the same extent as if the debts, liabilities, and duties had been incurred or contracted by the limited liability company.

(f) Unless otherwise agreed, or as required under the applicable law of another state, any other entity that converts to a limited liability company under this section is not required to wind up its affairs or to pay its liabilities and distribute its assets, and the conversion does not constitute a dissolution of the other entity.

(g) Before filing a certificate of conversion to a limited liability company with the department, a limited liability company agreement must be approved in the manner provided for by the document, instrument, agreement, or other writing governing the internal affairs of the other entity and the conduct of its business, or by applicable law, as appropriate.

(h) The provisions of this section may not be construed to limit the accomplishment of a change in the law governing, or of the domicile of, any other entity to this state by any other means provided for in a limited liability company agreement or other agreement, or, as otherwise permitted by law, including by the amendment of a limited liability company agreement or other agreement.

(i) In this section, "other entity" means a business trust, an association, a real estate investment trust, a common law trust, or any other unincorporated business, including a general partnership, a registered limited liability partnership, a limited partnership, a limited liability limited partnership, and a foreign limited liability company.

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Support



KONIAG  
INCORPORATED

April 23, 2004

The Honorable Con Bunde  
Chairman  
Senate Labor & Commerce Committee  
Alaska State Senate  
State Capitol  
Juneau, Alaska 99801-1182

VIA FAX  
465-3871

Re: SB 389 -- Conversion of Subsidiaries to LLC's

Dear Chairman Bunde:

On behalf of Koniag, Inc., I want to express our appreciation for your cooperation in permitting your committee to sponsor SB 389. Koniag strongly supports the passage of SB 389. As I am certain you are aware, the Alaska Native Corporations have been actively involved in investing in businesses in Alaska. The enactment of this law will provide us with additional flexibility in making those investments, without being tied to organizational structures that aren't that beneficial. This change will help Alaska to be on equal footing with other states with respect to the opportunities offered by their laws for the structure of business.

We have appreciated your support and respectfully request your continued support of SB 389.

Yours truly,

KONIAG, INC.

Dennis Metrokin  
President

cc: Martha Malavansky, President of The Aleut Corp.  
Mark Hickey  
William H. Timme, Koniag General Counsel  
Vicki Otte, ANCSA President/CEO Assn

4300 B Street, Suite 407  
Anchorage, Alaska 99503  
(907) 561-2668  
FAX (907) 562-5258



April 20, 2004

The Honorable Con Bunde  
Chairman  
Senate Labor & Commerce Committee  
Alaska State Senate  
State Capitol  
Juneau, Alaska 99801-1182

Re: Sealaska Corporation Support for Senate Bill No. 389 – Conversion of  
Certain Corporations to Limited Liability Companies

Dear Chairman Bunde:

On behalf of Sealaska Corporation, I wish to express strong support for Senate Bill No. 389 – Conversion of Certain Corporations to Limited Liability Companies (“SB389”). Sealaska is the Regional Corporation for Southeast Alaska. Over the past 20 years, Sealaska has been a stable contributor to the regional and state economy. A recent McDowell report prepared for Sealaska concluded that Sealaska is the largest private employer in S. E. Alaska.

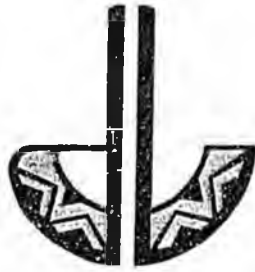
Sealaska Corporation has numerous operating subsidiaries that benefit from the operating flexibility afforded by the Limited Liability Company Act (AS 10.50; “LLC Act”). The LLC is the structure of choice for Sealaska subsidiary entities. Under current law there has been no means, short of dissolving the corporation, to convert a for-profit entity into an LLC. SB389 will make it possible for Sealaska’s existing corporate subsidiaries to take advantage of the benefits of the LLC Act by empowering the direct conversion of for-profit subsidiary corporations into LLCs.

Sealaska appreciated the Labor & Commerce Committee for sponsoring SB389 and urges the Committee to take prompt action to assure its passage.

Sincerely,

SEALASKA CORPORATION

Chris E. McNeil, Jr.  
President & CEO



## Doyon, Limited

---

1 Doyon Place, Suite 300  
Fairbanks, Alaska 99701-2941  
(907) 459-2000  
info@doyon.com

April 23, 2004

The Honorable Con Bunde  
Chairman  
Senate Labor & Commerce Committee  
Alaska State Senate  
State Capitol  
Juneau, Alaska 99801-1182

Re: Doyon, Limited Regional Corporation Support for Senate bill No. 389 –  
Conversion of Certain Corporations to Limited Liability Companies

Dear Chairman Bunde:

On behalf of Doyon, Limited, I wish to express strong support for Senate Bill No. 389 – conversion of Certain Corporations to Limited Liability Companies ('SB 389'). As you may be aware, Doyon, Limited is the Regional Corporation, formed pursuant to the Alaska Native claims Settlement Act ('ANCSA') for primarily Athabaskan people in the interior region of Alaska. For many years, Doyon, Limited has enjoyed the position of one of the largest private corporations in the state, with gross revenues of approximately \$56,224,275.00 annually. Doyon, Limited is also the largest private landowner in the State, steadily contributing to a productive Alaska economy.

Doyon, Limited has in excess of fifteen operating subsidiary and affiliate companies working in Alaska, across the nation and internationally. The operating flexibility and tax benefits afforded by the Limited Liability Company Act (AS 10.50; "LLC Act") make it the structure of choice for new Doyon, Limited subsidiary entities. However, under current law there has been means, short of dissolving the corporation, to convert a for-profit entity into an LLC. SB 389 will make it possible for Doyon, Limited's existing corporate subsidiaries to take advantage of the benefits of the LLC Act by empowering the direct conversion of for-profit subsidiary corporations into LLC's.

Page 2  
The Honorable Con Bunde

Doyon, Limited thanks the Labor & Commerce Committee for sponsoring SB 389 and urges the Committee to take prompt action to assure its passage.

Very truly yours,

DOYON, LIMITED

A handwritten signature in cursive script, appearing to read "Orie Williams".

Orie Williams  
President

*OW/mkw*

Corporate Headquarters • P.O. Box 129 • Barrow • Alaska • 99723-0129 • (907) 852-8533 or (907) 852-8633 • FAX (907) 852-5733 • 1-800-77C-1772



April 19, 2004

The Honorable Con Bunde  
Chairman  
Senate Labor & Commerce Committee  
Alaska State Senate  
State Capitol  
Juneau, Alaska 99801-1182

Re: Arctic Slope Regional Corporation Support for Senate Bill No. 389 – Conversion  
of Certain Corporations to Limited Liability Companies

Dear Chairman Bunde:

On behalf of Arctic Slope Regional Corporation ("ASRC"), I wish to express strong support for Senate Bill No. 389 – Conversion of Certain Corporations to Limited Liability Companies ("SB 389"). As you may be aware, ASRC is the Regional Corporation, formed pursuant to the Alaska Native Claims Settlement Act ("ANCSA") for the Inupiat People of the Arctic Slope Region of Alaska. For many years, ASRC has enjoyed the position of the largest private corporation in the State, with gross revenues of approximately \$1 billion annually. ASRC is also the largest private employer in the State, steadily contributing to a productive Alaskan economy.

ASRC has in excess of seventy (70) operating subsidiary and affiliate companies working in Alaska, across the nation and internationally. The operating flexibility and tax benefits afforded by the Limited Liability Company Act (AS 10.50; "LLC Act") make it the structure of choice for new ASRC subsidiary entities. However, under current law there has been no means, short of dissolving the corporation, to convert a for-profit entity into an LLC. SB 389 will make it possible for ASRC's existing corporate subsidiaries to take advantage of the benefits of the LLC Act by empowering the direct conversion of for-profit subsidiary corporations into LLCs.

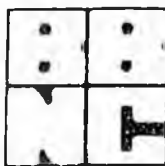
ASRC thanks the Labor & Commerce Committee for sponsoring SB 389 and urges the Committee to take prompt action to assure its passage.

Very truly yours,

ARCTIC SLOPE REGIONAL CORP.

A handwritten signature in cursive script, appearing to read "Oliver Leavitt".

Oliver Leavitt, Chairman and Vice President  
Government Affairs



# Bristol Bay Native Corporation

*Enriching Our Native Way of Life*

800 Cordova Street, Suite 200 / Anchorage, Alaska 99501-6299 / (907) 278-3602 / fax (907) 276-3924

April 16, 2004

The Honorable Con Bunde  
Chairman  
Senate Labor & Commerce Committee  
Alaska State Senate  
State Capitol  
Juneau, Alaska 99801-1182

Dear Senator Bunde:

Bristol Bay Native Corporation (BBNC) is writing in support of SB 389, concerning limited liability companies. We appreciate the fact that you have agreed to sponsor this bill and facilitate fixing an onerous process.

BBNC is an active participant in the Small Business Administration's (SBA) 8(a) program. We have several companies participating in the program as corporations and have contemplated converting some of them to LLC's. Accomplishing that objective in Alaska is currently too big an obstacle.

We sincerely hope that this piece of legislation will move through supported by the full house and senate.

Respectfully,

A handwritten signature in black ink that reads "Tom Hawkins".

Tom Hawkins  
Senior Vice-President and COO



THE 13TH REGIONAL CORPORATION  
*An Alaska Native Corporation*

1156 Industry Drive

Seattle, WA 98188

206/575-6229

FAX 206/575-6283

Email: [info@the13thregion.com](mailto:info@the13thregion.com)

April 16, 2004

The Honorable Con Bunde, Chairman  
Senate Labor & Commerce Committee  
Alaska State Senate  
State Capitol  
Juneau, Alaska 99804-1182

Attn: Jane Alberts  
VIA FACSIMILE: (907) 465-3871

RE: SB 389

Dear Chairman Bunde:

We would like to confirm our support of SB 389. We formed three (3) new LLC companies as of January 2004, because of the federal tax advantage to as a pass through to its members. However, keeping in mind that each state has its own laws regarding LLC'S.

Our one non-LLC subsidiary (M. Kennedy Co., Inc.) will be graduating from the SBA's 8(a) program soon, so we may need to determine its future related to its organizational structure. All future companies that we form will be LLC'S.

As a result, the tax advantage of converting to an LLC form of organization, is something each Regional Corporation should be able to utilize and we encourage your passing this bill.

Sincerely,

Kenneth Krajewski  
CEO



**NANA Development Corporation**

1001 E. BEHSON BOULEVARD, ANCHORAGE, ALASKA 99501 / (907) 265-4100 / FAX (907) 265-4123

April 20, 2004

The Honorable Con Bunde  
Chairman  
Senate Labor & Commerce Committee  
Alaska State Senate  
State Capitol  
Juneau, Alaska 99801-1182

Via Facsimile: 907-465-3871

Re: Senate Bill 389

Dear Honorable Con Bunde:

NANA Development Corporation would like to thank you for allowing your committee to sponsor Senate Bill 389. On behalf of NANA, I offer this letter of support for Senate Bill 389. We feel the passage of Senate Bill 389 would be beneficial to NANA and to all other corporations as well.

Sincerely,

Jacquelyn R. Luke  
Vice President, General Counsel





April 19, 2004

Honorable Con Bunde  
Chairman  
Senate Labor & Commerce Committee  
State Capitol  
Juneau, Alaska 99801-1182

Dear Senator Bunde:

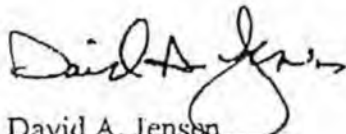
The Aleut Corporation incorporated C Corporations prior to legislation authorizing incorporation of Limited Liability Corporations. All of our new defense contracting companies have been or will be incorporated pursuant to provisions of incorporation of LLC's. The Aleut Corporation desires to standardize the corporate status of the subsidiary companies so that all subsidiary companies are LLC's strictly for tax and accounting purposes.

There is no affect on State corporate tax income whatsoever by permitting this conversion. Since our subsidiaries are 100% wholly owned there is no Federal income tax affect either. The Aleut Corporation consolidates all subsidiary company income and files a consolidated Federal and State income tax return annually.

Currently, other many states permit this conversion. It is logical that the State of Alaska clarify the statutory ambiguity by clearly authorizing conversion.

We look forward to testifying on support of SB389

Sincerely,  
THE ALEUT CORPORATION



David A. Jensen  
Chief Executive Officer



THE 13TH REGIONAL CORPORATION

*An Alaska Native Corporation*

1156 Industry Drive

Seattle, WA 98188

206/575-6229

FAX 206/575-6283

Email: [info@the13thregion.com](mailto:info@the13thregion.com)

April 16, 2004

The Honorable Con Bunde, Chairman  
Senate Labor & Commerce Committee  
Alaska State Senate  
State Capitol  
Juneau, Alaska 99804-1182

Attn: Jane Alberts  
VIA FACSIMILE: (907) 465-3871

RE: SB 389

Dear Chairman Bunde:

We would like to confirm our support of SB 389. We formed three (3) new LLC companies as of January 2004, because of the federal tax advantage to as a pass through to its members. However, keeping in mind that each state has its own laws regarding LLC'S.

Our one non-LLC subsidiary (M. Kennedy Co., Inc.) will be graduating from the SBA's 8(a) program soon, so we may need to determine its future related to its organizational structure. All future companies that we form will be LLC'S.

As a result, the tax advantage of converting to an LLC form of organization, is something each Regional Corporation should be able to utilize and we encourage your passing this bill.

Sincerely,

Kenneth Krajewski  
CEO