

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

11339 SENATE STATE AFFAIRS

1 or lieutenant governor;

2 (B) \$10,000, if the transfer is made by a candidate for the state  
3 senate;

4 (C) \$5,000, if the transfer is made by a candidate for the state  
5 house of representatives; and

6 (D) \$5,000, if the transfer is made by a candidate for an office  
7 not described in (A) - (C) of this paragraph; and

8 (8) transfer all or a portion of the unused campaign contributions to a  
9 public office expense term account or to a public office expense term account reserve  
10 in accordance with (d) of this section; a transfer under this paragraph is subject to the  
11 following:

12 (A) the authority to transfer is limited to candidates who are  
13 elected to the state legislature;

14 (B) the public office expense term account established under  
15 this paragraph may be used only for expenses associated with the candidate's  
16 serving as a member of the legislature;

17 (C) all amounts expended from the public office expense term  
18 account shall be annually accounted for under AS 15.13.110(a)(4); and

19 (D) a transfer under this paragraph is limited to \$5,000  
20 multiplied by the number of years in the term to which the candidate is elected  
21 plus any accumulated interest []; AND

22 (9) TRANSFER ALL OR A PORTION OF THE UNUSED  
23 CAMPAIGN CONTRIBUTIONS TO A MUNICIPAL OFFICE ACCOUNT; A  
24 TRANSFER UNDER THIS PARAGRAPH IS SUBJECT TO THE FOLLOWING:

25 (A) THE AUTHORITY TO TRANSFER IS LIMITED TO  
26 CANDIDATES WHO ARE ELECTED TO MUNICIPAL OFFICE,  
27 INCLUDING A MUNICIPAL SCHOOL BOARD;

28 (B) THE MUNICIPAL OFFICE ACCOUNT ESTABLISHED  
29 UNDER THIS PARAGRAPH MAY BE USED ONLY FOR EXPENSES  
30 ASSOCIATED WITH THE CANDIDATE'S SERVING AS MAYOR OR AS  
31 A MEMBER OF THE ASSEMBLY, CITY COUNCIL, OR SCHOOL

1 BOARD;

2 (C) ALL AMOUNTS EXPENDED FROM THE MUNICIPAL  
3 OFFICE ACCOUNT SHALL BE ANNUALLY ACCOUNTED FOR UNDER  
4 AS 15.13.110(A)(4); AND

5 (D) A TRANSFER UNDER THIS PARAGRAPH IS  
6 LIMITED TO \$5,000].

7 \* **Sec. 21.** AS 15.13.116(b) is amended to read:

8 (b) After a general or [,] special [, MUNICIPAL, OR MUNICIPAL  
9 RUNOFF] election, a candidate may retain the ownership of one computer and one  
10 printer and of personal property, except money, that was acquired by and for use in the  
11 campaign. The current fair market value of the property retained, exclusive of the  
12 computer and printer, may not exceed \$5,000. All other property shall be disposed of,  
13 or sold and the sale proceeds disposed of, in accordance with (a) or (c) of this section.  
14 Notwithstanding any other provision of this chapter,

15 (1) a candidate may (A) retain a bulk mailing permit that was paid for  
16 with campaign funds, and (B) use personal funds, campaign funds, or unused  
17 campaign contributions transferred to a public office expense term account under  
18 (a)(8) of this section to pay the continuing charges for the permit after the election;  
19 money used to continue the life of the permit is not considered to be a contribution  
20 under this chapter; in addition to any other use permitted under this chapter, during the  
21 candidate's term of office, the candidate may use the bulk mailing permit for mailings  
22 associated with service in the office to which the candidate was elected; during the  
23 candidate's term of office, if the candidate files a declaration of candidacy or the  
24 document necessary to permit the candidate to incur election-related expenses under  
25 AS 15.13.100 for the same or a different elective office, the candidate may also use  
26 the bulk mailing permit in that election campaign;

27 (2) a candidate may retain campaign photographs and use the  
28 photographs for any purpose associated with service in the office to which the  
29 candidate was elected;

30 (3) a candidate may retain seasonal greeting cards purchased with  
31 campaign funds; and

1 (4) campaign signs prepared for an election that has already taken  
2 place have no monetary value and may be retained or disposed of at the candidate's  
3 discretion.

4 \* **Sec. 22.** AS 15.13.145(a) is amended to read:

5 (a) Except as provided in (b) and (c) of this section, each of the following may  
6 not use money held by the entity to influence the outcome of the election of a  
7 candidate to a state [OR MUNICIPAL] office:

8 (1) the state, its agencies, and its corporations;

9 (2) the University of Alaska and its Board of Regents;

10 (3) municipalities, school districts, and regional educational attendance  
11 areas, or another political subdivision of the state; and

12 (4) an officer or employee of an entity identified in (1) - (3) of this  
13 subsection.

14 \* **Sec. 23.** AS 15.13 is amended by adding a new section to read:

15 **Sec. 15.13.374. Advisory opinion.** (a) A person may request an advisory  
16 opinion from the commission concerning this chapter, AS 24.45, AS 24.60.200 -  
17 24.60.260, or AS 39.50.

18 (b) Each request for an advisory opinion must

19 (1) be in writing or contained in a message submitted by electronic  
20 mail;

21 (2) describe a specific transaction or activity that the requesting person  
22 is presently engaged in, or intends to undertake in the future; and

23 (3) include a description of all relevant facts.

24 (c) The commission may not grant an advisory opinion request addressing a  
25 hypothetical situation or the activity of third parties.

26 (d) Within seven days of receiving a request satisfying the requirements of (b)  
27 and (c) of this section, the executive director of the commission shall recommend a  
28 draft advisory opinion for the commission to consider at its next meeting.

29 (e) The approval of a draft advisory opinion requires the affirmative vote of  
30 four members of the commission. A draft advisory opinion failing to receive four  
31 affirmative votes of the members of the commission is disapproved.

1 (f) A complaint under AS 15.13.380 may not be considered about any person  
2 involved in a transaction or activity that

3 (1) was described in an advisory opinion approved under (e) of this  
4 section;

5 (2) is indistinguishable from the description of an activity that was  
6 approved in an advisory opinion approved under (e) of this section; or

7 (3) was undertaken after the executive director of the commission  
8 recommended a draft advisory opinion under (d) of this section and before the  
9 commission acted on the draft advisory opinion under (e) of this section, if

10 (A) the draft advisory opinion would have approved the  
11 transaction or activity described; and

12 (B) the commission disapproved the draft advisory opinion.

13 (g) Advisory opinion requests and advisory opinions are public records subject  
14 to inspection and copying under AS 40.25.

15 \* **Sec. 24.** AS 15.13.380 is repealed and reenacted to read:

16 **Sec. 15.13.380. Violations; limitations on actions.** (a) Promptly after the  
17 final date for filing statements and reports under this chapter, the commission shall  
18 notify all persons who have become delinquent in filing them, including contributors  
19 who failed to file a statement in accordance with AS 15.13.040, and shall make  
20 available a list of those delinquent filers for public inspection. The commission shall  
21 also report to the attorney general the names of all candidates in an election whose  
22 campaign treasurers have failed to file the reports required by this chapter.

23 (b) A member of the commission, the commission's executive director, or a  
24 person who believes a violation of this chapter or a regulation adopted under this  
25 chapter has occurred or is occurring may file an administrative complaint with the  
26 commission within one year after the date of the alleged violation. If a member of the  
27 commission has filed the complaint, that member may not participate as a  
28 commissioner in any proceeding of the commission with respect to the complaint.  
29 The commission may consider a complaint on an expedited basis or a regular basis.

30 (c) The complainant or the respondent to the complaint may request in writing  
31 that the commission expedite consideration of the complaint. A request for expedited

1 consideration must be accompanied by evidence to support expedited consideration  
2 and be served on the opposing party. The commission shall grant or deny the request  
3 within two days after receiving it. In deciding whether to expedite consideration, the  
4 commission shall consider such factors as whether the alleged violation, if not  
5 immediately restrained, could materially affect the outcome of an election or other  
6 impending event; whether the alleged violation could cause irreparable harm that  
7 penalties could not adequately remedy; and whether there is reasonable cause to  
8 believe that a violation has occurred or will occur. Notwithstanding the absence of a  
9 request to expedite consideration, the commission may independently expedite  
10 consideration of the complaint if the commission finds that the standards for expedited  
11 consideration set out in this subsection have been met.

12 (d) If the commission expedites consideration, the commission shall hold a  
13 hearing on the complaint within two days after granting expedited consideration. No  
14 later than one day after affording the respondent notice and an opportunity to be heard,  
15 the commission shall

16 (1) enter an emergency order requiring the violation to be ceased or to  
17 be remedied and assess civil penalties under AS 15.13.390, if the commission finds  
18 that the respondent has engaged in or is about to engage in an act or practice that  
19 constitutes or will constitute a violation of this chapter or a regulation adopted under  
20 it;

21 (2) enter an emergency order dismissing the complaint, if the  
22 commission finds that the respondent has not or is not about to engage in an act or  
23 practice that constitutes or will constitute a violation of this chapter or a regulation  
24 adopted under it; or

25 (3) remand the complaint to the executive director of the commission  
26 for consideration by the commission on a regular rather than expedited basis.

27 (e) If the commission accepts the complaint for consideration on a regular  
28 rather than expedited basis, the commission shall notify the respondent within seven  
29 days after receiving the complaint and shall investigate the complaint. The respondent  
30 may answer the complaint by filing a written response with the commission within 15  
31 days after the commission notifies the respondent of the complaint. The commission

1 may grant the respondent additional time to respond to the complaint only for good  
2 cause. The commission shall hold a hearing on the complaint no later than 45 days  
3 after the respondent's written response is due. No later than 10 days after the hearing,  
4 the commission shall issue its order. If the commission finds that the respondent has  
5 engaged in or is about to engage in an act or practice that constitutes or will constitute  
6 a violation of this chapter or a regulation adopted under it, the commission shall enter  
7 an order requiring the violation to be ceased or to be remedied, and shall assess civil  
8 penalties under AS 15.13.390.

9 (f) If the complaint involves a challenge to the constitutionality of a statute or  
10 regulation, necessary witnesses that are not subject to the commission's subpoena  
11 authority, or other issues outside the commission's authority, the commission may  
12 request the attorney general to undertake a court action. The commission may request  
13 the attorney general to undertake a court action to remedy the violation of a  
14 commission order.

15 (g) A commission order under (d) or (e) of this section may be appealed to the  
16 superior court by either the complainant or respondent within 30 days in accordance  
17 with the Alaska Rules of Appellate Procedure.

18 (h) If the commission does not complete action on an administrative complaint  
19 within 90 days after the complaint was filed, the complainant may file a complaint in  
20 superior court alleging a violation of this chapter by a respondent as described in the  
21 administrative complaint filed with the commission. The complainant shall provide  
22 copies of the complaint filed in the superior court to the commission and the attorney  
23 general. A complaint may not be filed in superior court under this subsection if more  
24 than two years have elapsed after the date of the alleged violation. This subsection  
25 does not create a private cause of action against the commission; against the  
26 commission's members, officers, or employees; or against the state.

27 (i) If, after a successful candidate is sworn into office, a person who was a  
28 successful candidate or the campaign treasurer or deputy campaign treasurer of a  
29 person who was a successful candidate is convicted of a violation of this chapter,  
30 proceedings shall be held and appropriate action taken in accordance with

31 (1) art. II, sec. 12, of the state constitution, if the candidate is a

1 candidate for the state legislature;

2 (2) art. II, sec. 20, of the state constitution, if the candidate is a  
3 candidate for governor or lieutenant governor;

4 (3) the provisions of the call for the constitutional convention, if the  
5 candidate is a candidate for constitutional convention delegate;

6 (4) art. IV, sec. 10, of the state constitution, if the candidate is a  
7 candidate for judicial retention.

8 (j) Information developed by the commission under (b) - (e) of this section  
9 shall be considered during a proceeding under (i) of this section.

10 (k) If, after a successful candidate is sworn into office, the successful  
11 candidate or the campaign treasurer or deputy campaign treasurer of the person who  
12 was a successful candidate is charged with a violation of this chapter, the case or  
13 appeal before the court shall be promptly tried and accorded a preferred position for  
14 purposes of argument and decision, so as to assure a speedy disposition of the matter  
15 by the court.

16 \* **Sec. 25.** AS 15.13.400(1) is amended to read:

17 (1) "candidate"

18 (A) means an individual who files for election to the state  
19 legislature, for governor, for lieutenant governor, [FOR MUNICIPAL  
20 OFFICE,] for retention in judicial office, or for constitutional convention  
21 delegate, or who campaigns as a write-in candidate for any of these offices;  
22 and

23 (B) when used in a provision of this chapter that limits or  
24 prohibits the donation, solicitation, or acceptance of campaign contributions, or  
25 limits or prohibits an expenditure, includes

26 (i) a candidate's campaign treasurer and a deputy  
27 campaign treasurer;

28 (ii) a member of the candidate's immediate family;

29 (iii) a person acting as agent for the candidate;

30 (iv) the candidate's campaign committee; and

31 (v) a group that makes expenditures or receives

1 contributions with the authorization or consent, express or implied, or  
2 under the control, direct or indirect, of the candidate;

3 \* **Sec. 26.** AS 15.13.400(5) is amended to read:

4 (5) "electioneering communication" means a communication that

5 (A) directly or indirectly identifies a candidate;

6 (B) addresses an issue of national, state, or local political  
7 importance and attributes a position on that issue to the candidate identified;  
8 and

9 (C) occurs within the 30 days preceding a general [OR  
10 MUNICIPAL] election;

11 \* **Sec. 27.** AS 15.13.400(15) is repealed and reenacted to read:

12 (15) "political party" means any group that is a political party under  
13 AS 15.60.010 and any subordinate unit of that group if, consistent with the rules or  
14 bylaws of the political party, the unit conducts or supports campaign operations in a  
15 municipality, neighborhood, house district, or precinct;

16 \* **Sec. 28.** AS 15.56.016(a) is amended to read:

17 (a) A person commits the crime of campaign misconduct in the third degree if

18 (1) the person violates a provision of AS 15.13 or a regulation adopted  
19 under AS 15.13; or

20 (2) during the hours the polls are open and after election officials have  
21 posted warning notices as required by AS 15.15.170 [OR AT THE REQUIRED  
22 DISTANCE IN THE FORM AND MANNER PRESCRIBED BY THE CHIEF  
23 MUNICIPAL ELECTIONS OFFICIAL IN A LOCAL ELECTION], the person is  
24 within 200 feet of an entrance to a polling place, and

25 (A) violates AS 15.15.170; or

26 (B) circulates cards, handbills, or marked ballots, or posts  
27 political signs or posters relating to a candidate at an election or election  
28 proposition or question.

29 \* **Sec. 29.** AS 24.45.041 is amended by adding a new subsection to read:

30 (h) Upon request of the commission, information required under this section  
31 shall be submitted electronically.

1 \* **Sec. 30.** AS 24.45.051 is amended to read:

2           **Sec. 24.45.051. Reports.** Each lobbyist registered under AS 24.45.041 shall  
3 file with the commission a report concerning the lobbyist's activities during each  
4 reporting period prescribed in AS 24.45.081, so long as the lobbyist continues to  
5 engage in lobbying activities. The report shall be made on a form prescribed by the  
6 commission and filed in accordance with AS 24.45.071 and 24.45.081. Upon request  
7 of the commission, information required under this section shall be submitted  
8 electronically. The report also must include any changes in the information required  
9 to be supplied under AS 24.45.041(b) and the following information for the reporting  
10 period, as applicable:

11           (1) the source of income, as defined in AS 39.50.200(a) and the  
12 monetary value of all payments, including but not limited to salary, fees, and  
13 reimbursement of expenses, received in consideration for or directly or indirectly in  
14 support of or in connection with influencing legislative or administrative action, and  
15 the full name and complete address of each person from whom amounts or things of  
16 value have been received and the total monetary value received from each person;

17           (2) the aggregate amount of disbursements or expenditures made or  
18 incurred during the period in support of or in connection with influencing legislative  
19 or administrative action by the lobbyist, or on behalf of the lobbyist by the lobbyist's  
20 employer in the following categories:

21                   (A) food and beverages;

22                   (B) living accommodations;

23                   (C) travel;

24           (3) the date and nature of any gift exceeding \$100 in value made to a  
25 public official and the full name and official position of that person;

26           (4) the name and official position of each public official, and the name  
27 of each member of the immediate family of any of these officials, with whom the  
28 lobbyist has engaged in an exchange of money, goods, services, or anything of more  
29 than \$100 in value and the nature and date of each of these exchanges and the  
30 monetary values exchanged;

31           (5) the name and address of any business entity in which the lobbyist

1 knows or has reason to know that a public official is a proprietor, partner, director,  
2 officer or manager, or has a controlling interest, and whom the lobbyist has engaged in  
3 an exchange of money, goods, services, or anything of value and the nature and date  
4 of each exchange and the monetary value exchanged if the total value of these  
5 exchanges is \$100 or more in a calendar year; and

6 (6) a notice of termination if the lobbyist has ceased the lobbying  
7 activity that required registration under this chapter and if this report constitutes the  
8 final report of the lobbyist's activities.

9 \* **Sec. 31.** AS 24.45.061 is amended by adding a new subsection to read:

10 (c) Upon request of the commission, information required under this section  
11 shall be submitted electronically.

12 \* **Sec. 32.** AS 24.45.116 is amended to read:

13 **Sec. 24.45.116. Disclosure of contributions.** A civic league or organization  
14 shall report the total amount of contributions received for the reporting period and for  
15 any contribution over \$100, the name of the contributor and the amount contributed.  
16 The civic league or organization may establish a separate fund to account for receipts  
17 and expenditures arising out of activities to influence legislative action. Reports shall  
18 be made on a form provided by the commission on February 10, April 25, and July 10  
19 of each year, listing contributions received during the period that ended 10 days  
20 earlier. Upon request of the commission, information required under this section  
21 shall be submitted electronically.

22 \* **Sec. 33.** AS 24.45.171(1) is amended to read:

23 (1) "administrative action" means the proposal, drafting, development,  
24 consideration, amendment, adoption, approval, promulgation, issuance, modification,  
25 rejection, or postponement by any state agency of any rule or [,] regulation, [ORDER,  
26 DECISION DETERMINATION,] or any other quasi-legislative [OR QUASI-  
27 JUDICIAL] action or proceeding whether or not governed by AS 44.62  
28 (Administrative Procedure Act); "administrative action" does not include

29 (A) a proceeding or an action to determine the rights or  
30 duties of a person under existing statutes, regulations, or policies;

31 (B) the issuance, amendment, or revocation of a permit,

1                    license, or entitlement for use;

2                                    (C) the enforcement of compliance with existing law or the  
3                    imposition of sanctions for a violation of existing law;

4                                    (D) procurement activity, including the purchase or sale of  
5                    property, goods, or services by the agency or the award of a grant or  
6                    contract;

7                                    (E) the issuance of, or ensuring compliance with, a legal  
8                    opinion; or

9                                    (G) activity related to a collective bargaining agreement,  
10                    including negotiating or enforcing the agreement;

11 \* Sec. 34. AS 24.45.171(8) is amended to read:

12                                    (8) "lobbyist" means

13                                    (A) a person who, on a full-time or part-time basis, is  
14                    employed and receives payments, income, or [WHO CONTRACTS FOR]  
15                    economic consideration, including reimbursement for reasonable travel and  
16                    living expenses, to communicate directly or through the person's agents with  
17                    any public official for the purpose of influencing legislative or administrative  
18                    action if a substantial or regular portion of the activities for which the person  
19                    receives consideration is for the purpose of influencing legislative or  
20                    administrative action; in this subparagraph, "substantial or regular" means  
21                    more than 16 hours in a 30-day period in direct communication with a  
22                    public official or legislative employee; or

23                                    (B) a person who engages [REPRESENTS ONESELF AS  
24                    ENGAGING] in the influencing of legislative or administrative action as a  
25                    business, occupation, service, or profession;

26 \* Sec. 35. AS 24.45.171(12) is amended to read:

27                                    (12) "public official" or "public officer" means a public official as  
28                    defined in AS 39.50.200(a), a member of the legislature, or a legislative director as  
29                    defined in AS 24.60.990(a); however, it does not include a judicial officer [OR AN  
30                    ELECTED OR APPOINTED MUNICIPAL OFFICER].

31 \* Sec. 36. AS 24.60.070(a) is amended to read:

1 (a) A legislator or legislative employee shall disclose to the committee, which  
2 shall maintain a public record of the disclosure and forward the disclosure to the  
3 respective house for inclusion in the journal, the formation or maintenance of a close  
4 economic association involving a substantial financial matter with

5 (1) a supervisor who is not a member of the legislature who has  
6 responsibility or authority, either directly or indirectly, over the person's employment,  
7 including preparing or reviewing performance evaluations, or granting or approving  
8 pay raises or promotions; this paragraph does not apply to a public member of the  
9 committee;

10 (2) legislators;

11 (3) a public official who is required to file a financial disclosure  
12 statement under AS 39.50 [AND IS NOT AN APPOINTED MUNICIPAL  
13 OFFICER];

14 (4) a registered lobbyist; or

15 (5) a legislative employee if the person required to make the disclosure  
16 is a legislator.

17 \* **Sec. 37.** AS 24.60.200 is amended to read:

18 **Sec. 24.60.200. Financial disclosure by legislators, public members of the**  
19 **committee, and legislative directors.** A legislator, a public member of the  
20 committee, and a legislative director shall file a disclosure statement, under oath and  
21 on penalty of perjury, with the Alaska Public Offices Commission giving the  
22 following information about the income received by the discloser, the discloser's  
23 spouse or spousal equivalent, the discloser's dependent children, and the discloser's  
24 nondependent children who are living with the discloser:

25 (1) the information that a public official is required to report under  
26 AS 39.50.030, other than information about gifts;

27 (2) as to income in excess of \$10,000 [\$1,000] received as  
28 compensation for personal services, the name and address of the source of the income,  
29 and a statement describing the nature of the services performed; if the source of  
30 income is known or reasonably should be known to have a substantial interest in  
31 legislative, administrative, or political action and the recipient of the income is a

1 legislator or a legislative director, the amount of income received from the source shall  
2 be disclosed;

3 (3) as to each loan or loan guarantee over \$1,000 from a source with a  
4 substantial interest in legislative, administrative, or political action, the name and  
5 address of the person making the loan or guarantee, the amount of the loan, the terms  
6 and conditions under which the loan or guarantee was given, the amount outstanding  
7 at the time of filing, and whether or not a written loan agreement exists.

8 \* ~~Sec. 38.~~ AS 24.60.200 is amended by adding a new subsection to read:

9 (b) Upon request of the Alaska Public Offices Commission, the information  
10 required under this chapter shall be submitted electronically.

11 \* ~~Sec. 39.~~ AS 39.50.020 is amended to read:

12 **Sec. 39.50.020. Report of financial and business interests.** (a) A public  
13 official other than the governor or the lieutenant governor shall file a statement giving  
14 income sources and business interests, under oath and on penalty of perjury within 30  
15 days after taking office as a public official. Candidates for state elective office other  
16 than a candidate who is subject to AS 24.60 shall file the statement with the director of  
17 elections at the time of filing a declaration of candidacy or a nominating petition or  
18 becoming a candidate by any other means. [CANDIDATES FOR ELECTIVE  
19 MUNICIPAL OFFICE SHALL FILE THE STATEMENT AT THE TIME OF  
20 FILING A NOMINATING PETITION, DECLARATION OF CANDIDACY, OR  
21 OTHER REQUIRED FILING FOR THE ELECTIVE MUNICIPAL OFFICE.]  
22 Refusal or failure to file within the time prescribed shall require that the candidate's  
23 filing fees, if any, and filing for office be refused or that a previously accepted filing  
24 fee be returned and the candidate's name removed from the filing records. A  
25 statement shall also be filed by public officials no later than March 15 in each  
26 following year. Persons who are members of boards or commissions not named in  
27 AS 39.50.200(b) are not required to file financial statements.

28 (b) A public official [OTHER THAN AN ELECTED OR APPOINTED  
29 MUNICIPAL OFFICER] shall file the statement with the Alaska Public Offices  
30 Commission. Candidates for the office of governor and lieutenant governor and, if the  
31 candidate is not subject to AS 24.60, the legislature shall file the statement under

1 AS 15.25.030 or 15.25.180. [MUNICIPAL OFFICERS, AND CANDIDATES FOR  
2 ELECTIVE MUNICIPAL OFFICE, SHALL FILE WITH THE MUNICIPAL CLERK  
3 OR OTHER MUNICIPAL OFFICIAL DESIGNATED TO RECEIVE THEIR  
4 FILING FOR OFFICE.] All statements required to be filed under this chapter are  
5 public records.

6 \* Sec. 40. AS 39.50.030(b) is amended to read:

7 (b) Except as provided in (g) of this section, each statement filed by a public  
8 official or candidate under this chapter must include the following:

9 (1) the source of all income over \$10,000 [\$1,000] during the  
10 preceding calendar year, including taxable and nontaxable capital gains, received by  
11 the person, the person's spouse or spousal equivalent, or the person's child, except that  
12 a source of income that is a gift must be included if the value of the gift exceeds \$500  
13 [\$250];

14 (2) the identity, by name and address, of each business in which the  
15 person, the person's spouse or spousal equivalent, or the person's child has an interest  
16 or was a stockholder, owner, officer, director, partner, proprietor, or employee during  
17 the preceding calendar year, except that an interest of less than \$10,000 in the stock  
18 of a publicly traded corporation need not be included;

19 (3) [THE IDENTITY AND NATURE OF EACH INTEREST  
20 OWNED IN ANY BUSINESS DURING THE PRECEDING CALENDAR YEAR  
21 BY THE PERSON, THE PERSON'S SPOUSE OR SPOUSAL EQUIVALENT, OR  
22 THE PERSON'S CHILD;

23 (4) the identity and nature of each interest in real property, including  
24 an option to buy, owned at any time during the preceding calendar year by the person,  
25 the person's spouse or spousal equivalent, or the person's child;

26 (4) [(5)] the identity of each trust or other fiduciary relation in which  
27 the person, the person's spouse or spousal equivalent, or the person's child held a  
28 beneficial interest exceeding \$10,000 [\$1,000] during the preceding calendar year, a  
29 description and identification of the property contained in each trust or relation, and  
30 the nature and extent of the beneficial interest in it;

31 (5) [(6)] any loan or loan guarantee of more than \$10,000 [\$1,000]

1 made to the person, the person's spouse or spousal equivalent, or the person's child,  
2 and the identity of the maker of the loan or loan guarantor and the identity of each  
3 creditor to whom the person, the person's spouse or spousal equivalent, or the person's  
4 child owed more than \$10,000 [\$1,000]; this paragraph requires disclosure of a loan,  
5 loan guarantee, or indebtedness only if the loan or guarantee was made, or the  
6 indebtedness incurred, during the preceding calendar year, or if the amount still owing  
7 on the loan, loan guarantee, or indebtedness was more than \$10,000 [\$1,000] at any  
8 time during the preceding calendar year;

9 (6) [(7)] a list of all contracts and offers to contract with the state or an  
10 instrumentality of the state during the preceding calendar year held, bid, or offered by  
11 the person, the person's spouse or spousal equivalent, or the person's child, a  
12 partnership or professional corporation of which the person is a member, or a  
13 corporation in which the person or the person's spouse, spousal equivalent, or children,  
14 or a combination of them, hold a controlling interest; and

15 (7) [(8)] a list of all mineral, timber, oil, or any other natural resource  
16 lease held, or lease offer made, during the preceding calendar year by the person, the  
17 person's spouse or spousal equivalent, or the person's child, a partnership or  
18 professional corporation of which the person is a member, or a corporation in which  
19 the person or the person's spouse or spousal equivalent or children, or a combination  
20 of them, holds a controlling interest.

21 \* **Sec. 41.** AS 39.50.030(d) is amended to read:

22 (d) In addition to the requirements of (b) of this section, each statement filed  
23 under this chapter by a public official in the executive branch of state government  
24 other than the chair or a member of a state commission or board must include a  
25 disclosure of the formation or maintenance of a close economic association involving  
26 a substantial financial matter as required by this subsection. The disclosure must be  
27 sufficiently detailed so that a reader can ascertain the nature of the association. A  
28 public official shall disclose a close economic association with

29 (1) a legislator;

30 (2) a public official [WHO IS NOT AN ELECTED OR APPOINTED  
31 MUNICIPAL OFFICER];

1 (3) a lobbyist; or

2 (4) a public officer if the person required to make the disclosure is the  
3 governor or the lieutenant governor.

4 \* Sec. 42. AS 39.50.050(a) is amended to read:

5 (a) The Alaska Public Offices Commission created under AS 15.13.020(a)  
6 shall administer the provisions of this chapter. The commission shall prepare and  
7 keep available for distribution, standardized forms on which the reports required by  
8 this chapter shall be filed. Upon request of the commission, the information  
9 required under this chapter shall be submitted electronically.

10 \* Sec. 43. AS 39.50.090(a) is amended to read:

11 (a) A public official may not use the official position or office for the primary  
12 purpose of obtaining personal financial gain or financial gain for a spouse, child,  
13 mother, father, or business with which the official is associated or in which the official  
14 owns stock. A public official [OTHER THAN AN ELECTED OR APPOINTED  
15 MUNICIPAL OFFICIAL] may not use the official's position or office for the primary  
16 purpose of obtaining financial gain for the official's spousal equivalent.

17 \* Sec. 44. AS 39.50.090(b) is amended to read:

18 (a) A person may not offer or pay to a public official, and a public official  
19 may not solicit or receive money for legislative advice or assistance, or for advice or  
20 assistance given in the course of the official's public employment or relating to the  
21 public employment. However, this prohibition does not apply to a chairman or  
22 member of a state commission or board [OR MUNICIPAL OFFICER] if the subject  
23 matter of the legislative advice or assistance is associated directly to the function of  
24 the commission or [,] board [, OR MUNICIPAL BODY SERVED BY THE  
25 MUNICIPAL OFFICER]; this exception from the general prohibition does not apply  
26 to one whose service on a state commission or board constitutes the person as a full-  
27 time state employee under this title [AS 39].

28 \* Sec. 45. AS 39.50.090(c) is amended to read:

29 (c) A public official may not represent a client before a state agency for a fee.  
30 However, this prohibition does not apply to a [MUNICIPAL OFFICER, OR]  
31 chairman or member of a state commission or board except with regard to

1 representation before that commission or board; this exception from the general  
2 prohibition does not apply to one whose service on the commission or board  
3 constitutes the person as a full-time state employee under this title.

4 \* **Sec. 46.** AS 15.13.010(a)(2), 15.13.010(d), 15.13.070(d)(4)(C), 15.13.072(d),  
5 15.13.072(g); AS 39.50.030(g), 39.50.090(d), 39.50.145, 39.50.200(a)(7), 39.50.200(a)(8)(G),  
6 and 39.50.200(a)(8)(J) are repealed.

7 \* **Sec. 47.** The uncodified law of the State of Alaska is amended by adding a new section to  
8 read:

9 **INDIRECT COURT RULE AMENDMENT.** The provisions of AS 15.13.380(k)  
10 contained in sec. 24 of this Act have the effect of changing Rule 40, Alaska Rules of Civil  
11 Procedure and Rule 216, Alaska Rules of Appellate Procedure, by requiring preferred position  
12 for consideration of cases or appeals by the court for a violation of AS 15.13.

13 \* **Sec. 48.** The uncodified law of the State of Alaska is amended by adding a new section to  
14 read:

15 **TRANSITION: REGULATIONS.** Notwithstanding sec. 51 of this Act, the Alaska  
16 Public Offices Commission may proceed to adopt regulations necessary to implement the  
17 changes made by this Act. The regulations take effect under AS 44.62 (Administrative  
18 Procedure Act), but not before the effective date of the statutory change.

19 \* **Sec. 49.** The uncodified law of the State of Alaska is amended by adding a new section to  
20 read:

21 **CONDITIONAL EFFECT.** AS 15.13.380(k), contained in sec. 24 of this Act, takes  
22 effect only if sec. 47 of this Act receives the two-thirds majority vote of each house required  
23 by art. IV, sec. 15, Constitution of the State of Alaska.

24 \* **Sec. 50.** Section 48 of this Act takes effect immediately under AS 01.10.070(c).

25 \* **Sec. 51.** Except as provided in sec. 50 of this Act, this Act takes effect July 1, 2003.

26

# FAX COVER SHEET

## LEGAL SERVICES

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

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

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

**WARNING:** THE INFORMATION CONTAINED IN THIS FAX IS CONFIDENTIAL. IT IS INTENDED TO BE REVIEWED ONLY BY THE INDIVIDUAL NAMED BELOW. IF THE READER OF THIS TRANSMITTAL PAGE IS NOT THE INTENDED RECIPIENT OR A REPRESENTATIVE OF THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY REVIEW, DISSEMINATION OR COPYING OF THIS FAX OR THE INFORMATION CONTAINED HEREIN IS PROHIBITED. IF YOU HAVE RECEIVED THIS FAX IN ERROR, PLEASE IMMEDIATELY NOTIFY THE SENDER BY TELEPHONE AND RETURN THIS FAX TO THE SENDER AT THE ABOVE ADDRESS. THANK YOU.

TO: Katrina @ Sen. G. Stevens

FAX: 465-3517 PHONE: 465-4925

*call me at 465-6654 after 8am*

NUMBER OF PAGES (including cover sheet): 6 DATE SENT 4/16 TIME 8pm SENT BY Barbara Craver

DISPOSAL OF ORIGINAL: MAIL  FILE  THROW AWAY  HOLD FOR PICKUP

NOTES/INSTRUCTIONS:

*Please let me know your direction on Sec. 9 - see attached*

*and Sec. 23 -> is identity of person requesting advisory opinion required? & any time limit if commis doesn't pass the*

*draft + your comment?*

WORK DRAFT

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1 entity, for the purpose of influencing the outcome of an election; a nongroup entity  
 2 shall report contributions made to a different nongroup entity for the purpose of  
 3 influencing the outcome of an election and expenditures made on behalf of a different  
 4 nongroup entity for the purpose of influencing the outcome of an election as soon as  
 5 the total contributions and expenditures to that nongroup entity for the purpose of  
 6 influencing the outcome of an election reach \$500 in a year and for all subsequent  
 7 contributions and expenditures to that nongroup entity in a year whenever the total  
 8 contributions and expenditures to that nongroup entity for the purpose of influencing  
 9 the outcome of an election that have not been reported under this paragraph reach  
 10 \$500.

11 \* Sec. 8. AS 15.13.040 is amended by adding new subsections to read:

12 (l) Upon request of the commission, the information required under this  
 13 chapter shall be submitted electronically.

14 (m) The information required under (a)(3), (b)(3), and (j)(3) of this section for  
 15 a report concerning contributions received at a fundraiser is limited to the information  
 16 specified in AS 15.13.042.

17 \* Sec. 9. AS 15.13 is amended by adding a new section to read:

18 **Sec. 15.13.042. Reporting of fundraisers.** (a) If reporting a fundraiser, a  
 19 candidate or campaign treasurer shall state the total number of contributing  
 20 participants at the fundraiser, the date and location of the fundraiser, a description of  
 21 the type of activity involved in the fundraiser, and the total costs of and receipts from  
 22 the fundraiser.

23 (b) The information requirements in AS 15.13.040(a)(3), (b)(3), and (j)(3) do  
 24 not apply to contributions received at a fundraiser if

25 (1) the fundraiser draws 25 or more contributing participants, ticket  
 26 buyers, purchasers, or donors; and

27 (2) the amount or value received from any one person does not exceed  
 28 \$50 at the fundraiser.

29 (c) If reporting receipts from a fundraiser described in (b)(1) and (2) of this  
 30 section, the candidate or campaign treasurer need only report the total proceeds  
 31 generated by the fundraiser and the total number of contributing participants, tickets

WORK DRAFT

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1 sold, items purchased, or donations received, as applicable.

2 (d) If a person contributes more than \$50 at a fundraiser, that contribution  
3 must be reported in the manner provided in AS 15.13.040.

4 (e) In this section, "fundraiser"

5 (1) means an event at which contributions to a political campaign are  
6 solicited and raised; and

7 (2) includes

8 (A) a garage sale;

9 (B) a raffle, drawing, or auction;

10 (C) a spaghetti feed or potluck dinner;

11 (D) the sale of campaign material, including posters, buttons,  
12 stickers, clothing, frisbees, and key chains; and

13 (E) a sponsored concert.

14 \* Sec. 10. AS 15.13.060(c) is amended to read:

15 (c) Each candidate for state office shall file the name and address of the  
16 campaign treasurer with the commission, or submit, in writing, the name and address  
17 of the campaign treasurer to the director for filing with the commission, no later than  
18 15 days after the date of filing the declaration of candidacy or the nominating petition.  
19 [EACH CANDIDATE FOR MUNICIPAL OFFICE SHALL FILE THE NAME AND  
20 ADDRESS OF THE CAMPAIGN TREASURER WITH THE COMMISSION NO  
21 LATER THAN SEVEN DAYS AFTER THE DATE OF FILING THE  
22 DECLARATION OF CANDIDACY OR THE NOMINATING PETITION.] If the  
23 candidate does not designate a campaign treasurer, the candidate is the campaign  
24 treasurer.

25 \* Sec. 11. AS 15.13.070(b) is amended to read:

26 (b) An individual may contribute not more than

27 (1) \$1,000 [\$500] per year to a nongroup entity for the purpose of  
28 influencing the nomination or election of a candidate, to a candidate, to an individual  
29 who conducts a write-in campaign as a candidate, or to a group that is not a political  
30 party;

31 (2) \$10,000 [\$5,000] per year to a political party for the purpose of

*isn't  
whole  
event  
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chapter shall be submitted electronically.

(m) For purposes of (b) and (j) of this section, "contributor" means the true source of the funds, property, or services being contributed.

\* Sec. 9. AS 15.13 is amended by adding a new section to read:

**Sec. 15.13.042. Reporting of fundraisers.** (a) Candidates, groups or nongroup entities shall report contributions, expenditures and supply of services at a fundraiser under this section if 25 or more persons make a campaign contribution at the fundraiser; and the value of contributions by any one person does not exceed \$50. If fewer persons attend or if any one person makes a

campaign contribution in excess of \$50, the reporting requirements of AS 15.13.140 apply.

*This is the meaning in draft (see attached)*

(b) A report under this section shall include the total proceeds generated by the fundraiser and the total number of persons making a campaign contribution.

\*\*\*\*\*(((I thought that if anyone contributed more than \$50 the whole fundraiser doesn't qualify under this section))) (c) If a person contributes more than \$50 at a fundraiser, that contribution must be reported in the manner provided in AS 15.13.040.

*But the rest of the fundraiser gets reported under this sec.*

(d) In this section,

(1) "campaign contribution" means a cash donation, purchase of a ticket, purchase of goods or services offered for sale at a fundraiser, or a donation of goods or services for the fundraiser; and

(2) "fundraiser" means an event at which contributions are solicited and raised; and includes

- (A) a garage sale;
- (B) a raffle, drawing, or auction;
- (C) a spaghetti feed or potluck dinner;
- (D) the sale of campaign material, including posters, buttons, stickers, clothing, frisbees, and key chains; and
- (E) a sponsored concert.

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(4) campaign signs prepared for an election that has already taken place have no monetary value and may be retained or disposed of at the candidate's discretion.

\* Sec. 22. AS 15.13.145(a) is amended to read:

(a) Except as provided in (b) and (c) of this section, each of the following may not use money held by the entity to influence the outcome of the election of a candidate to a state [OR MUNICIPAL] office:

- (1) the state, its agencies, and its corporations;
- (2) the University of Alaska and its Board of Regents;
- (3) municipalities, school districts, and regional educational attendance areas, or another political subdivision of the state; and
- (4) an officer or employee of an entity identified in (1) - (3) of this subsection.

\* Sec. 23. AS 15.13 is amended by adding a new section to read:

**Sec. 15.13.374. Advisory opinion.** (a) A person may request an advisory opinion from the commission concerning this chapter, AS 24.45, AS 24.60.200 - 24.60.260, or AS 39.50.

(b) Each request for an advisory opinion must

- (1) be in writing or contained in a message submitted by electronic mail;
- (2) describe a specific transaction or activity that the requesting person is presently engaged in, or intends to undertake in the future; and
- (3) include a description of all relevant facts.

(c) The commission may not grant an advisory opinion request addressing a hypothetical situation or the activity of third parties.

(d) Within seven days of receiving a request satisfying the requirements of (b) and (c) of this section, the executive director of the commission shall recommend a draft advisory opinion for the commission to consider at its next meeting.

(e) The approval of a draft advisory opinion requires the affirmative vote of four members of the commission. A draft advisory opinion failing to receive four affirmative votes of the members of the commission is disapproved.

*< 1.D.  
of requests*

*What then? Any due lines?*

candidate's discretion.

\* Sec. 22. AS 15.13.145(a) is amended to read:

(a) Except as provided in (b) and (c) of this section, each of the following may not use money held by the entity to influence the outcome of the election of a candidate to a state [OR MUNICIPAL] office:

- (1) the state, its agencies, and its corporations;
- (2) the University of Alaska and its Board of Regents;
- (3) municipalities, school districts, and regional educational attendance areas, or another political subdivision of the state; and
- (4) an officer or employee of an entity identified in (1) - (3) of this subsection.

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(b) Each request for an advisory opinion must

- (1) be in writing or contained in a message submitted by electronic mail;
- (2) describe a specific transaction or activity that the requesting person is presently engaged in, or intends to undertake in the future; and
- (3) include a description of all relevant facts, including the identity of the person requesting the advisory opinion;
- (4) not concern a hypothetical situation or the activity of third parties.

(c) Within seven days of receiving a request satisfying the requirements of (b) of this section, the executive director of the commission shall recommend a draft advisory opinion for the commission to consider at its next meeting.

(d) The approval of a draft advisory opinion requires the affirmative vote of four members of the commission. A draft advisory opinion failing to receive four affirmative votes of the members of the commission is disapproved.

(e) A complaint under AS 15.13.380 may not be considered about any

*What then,  
any time  
longer?*

**SB**

**137**

**SENATE COMMITTEE REPORT  
First Committee of Referral**

DATE: 3/12/03

FURTHER: Finance

Date of 5-Day Notice: 3/27/03  
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 4/4/03

State Affairs Committee considered SENATE BILL NO. 137

**SB 137 EMPLOYMENT TAX FOR EDUCATION**

"An Act imposing a tax on employment; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**

- same title
- new title

**House Bill:**

- same title
- technical title
- new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Harold Alexander</i>	✓			
<i>Frank...</i>			✓	
<i>[Signature]</i>			✓	
CHAIR: <i>[Signature]</i>	✓			

23-LS0771S  
Kurtz  
4/2/03

CS FOR SENATE BILL NO. 137( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATOR GARY STEVENS

A BILL

FOR AN ACT ENTITLED

1 "An Act imposing a tax on employment; and providing for an effective date."

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

3 \* Section 1. AS 43 is amended by adding a new chapter to read:

4 Chapter 45. Education Tax.

5 Sec. 43.45.011. Tax imposed. There is imposed a tax of \$100 a year on each  
6 individual 19 years of age or older who, during the entire tax year, receives  
7 compensation greater than \$1,000 in the state.

8 (b) For purposes of this section, "compensation" includes wages, salaries,  
9 commissions, tips, and any other form of remuneration paid for personal services.

10 (c) The tax imposed under this section does not apply to compensation exempt  
11 from the tax under federal law.

12 Sec. 43.45.021. Collection of tax. (a) An employer shall deduct and  
13 withhold \$50 of the tax from the employee's salary or other compensation on each of  
14 the first two regular payrolls after the employee's total compensation paid by the  
15 employer during the tax year has exceeded \$1,000. An employer shall file a return on

1 a form prescribed by the department and send the tax withheld to the department on or  
2 before the fifteenth day of the month following the month in which the tax was  
3 withheld from the employee.

4 (b) A deduction of the tax may not be made in the salary or other  
5 compensation of an individual who provides proof to the employer that

6 (1) the tax imposed under AS 43.45.011 for that tax year has already  
7 been withheld by another employer; or

8 (2) the individual was not 19 years of age or older for the entire tax  
9 year.

10 (c) An individual who has not had the full tax withheld by an employer must  
11 file a return on a form prescribed by the department and remit the tax due under this  
12 section by June 30 of the tax year.

13 **Sec. 43.45.031. Liability of employer.** An employer who pays compensation  
14 is liable for the tax required to be withheld from an employee under this section unless  
15 the employer can demonstrate that the employer relied on proof provided by the  
16 employee that

17 (1) the tax imposed under AS 43.45.011 had already been withheld by  
18 another employer; or

19 (2) the individual was not 19 years of age or older for the entire tax  
20 year.

21 **Sec. 43.45.041. Disposition of tax proceeds.** (a) The tax collected by the  
22 department under AS 43.45.021 shall be deposited into the general fund and accounted  
23 for separately.

24 (b) The legislature may appropriate the estimated amounts to be collected and  
25 separately accounted for under (a) of this section for education.

26 (c) The deposit required and appropriation authorized by this section are not  
27 intended to create a dedication in violation of art. IX, sec. 7, Constitution of the State  
28 of Alaska.

29 **Sec. 43.45.051. Definition.** In this chapter, "tax year" means the period  
30 beginning on July 1 and ending on June 30 of the following calendar year.

31 \* **Sec. 2.** This Act takes effect July 1, 2003.

# LEGAL SERVICES

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

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

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

## MEMORANDUM

April 2, 2003

**SUBJECT:** Sectional Summary of CSSB 137( ) (Work Order No. 23-0771\S)

**TO:** Senator Gary Stevens  
Attn: Doug Letch

**FROM:** Kathryn L. Kurtz *KK*  
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.** Creates a new chapter in title 43 imposing a tax on employment.

Sec. 43.45.011 imposes a tax of \$100 per year on each individual 19 years or older and employed in the state who receives compensation greater than \$1,000.

Sec. 43.45.021 requires employers to withhold the tax from an employee's first two paychecks after total compensation paid to that employee during the tax year exceeds \$1,000. Requires the employer to file returns and send the tax money to the department of revenue monthly. Prohibits the withholding of tax from an employee who has already had the tax withheld by another employer, or who is not 19 years of age or older for the entire tax year. Requires individuals subject to the tax who have not had the tax withheld by an employer to file a return.

Sec. 43.45.031 makes employers liable for the tax, unless the employer can demonstrate that the employer relied on proof provided by the employee that the tax had already been withheld, or that the employee was not of an age to be subject to the tax.

Sec. 43.45.041 requires the money collected from the tax to be deposited in the general fund and accounted for separately. Permits the legislature to appropriate the proceeds for education.

Sec. 43.45.051 defines "tax year" as July 1 - June 30.

**Section 2.** Provides an effective date of July 1, 2004.

KLK:lmb  
03-133.lmb

## FROM DEPARTMENT OF REVENUE

Here are our comments designed to reduce the number of returns that need to be filed while controlling the risk associated with quarterly withholding:

1) Restate the first sentence of .021(a) to read:

An employer shall deduct and withhold \$50 of the tax from the employee's salary or other compensation on the first regular payroll in which the employee's total compensation during the tax year exceeds \$1,000 and \$50 of the tax from the employee's next regular payroll.

The existing language (version S) starts withholding in the payroll period after the period that wages exceed \$1,000. This will push the second \$50 withholding (for many employees) into the second month of the tax year and require a second return. The suggested language will reduce the number of employers who need to file a return for August. However, it will accelerate and withholding from employees.

2) Restate the second sentence of .021(a) to read:

An employer shall file a return on a form prescribed by the department and remit the tax withheld on or before the earlier of the fifteenth day of the month following each calendar quarter or the fifteenth day of the month following any other month if on the last day of that month the employer's cumulative unremitted amounts withheld total \$500 or more.

This language allows for quarterly filing by small employers and reduces the filing requirements associated with turnover throughout the year. I suspect that Ms. Kurtz will want to wordsmith these. Will you try to let us look at what she comes up with before sending it to the committee?

**SESSION ADDRESS:**  
Alaska State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-4925  
Fax: (907) 465-3517  
Toll Free: 1-800-821-4925

**Senator Gary Stevens**  
**Alaska State Legislature**

**INTERIM ADDRESS:**  
112 Mill Bay Road  
Kodiak, Alaska 99615  
(907) 486-4925  
Fax: (907) 486-5264

**Sponsor Statement-SB 137**  
(Revised 3/26/03)

SB 137 would impose a tax of \$100 a year on each employed individual age 19 or older, including the self-employed. Under this bill, the employer would deduct \$50 from the employee's salary on each of their first two regular payrolls after July 1 of the calendar year. A provision has been added to prevent this tax from being taken out more than once when the employee provides proof to their new employer that the tax has already been satisfied. The tax will not apply to individuals not required to file a federal income tax return under 26 U.S.C. (Internal Revenue Code).

The tax collected under AS 43.45.021 would be deposited into the state's general fund, but accounted for separately. In turn, the legislature may then appropriate the amounts collected under this section for education.

This authorization is not intended to create a dedication of funds in violation of art. IX., 7, of the Constitution of the State of Alaska.

I urge your support of this bill.

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB137  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Employment Tax for Education BRU Revenue Operations  
 Component Tax Division  
 Sponsor Senator Gary Stevens  
 Requester Senate State Affairs Committee Component No. 2476

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

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	491.0	618.8	618.8	618.8	618.8	618.8
Travel	14.0	14.0	14.0	14.0	14.0	14.0
Contractual	86.8	175.5	175.5	175.5	175.5	175.5
Supplies	9.0	12.0	12.0	12.0	12.0	12.0
Equipment	190.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>790.8</b>	<b>820.3</b>	<b>820.3</b>	<b>820.3</b>	<b>820.3</b>	<b>820.3</b>

<b>CAPITAL EXPENDITURES</b>	<b>400.0</b>					
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<b>CHANGE IN REVENUES ( )</b>	<b>33,000.0</b>	<b>39,000.0</b>	<b>39,000.0</b>	<b>39,000.0</b>	<b>39,000.0</b>	<b>39,000.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1,190.8	820.3	820.3	820.3	820.3	820.3
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>1,190.8</b>	<b>820.3</b>	<b>820.3</b>	<b>820.3</b>	<b>820.3</b>	<b>820.3</b>

Estimate of any current year (FY2003) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time	10	10	10	10	10	10
Part-time						
Temporary	10	10	10	10	10	10

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

See attached pages for revenue and operating expense explanations, and discussion of this legislation.

Prepared by: Chuck Harlamert, Chief of Operations Phone 465-4773  
 Division Tax Division Date/Time 3/28/03 3:43 PM  
 Approved by: Larry Persily, Deputy Commissioner Date 3/28/2003  
 Agency Department of Revenue

**Education Tax for Employment - SB137**  
**March 28, 2003 - Page 2 of 4**

**Revenues**

The Department estimates the new program could generate as much as \$39 million a year in state revenue in a full fiscal year (starting in Fiscal 2005, assuming the January 1, 2004 effective date in this bill). This estimate is based not on the number of jobs in Alaska, but on the number of different individuals who hold those jobs during the year and the number of individuals who are self-employed in the state.

In its first year of partial revenue, Fiscal 2004, the new program would produce an estimated \$33 million in state revenue. The Department bases this projection on the belief that most workers would pay the full \$100 fee in the first quarter of the calendar year, with their employers remitting the payments to the state prior to the end of Fiscal 2004 on June 30, 2004. A smaller number of workers in the state and self-employed individuals would pay the \$100 after June 30 (summer workers, new residents, first-job workers).

**Operating Expenditures**

The Department of Revenue estimates it will receive 85,000 returns/reports/payments from businesses and self-employed individuals during the year, with an estimated 12,000 refunds.

We project it will require 10 full-time and 10 temporary workers to administer the new revenue program:

- 1 Revenue Auditor V
- 1 Revenue Auditor III
- 1 Analyst/Programmer II
- 1 Tax Technician III
- 2 Tax Technicians II
- 2 Accounting Technicians II
- 2 Administrative Clerks II
- 10 temporary data entry / mail / clerks during the busiest period for returns  
(each working about four months)

The Department would use data imaging and electronic filing as much as possible to reduce the program's fiscal cost to the state and the cost to businesses.

The \$400,000 capital request for the first year of the program is to pay for a large-scale imaging system, electronic filing and software to accommodate data files for businesses and an estimated 390,000 individuals each year, and a web-based system to allow businesses and self-employed individuals to file paperless returns.

**Education Tax for Employment - SB137**  
**March 28, 2003 - Page 3 of 4**

**Sectional Review**

Section 1 amends AS 43 by adding a new chapter to impose an education tax.

AS 43.45.011 provides that the tax is \$100 a year on each individual 19 years of age or older who is employed or self-employed in the state.

AS 43.45.021 provides that an employer is to deduct \$50 from each employee's wages in each of the first two regular payrolls of the tax year, or the first two payrolls following employment. The employer must then remit the tax deducted to the department. No deduction may be made if the employee can prove to the employer that the \$100 tax has previously been paid. The department is to provide a return form for the employer to remit the tax.

AS 43.45.031 provides that an employer, upon request of the employee, shall furnish a record of the tax withheld. The department is to provide a form for this purpose.

AS 43.45.041 provides that the tax shall be deposited into the general fund, accounted for separately, and may be appropriated by the legislature for education. The deposit and appropriation is not intended to create a dedicated fund.

Section 2 provides that the tax takes effect on January 1, 2004.

**Discussion**

There are several issues that should be resolved for this new tax to function efficiently:

- There is no provision or deadline in this legislation for self-employed individuals to remit payment of the \$100 tax to the state.
- The legislation does not address how an employee who does not earn enough during the year to cover his or her \$100 tax liability shall pay the remainder due to the state, or if that person is only liable for the tax up to his or her maximum earnings if they do not reach \$100 in a year.
- It is possible that the \$50 required to be withheld in the first two payroll periods will exceed the actual amount of an individual's earned wages. Since the employer is only required to deduct the tax from the first two payrolls, it is unclear whether the employer must continue to withhold in subsequent payrolls or whether the employee must remit the additional tax. However, we note there is no provision in the bill for an employee to make payment of any tax owing.

## Education Tax for Employment - SB137

March 28, 2003

Page 4 of 4

- It is unclear from this legislation how the Department should treat an individual who is 18 years old on January 1 of the year but then turns 19 years old later in the year. Would that individual then be liable for the tax on the first payrolls after his or her 19<sup>th</sup> birthday?
- It would be preferable to refer to "compensation" rather than "employed" or "self-employed" in this legislation, and to define compensation as "wages, salaries, commissions, tips, self-employment income as that term is defined in 26 U.S.C. 1402 Internal Revenue Code." This would help eliminate any dispute over taxable income.
- The provision requiring employers to remit the tax to the state by the last day of the month following the calendar quarter in which the money was withheld from employee wages would mean an employer withholding most of the taxes in January each year could use that money and not remit it to the state until the end of April. This could place collected tax at risk when a taxpayer becomes insolvent or leaves the state.
- An individual working two jobs at the beginning of the year will have both employers withhold \$50 in tax in the first payroll period. Since the two jobs cover the same time period, the employee will not be able to prove to either employer that the tax has already been paid. The employee would then need to quickly establish in the second payroll period that the entire tax has already been paid so that neither employer needs to withhold any further tax.
- The bill as written would appear to apply to United States military personnel on active duty in the state but who retain a legal residence in another state. The Soldiers' and Sailors' Civil Relief Act of 1940 (50 U.S.C.) precludes the application of the tax to these individuals.
- There is no compelling reason why the department needs to provide a form for an employer to furnish to an employee showing the amount of tax withheld. The payroll check issued to the employee should show all amounts withheld from compensation and that should be a sufficient record of withholding.
- The bill provides that the tax liability is that of the individual, and the employer only has the obligation to deduct the tax and remit it to the department. The tax liability is not that of the employer as the employer is not the taxpayer. If the employer fails to meet the remittance obligation, or fails to do so timely, the state may proceed under AS 43.05.220 to collect the amount required to be deducted and remitted, but there does not appear to be any civil penalty or interest provisions that would apply to the employer.

WORK DRAFT

WORK DRAFT

WORK DRAFT

23-LS0771V

Kurtz

4/1/03

**CS FOR SENATE BILL NO. 137( )**

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

**TWENTY-THIRD LEGISLATURE - FIRST SESSION**

**BY**

**Offered:**

**Referred:**

**Sponsor(s): SENATOR GARY STEVENS**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act imposing a tax on employment; and providing for an effective date."**

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

3 **\* Section 1. AS 43 is amended by adding a new chapter to read:**

4 **Chapter 45. Education Tax.**

5 **Sec. 43.45.011. Tax imposed.** There is imposed a tax of \$100 a year on each  
6 individual 19 years of age or older who, during the entire tax year, receives  
7 compensation greater than \$1,000 from an employer in the state.

8 (b) For purposes of this section, "compensation" includes wages, salaries,  
9 commissions, tips, and any other form of remuneration paid for personal services.

10 (c) The tax imposed under this section does not apply to compensation exempt  
11 from tax under federal law.

12 **Sec. 43.45.021. Collection of tax.** (a) An employer shall deduct and  
13 withhold \$50 of the tax from the employee's salary or other compensation on each of  
14 the first two regular payrolls after July 1 of each calendar year or, in the case of an  
15 employee who begins work and is provided a salary or compensation on a later

WORK DRAFT

WORK DRAFT

23-LS0771V

1 payroll, on each of the first two payrolls after the employee begins employment. An  
2 employer shall file a return on a form prescribed by the department and send the tax  
3 withheld to the department on or before the fifteenth day of the month following the  
4 month in which the tax was withheld from the employee.

5 (b) A deduction of the tax may not be made in the salary or other  
6 compensation of an individual who provides proof to the employer that

7 (1) the tax imposed under AS 43.45.011 has already been withheld by  
8 another employer; or

9 (2) the individual was not 19 years of age or older for the entire tax  
10 year.

11 (c) An individual who has not had the full tax withheld by an employer must  
12 file a return on a form prescribed by the department and remit the tax due under this  
13 section by June 30 of the tax year.

14 **Sec. 43.45.031. Liability of employer.** An employer who pays compensation  
15 that is not exempt from taxation under federal law is liable for the tax required to be  
16 withheld from an employee under this section unless the employer can demonstrate  
17 that the employer relied on proof provided by the employee that

18 (1) the tax imposed under AS 43.45.011 had already been withheld by  
19 another employer; or

20 (2) the individual was not 19 years of age or older for the entire tax  
21 year.

22 **Sec. 43.45.041. Disposition of tax proceeds.** (a) The tax collected by the  
23 department under AS 43.45.021 shall be deposited into the general fund and accounted  
24 for separately.

25 (b) The legislature may appropriate the estimated amounts to be collected and  
26 separately accounted for under (a) of this section for education.

27 (c) The deposit required and appropriation authorized by this section are not  
28 intended to create a dedication in violation of art. IX, sec. 7, Constitution of the State  
29 of Alaska.

30 \* Sec. 2. This Act takes effect July 1, 2003.

23-LS0771\Q  
Kurtz  
4/1/03

**CS FOR SENATE BILL NO. 137( )**

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

**TWENTY-THIRD LEGISLATURE - FIRST SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): SENATOR GARY STEVENS**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act imposing a tax on employment; and providing for an effective date."**

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

3 **\* Section 1.** AS 43 is amended by adding a new chapter to read:

4 **Chapter 45. Education Tax.**

5 **Sec. 43.45.011. Tax imposed.** There is imposed a tax of \$100 a year on each  
6 individual 19 years of age or older who, during the entire tax year, receives  
7 compensation greater than \$1,000 from an employer in the state.

8 (b) For purposes of this section, "compensation" includes wages, salaries,  
9 commissions, tips, and any other form of remuneration paid for personal services.

10 (c) The tax imposed under this section does not apply to compensation exempt  
11 from tax under federal law.

12 **Sec. 43.45.021. Collection of tax.** (a) An employer shall deduct and  
13 withhold \$50 of the tax from the employee's salary or other compensation on each of  
14 the first two regular payrolls after the employee's total compensation paid by the  
15 employer during the tax year has exceeded \$1,000. An employer shall file a return on

1 a form prescribed by the department and send the tax withheld to the department on or  
2 before the fifteenth day of the month following the month in which the tax was  
3 withheld from the employee.

4 (b) A deduction of the tax may not be made in the salary or other  
5 compensation of an individual who provides proof to the employer that

6 (1) the tax imposed under AS 43.45.011 for that tax year has already  
7 been withheld by another employer; or

8 (2) the individual was not 19 years of age or older for the entire tax  
9 year.

10 (c) An individual who has not had the full tax withheld by an employer must  
11 file a return on a form prescribed by the department and remit the tax due under this  
12 section by June 30 of the tax year.

13 **Sec. 43.45.031. Liability of employer.** An employer who pays compensation  
14 that is not exempt from taxation under federal law is liable for the tax required to be  
15 withheld from an employee under this section unless the employer can demonstrate  
16 that the employer relied on proof provided by the employee that

17 (1) the tax imposed under AS 43.45.011 had already been withheld by  
18 another employer; or

19 (2) the individual was not 19 years of age or older for the entire tax  
20 year.

21 **Sec. 43.45.041. Disposition of tax proceeds.** (a) The tax collected by the  
22 department under AS 43.45.021 shall be deposited into the general fund and accounted  
23 for separately.

24 (b) The legislature may appropriate the estimated amounts to be collected and  
25 separately accounted for under (a) of this section for education.

26 (c) The deposit required and appropriation authorized by this section are not  
27 intended to create a dedication in violation of art. IX, sec. 7, Constitution of the State  
28 of Alaska.

29 **Sec. 43.45.051. Definition.** In this chapter, "tax year" means the period  
30 beginning on July 1 and ending on June 30 of the following calendar year.

31 \* **Sec. 2.** This Act takes effect July 1, 2003.

23-LS0771VH  
Kurtz  
3/17/03

**CS FOR SENATE BILL NO. 137( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - FIRST SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): SENATOR GARY STEVENS**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act imposing a tax on employment; and providing for an effective date."**

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

3 **\* Section 1. AS 43 is amended by adding a new chapter to read:**

4 **Chapter 45. Education Tax.**

5 **Sec. 43.45.011. Tax imposed.** There is imposed a tax of \$100 a year on each  
6 individual 19 years of age or older and employed, including self-employed, in the  
7 state, except an individual who is not required to file a federal income tax return under  
8 26 U.S.C. (Internal Revenue Code).

9 **Sec. 43.45.021. Collection of tax.** (a) An employer shall deduct and  
10 withhold \$50 of the tax from the employee's salary or other compensation on each of  
11 the first two regular payrolls after July 1 of each calendar year or, in the case of an  
12 employee who begins work and is provided a salary or compensation on a later  
13 payroll, on each of the first two payrolls after employment. A deduction of the tax  
14 may not be made in the salary or other compensation of a person who provides proof  
15 to the employer that the tax imposed under AS 43.45.011 has been paid. An employer

1 shall send the tax withheld to the department on or before the last day of the month  
2 following the calendar quarter in which the tax was withheld from the employee.

3 (b) The department shall provide a return form for the tax withheld under this  
4 section.

5 **Sec. 43.45.031. Record of withholding.** An employer who withholds tax  
6 under AS 43.45.021 shall furnish to the employee upon request a record of the amount  
7 of tax withheld from the employee. The department shall provide a form for that  
8 purpose.

9 **Sec. 43.45.041. Disposition of tax proceeds.** (a) The tax collected by the  
10 department under AS 43.45.021 shall be deposited into the general fund and accounted  
11 for separately.

12 (b) The legislature may appropriate the estimated amounts to be collected and  
13 separately accounted for under (a) of this section for education.

14 (c) The deposit required and appropriation authorized by this section are not  
15 intended to create a dedication in violation of art. IX, sec. 7, Constitution of the State  
16 of Alaska.

17 \* **Sec. 2.** This Act takes effect July 1, 2004.

# LEGAL SERVICES

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

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

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

## MEMORANDUM

March 26, 2003

**SUBJECT:** Employment Tax - SB 137 (Work Order No. 23-LS0771\H)

**TO:** Senator Gary Stevens  
Attn: Doug Letch

**FROM:** Kathryn L. Kurtz *KLK*  
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.** Creates a new chapter in title 43 imposing a tax on employment.

Sec. 43.45.011 imposes a tax of \$100 per year on each individual 19 years or older and employed in the state, except an individual not required to file a federal return.

Sec. 43.45.021 requires employers to withhold the tax from an employee's first two paychecks after July 1 of each year, unless the employee can prove that the employee has already paid the tax. Requires the employer to file returns and send the tax money to the department of revenue quarterly. Requires the department of revenue to provide a tax return form.

Sec. 43.45.031 requires an employer to provide proof of withholding to an employee on request, and requires the department of revenue to provide a proof of withholding form.

Sec. 43.45.041 requires the money collected from the tax to be deposited in the general fund and accounted for separately. Permits the legislature to appropriate the proceeds for education.

**Section 2.** Provides an effective date of July 1, 2004.

KLK:lmb  
03-102.lmb

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CSSB137(STA)  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Employment Tax for Education BRU Revenue Operations  
 Component Tax Division  
 Sponsor Senator Gary Stevens  
 Requester Senate Finance Committee Component No. 2476

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

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	618.8	618.8	618.8	618.8	618.8	618.8
Travel	28.0	14.0	14.0	14.0	14.0	14.0
Contractual	175.5	175.5	175.5	175.5	175.5	175.5
Supplies	12.0	12.0	12.0	12.0	12.0	12.0
Equipment	190.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>1,024.3</b>	<b>820.3</b>	<b>820.3</b>	<b>820.3</b>	<b>820.3</b>	<b>820.3</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>39,000.0</b>	<b>39,000.0</b>	<b>39,000.0</b>	<b>39,000.0</b>	<b>39,000.0</b>	<b>39,000.0</b>
-------------------------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1,024.3	820.3	820.3	820.3	820.3	820.3
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>1,024.3</b>	<b>820.3</b>	<b>820.3</b>	<b>820.3</b>	<b>820.3</b>	<b>820.3</b>

Estimate of any current year (FY2003) cost: 900.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time	10	10	10	10	10	10
Part-time						
Temporary	10	10	10	10	10	10

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

See attached pages for revenue and operating expense explanations, and discussion of this legislation.

Prepared by: Chuck Harlamert, Chief of Operations Phone 465-4773  
 Division Tax Division Date/Time 4/7/03 4:01 PM  
 Approved by: Larry Persily, Deputy Commissioner Date 4/7/2003  
 Agency Department of Revenue

Revenues

The Department estimates the new program could generate as much as \$39 million a year in state revenue in a full fiscal year starting in Fiscal 2004. This estimate is based not on the number of jobs in Alaska, but on the number of different individuals who hold those jobs during the year and the number of individuals who are self-employed in the state. As the Senate State Affairs CS includes a July 1, 2003 effective date for the new tax, the state would realize the full revenues in the program's first year of operation.

Annual Operating Expenditures

The Department of Revenue estimates it will receive 75,000 returns/reports/payments from businesses and self-employed individuals during the year, plus an estimated 12,000 refund claims.

We project it will require 10 full-time and 10 temporary workers to administer the new revenue program:

- 1 Revenue Auditor V
- 1 Revenue Auditor III
- 1 Analyst/Programmer II
- 1 Tax Technician III
- 2 Tax Technicians II
- 2 Accounting Technicians II
- 2 Administrative Clerks II
- 10 temporary data entry / mail / clerks during the busiest period for returns  
(each working about four months)

The Department would use data imaging and electronic filing as much as possible to reduce the program's fiscal cost to the state and the cost to businesses.

**Education Tax for Employment - CSSB137(STA)**  
**April 7, 2003 - Page 3 of 5**

**Start-up Expenses**

The Department requests \$900,000 in supplemental funds for Fiscal 2003, with a June 30, 2004 lapse date, because of the urgent need to immediately start preparations for the new tax program to take effective July 1, 2003. The money would be used for a large-scale imaging system, electronic filing and software to accommodate data files for businesses and an estimated 390,000 individuals each year, and a web-based system to allow businesses and self-employed individuals to file paperless returns.

The Department will need to move quickly in order to have the tax system in place in just two months and therefore will need to contract for much of the work with private companies. However, not all of the set-up and systems work will be completed by July 1, 2003, and we would use the balance to complete the work during Fiscal 2004.

The funding will cover the following anticipated activities:

- Employer information pamphlets
- Informational inserts with paychecks
- Workplace posters
- Household mail-outs
- Public service announcements
- General and targeted self-employment mail-outs
- Toll-free help desk

Suggested Changes

**Sec. 43.45.011(b)** – For purposes of this section, "compensation" includes wages, salaries, commissions, tips [and] any other form of remuneration paid for personal services, and gross receipts from a trade or business. *(This would clarify that self-employed people who sell goods are subject to the tax, not just self-employed people in a service business.)*

**Sec. 43.45.021 - Collection and payment of tax.** (a) An employer shall deduct and withhold the lesser of 10% of the employees' gross compensation or \$50 of the tax from the employee's salary or other compensation on [EACH OF] the first [TWO] regular payroll[S] in which [AFTER] the employee's total compensation paid by the employer during the tax year [HAS] exceeds[ED] \$1,000 and from subsequent payrolls until the tax due under this chapter is fully withheld. *(These changes would spread the impact on low-income taxpayers and avoid the risk of withholding 100% of a paycheck.)*

(b) An employer shall file a return on a form prescribed by the department and remit [SEND] the tax withheld to the department on or before the fifteenth day of the month following the earlier of the last day of

- (1) each calendar quarter during which tax was required to be withheld; or
- (2) any month where on the last day of that month the employer has withheld but not paid \$500 or more of tax.

[MONTH IN WHICH THE TAX WAS WITHHELD FROM THE EMPLOYEE] *(These suggestions would reduce the filing frequency for small employers.)*

**Sec. 43.45.041 - Refund Claims by Individuals.** An individual who has paid tax or from whom tax was withheld by an employer in excess of \$100 during a tax year may claim a refund from the department. The claim must be made on a form or in a manner proscribed by the department on or before December 31 of the calendar year immediately following the tax year. For purposes of interest payable under AS 43.05.280 only, the claim shall be treated as a return the due date of which is the later of the date the claim was filed with the department or the date on which the last payment of the tax was received by the department. *(This new section, we believe, is the most effective manner to deal with overpayments.)*

**New Section for a transition rule.** Notwithstanding AS 43.54.021(b)(2) the due date for filing a return and paying the tax with respect to amounts withheld during the first three months during which the tax is in effect shall be the fifteenth day of the fourth month during which the tax is in effect. *(This transition rule will give the department and taxpayers more time to prepare for the tax, simplify initial filing, and improve customer service during the start-up phase.)*

Sectional Review

Section 1 amends AS 43 by adding a new chapter to impose an education tax.

AS 43.45.011 provides that the tax is \$100 a year on each individual 19 years of age or older who is employed or self-employed in the state and who receives compensation in excess of \$1,000 during the tax year.

AS 43.45.021 provides that an employer is to deduct \$50 from each employee's wages in each of the first two regular payrolls of the tax year, or the first two payrolls following employment. The employer must then remit the tax deducted to the department. No deduction may be made if the employee can prove to the employer that the \$100 tax has previously been paid. The department is to provide a return form for the employer to remit the tax.

A self-employed individual who has not had the full tax withheld during the tax year must file a return and pay the tax before the end of the tax year.

AS 43.45.031 holds an employer liable for the tax it is required to withhold and remit.

AS 43.45.041 provides that the tax shall be deposited into the general fund, accounted for separately, and may be appropriated by the legislature for education. The deposit and appropriation is not intended to create a dedicated fund.

AS 43.45.051 defines the tax year and the period beginning July 1 and ending June 30.

Section 2 provides that the tax takes effect on July 1, 2003.

**SB**

**145**

## SENATE COMMITTEE REPORT First Committee of Referral

DATE: 3/17/03

FURTHER: Health, Education and Social Services

Date of 5-Day Notice: 4/24/03  
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 4/30/03

State Affairs Committee considered SENATE BILL NO. 145

### SB 145 REEMPLOYMENT OF RETIRED TEACHERS

"An Act relating to reemployment of and benefits for retired teachers or employees, including those who participated in retirement incentive programs, and to the employment as teachers of members of the public employees' retirement system who participated in a retirement incentive program; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS SB145 (STA)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**

- same title
- new title

**House Bill:**

- same title
- technical title
- new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
DOA	4/28/03		✓	1

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>John J. Cowley</i>	✓			
<i>[Signature]</i>	✓			
CHAIR: <i>[Signature]</i>				

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 145  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
 Title An Act relating to reemployment of BRU Centralized Admin Services  
and benefits for retired teachers..... Component Retirement & Benefits  
 Sponsor Senator Stevens  
 Requester Senate State Affairs Component No. 64

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

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--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 (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill amends the Teachers' Retirement System (TRS) statutes to: (1) allow school districts to hire teachers who previously elected to retire under a state-sponsored Retirement Incentive Program (RIP) using the expanded rehired retiree provisions, and removing any penalties associated with such reemployment; (2) grant authority to the Department of Education and Early Development to hire retired teachers under the expanded rehired retiree provisions; and (3) remove the RIP penalties for Public Employees' Retirement System (PERS) retirees who are hired under the provisions of AS 14.20.135(a).

This legislation will have no actuarial impact to the TRS or PERS since the full actuarial cost of the Retirement Incentive Program was paid by the employer and the employee at retirement.

Prepared by: Guy Bell      Date/TIME: April 28, 2003  
 Division: Retirement & Benefits  
 Approved by: Mike Miller, Commissioner      Date: April 28, 2003  
 Agency: Department of Administration

23-LS0812H  
Craver  
4/29/03

CS FOR SENATE BILL NO. 145( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATOR GARY STEVENS

A BILL  
FOR AN ACT ENTITLED

1 "An Act relating to reemployment of and benefits for retired teachers or employees,  
2 including those who participated in retirement incentive programs, and to the  
3 employment as teachers of members of the public employees' retirement system who  
4 participated in a retirement incentive program; relating to benefits for retired teachers  
5 or employees who participated in retirement incentive programs and are subsequently  
6 reemployed as a commissioner; and providing for an effective date."

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

8 \* Section 1. AS 14.20.135(a) is amended to read:

9 (a) If the Department of Education and Early Development, the  
10 Department of Labor and Workforce Development, a [A] school district, or a  
11 regional educational attendance area [THAT] has or anticipates having a shortage of  
12 teachers qualified to teach or work in a particular educational discipline or specialty,  
13 the department, district, or attendance area may [, BY RESOLUTION,] adopt a

1 policy that permits the employment of retired teachers or employees who are qualified  
2 to teach or work in the educational discipline or specialty in accordance with this  
3 section. The policy must describe the circumstances that constitute the shortage. If a  
4 shortage of teachers exists as described in the policy, the department, district, or  
5 attendance area shall notify the administrator of the teachers' retirement system  
6 (AS 14.25) that it is hiring retired teachers under this section.

7 \* Sec. 2. AS 14.25.043(a) is amended to read:

8 (a) If a retired member again becomes an active member, benefit payments  
9 may not be made during the period of reemployment unless the teacher makes an  
10 election under (d) [(b)] of this section. The retirement benefit must be suspended for  
11 the entire school year if the teacher is reemployed as an active teacher for a period  
12 equivalent to a year of service. During the period of reemployment, the member is  
13 subject to AS 14.25.050, and deductions from the member's salary will be made in  
14 accordance with AS 14.25.050.

15 \* Sec. 3. AS 14.25.043(b) is amended to read:

16 (b) The Department of Education and Early Development, the  
17 Department of Labor and Workforce Development, a [A] school district, or a  
18 regional educational attendance area that has adopted a policy that permits the  
19 employment of retired teachers in accordance with AS 14.20.135 shall notify the  
20 administrator that it is hiring retired teachers under AS 14.20.135. [A TEACHER  
21 WHO RETIRED UNDER AS 14.25.110(a) AND SUBSEQUENTLY BECOMES AN  
22 ACTIVE MEMBER UNDER A POLICY ADOPTED IN ACCORDANCE WITH  
23 AS 14.20.135 MAY, WITHIN 30 DAYS OF THE DATE OF REEMPLOYMENT,  
24 ELECT TO CONTINUE RECEIVING BENEFIT PAYMENTS DURING THE  
25 PERIOD OF REEMPLOYMENT BY FILING A WAIVER OF COVERAGE WITH  
26 THE ADMINISTRATOR ON A FORM PROVIDED BY THE ADMINISTRATOR.  
27 AN ELECTION UNDER THIS SUBSECTION WAIVES COVERAGE FOR THE  
28 PERIOD OF REEMPLOYMENT AND IS IRREVOCABLE DURING THE PERIOD  
29 OF REEMPLOYMENT. DEDUCTIONS FROM THE MEMBER'S SALARY MAY  
30 NOT BE MADE UNDER AS 14.25.050 DURING THE PERIOD OF  
31 REEMPLOYMENT, AND THE MEMBER MAY NOT RECEIVE CREDITED

1 SERVICE FOR THE PERIOD OF REEMPLOYMENT. A MEMBER WHO  
2 PARTICIPATED IN A RETIREMENT INCENTIVE PROGRAM UNDER CH. 26,  
3 SLA 1986; CH. 89, SLA 1989; CH. 65, SLA 1996; CH. 4, FSSLA 1996; OR CH. 92,  
4 SLA 1997, IS NOT ELIGIBLE TO MAKE AN ELECTION UNDER THIS  
5 SUBSECTION.]

6 \* Sec. 4. AS 14.25.043 is amended by adding new subsections to read:

7 (d) A teacher who retired under AS 14.25.110(a) and subsequently becomes  
8 an active member to whom this subsection applies may, within 30 days of the date of  
9 reemployment, elect to continue receiving benefit payments during the period of  
10 reemployment by filing a waiver of coverage with the administrator on a form  
11 provided by the administrator. An election under this subsection waives coverage for  
12 the period of reemployment and is irrevocable during the period of reemployment.  
13 Deductions from the member's salary may not be made under AS 14.25.050 during the  
14 period of reemployment, and the member may not receive credited service for the  
15 period of reemployment. This subsection applies only to a member who retired under  
16 AS 14.25.110(a) and who (1) subsequently becomes an active member under a policy  
17 adopted in accordance with AS 14.20.135, or (2) is reemployed as a commissioner.

18 (e) A member who participated in a retirement incentive program under ch.  
19 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or ch. 92,  
20 SLA 1997, and makes an election under (d) of this section does not lose the incentive  
21 credit provided under the applicable retirement incentive plan and is not subject to any  
22 related reemployment indebtedness.

23 \* Sec. 5. AS 14.25.043(d) is amended to read:

24 (d) A teacher who retired under AS 14.25.110(a) and subsequently becomes  
25 an active member to whom this subsection applies may, within 30 days of the date of  
26 reemployment, elect to continue receiving benefit payments during the period of  
27 reemployment by filing a waiver of coverage with the administrator on a form  
28 provided by the administrator. An election under this subsection waives coverage for  
29 the period of reemployment and is irrevocable during the period of reemployment.  
30 Deductions from the member's salary may not be made under AS 14.25.050 during the  
31 period of reemployment, and the member may not receive credited service for the

1 period of reemployment. This subsection applies only to a member who retired under  
2 AS 14.25.110(a) and [WHO (1) SUBSEQUENTLY BECOMES AN ACTIVE  
3 MEMBER UNDER A POLICY ADOPTED IN ACCORDANCE WITH  
4 AS 14.20.135, OR (2)] is reemployed as a commissioner.

5 \* Sec. 6. AS 39.35.150(b) is amended to read:

6 (b) A member who retired under AS 39.35.370(a) and subsequently becomes  
7 an active member may, within 30 days of the date of reemployment, elect to continue  
8 receiving benefit payments during the period of reemployment by filing an election  
9 with the administrator on a form provided by the administrator. An election under this  
10 subsection waives coverage for the period of reemployment and is irrevocable during  
11 the period of reemployment. During the period of reemployment, deductions from the  
12 member's salary may not be made under AS 39.35.160 and the member may not  
13 receive credited service. A member who participated in a retirement incentive  
14 program under ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA 1996; ch. 4, FSSLA  
15 1996; or ch. 92, SLA 1997, is not eligible to make an election under this subsection  
16 unless the member is reemployed as a commissioner.

17 \* Sec. 7. AS 39.35.150 is amended by adding a new subsection to read:

18 (e) A member who retired under 39.35.370(a) and participated in a retirement  
19 incentive program under ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA 1996; ch.  
20 4, FSSLA 1996; or ch. 92, SLA 1997, who is subsequently reemployed as a  
21 commissioner may become an active member without losing the incentive credit  
22 provided under the applicable retirement incentive plan and is not subject to any  
23 related reemployment indebtedness.

24 \* Sec. 8. The uncodified law of the State of Alaska enacted in sec. 12, ch. 57, SLA 2001, is  
25 amended to read:

26 Sec. 12. AS 14.20.135, as amended by sec. 1 of this 2003 Act;  
27 AS 14.25.043(b), as amended by sec. 3 of this 2003 Act; AS 39.35.120(b)(2) [,  
28 39.35.150(b),] and 39.35.150(c) are repealed July 1, 2005.

29 \* Sec. 9. AS 14.20.135(c) is repealed.

30 \* Sec. 10. Section 5 of this Act takes effect on the effective date of the repeals specified in  
31 sec. 12, ch. 57, SLA 2001, as it may be amended.

1 \* **Sec. 11.** Sections 1 - 4 and 6 - 9 of this Act take effect immediately under  
2 AS 01.10.070(c).

SESSION ADDRESS:  
Alaska State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-4925  
Fax: (907) 465-3517  
Toll Free: 1-800-821-4925

*Senator Gary Stevens*  
*Alaska State Legislature*

INTERIM ADDRESS:  
112 Mill Bay Road  
Kodiak, Alaska 99615  
(907) 486-4925  
Fax: (907) 486-5264

**SPONSOR STATEMENT-SB 145**

SB 145, "An Act relating to reemployment of and benefits for retired teachers and principals who participated in retirement incentive programs and to the employment as teachers of members of the public employees' retirement system who participated in a retirement incentive program; and providing for an effective date."

Alaska, like the rest of the nation, is experiencing a severe shortage of qualified teachers and principals. Research has shown that a qualified teacher in the classroom is the single most important school-based factor in a student's success. It is incumbent upon the Legislature to provide additional tools to Alaskan school districts to combat the current teacher shortage and thus continue to assist school districts in their efforts to improve student learning.

SB 145 is companion legislation to HB 20. It would allow schools experiencing a shortage of education professionals to reemploy teachers and principals who had retired under a Retirement Incentive Program (RIP). This bill would not require any school district to reemploy any particular retired individual; it would only give them the option to do so.

School districts would be required to certify that they are experiencing a shortage in order to reemploy a RIP-retired teacher or principal. Those reemployed under this provision would not be required to pay back their retirement incentive as currently required by statute.

This bill would also allow the Department of Education and the Department of Labor to hire regular and RIP-retired teachers and principals for the Mt. Edgecumbe High School, the Alaska State School for the Deaf and Hard of Hearing, and the Alaska Vocational Technical Center.

SB 145 will provide one more tool to school districts suffering from the shortage of education professionals. I urge your support.

# LEGAL SERVICES

JAN 27 2002

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

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

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

## MEMORANDUM

January 27, 2003

**SUBJECT:** Reemployment of retired teachers (Work Order No. 23-LS0130A)

**TO:** Representative Gary Stevens  
Attn: Doug

**FROM:** Barbara R. Craver *BRC*  
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: Adds the Department of Education and Early Development to this subsection. The department may pass a resolution if it finds teacher shortages in particular specialties, and rehire qualified retired teachers. The department is required to notify the TRS administrator if it rehires retired teachers.

Section 2. Adds the Department of Education and Early Development to this subsection which allows retired teachers to elect to continue receiving retirement benefits while reemployed. The prohibition on rehiring teachers who participated in a retirement incentive program (RIP) is deleted to allow the rehiring of RIP members.

Section 3. Provides that if a person is hired as a teacher under AS 14.20.135 and if that person had retired from a PERS employer under a RIP they will not lose the incentive credit they received under the RIP and will not be subject to the reemployment indebtedness otherwise imposed by the RIP.

Section 4. Amends the 2001 uncodified law which repeals the sections involving rehiring retired teachers because of shortages to include the changes above in the repeal on July 1, 2005.

Section 5. Repeals AS 14.20.135(c) which prohibited districts from hiring RIP teachers.

Section 6. Establishes an immediate effective date for the act.

BRC:med  
03-055.med

# LEGAL SERVICES

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Mail Stop 3101


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


## MEMORANDUM

February 17, 2003

**SUBJECT:** Amendments incorporated into CSHB 20(STA) / SB 145  
(Work Order No. 23-LS0130\D)

**TO:** Representative Bruce Weyhrauch  
Attn: Ginny

**FROM:** Barbara R. Craver   
Legislative Counsel

 Enclosed is the draft you requested. Amendment number three adds the term "employees" to the phrase describing the policy which must be adopted to support employment of retired teachers. The repeated purpose of this section is to address "a shortage of teachers qualified to teach in a particular discipline or specialty." The addition of "public employees", as the amendment sponsor requested, or even "employees" to the policy requirements seems to open up the purpose of this section to address a shortage of more than just teachers. If that is intended then several more changes should be made to the bill to clearly refer to a shortage of teachers and employees. The amended bill with the change in just one place clouds the meaning of the section, and makes it neither fish nor fowl. In that one place the policy is for a shortage of teachers and other employees, yet all other references are only to retired teachers.<sup>1</sup>

<sup>1</sup> AS 14.20.135(a) with emphasis added:

(a) A school district or regional educational attendance area that has or anticipates having a shortage of teachers qualified to teach in a particular discipline or specialty may, by resolution, adopt a policy that permits the employment of retired teachers who are qualified to teach in the discipline or specialty in accordance with this section. The policy must describe the circumstances that constitute the shortage. If a shortage of teachers exists as described in the policy, the district or attendance area shall notify the administrator of the teachers' retirement system (AS 14.25) that it is hiring retired teachers under this section.

AS 14.25.043(b) with emphasis added:

(b) A school district or regional educational attendance area that has adopted a policy that permits the employment of retired teachers in accordance with AS 14.20.135 shall notify the administrator that it is hiring retired teachers under AS 14.20.135. A teacher who retired under AS 14.25.110(a) and subsequently becomes an active member under a policy adopted in accordance with AS 14.20.135 may, within 30 days of the date of reemployment, elect to continue receiving benefit payments during the period of

Representative Bruce Weyhrauch

February 17, 2003

Page 2

The addition of the word "work" in Amendment number one adds to the question of whether this shortage is of teachers. A teacher could be considered to "teach" or "work" but either way, the teacher must be qualified. The use of two terms raises the question of what a teacher is doing that "works" rather than "teaches" in a particular educational discipline or specialty. Combine this with the "teacher or employee" issue, and the scope of the section becomes broader and less clear. In the interest of caution, I have changed the title to include "employees."

To prevent further confusion, I used the term "employees" rather than "public employees." The use of the term "public employees" seems to add active PERS employees to the mix, perhaps "retired public employees" would be clearer, however to the extent that the idea is to include retired public employees who have subsequently become qualified to teach, that situation is already addressed in Section 3 of the bill. This section makes it clear that a PERS retiree who participated in a RIP would be not be subject to retirement indebtedness if the retiree were rehired as a teacher under this section.

The TRS system, generally refers to employees within the plan as "teachers" or "members." This allows changes in membership to be handled in the definition section, AS 14.25.220(42), and minimizes the need to rewrite the entire chapter when some new group or subset is added or removed from TRS membership. If the term "members" was used rather than "employees", it would be more compatible with the TRS terminology, but would still open up the scope of the type of employee who could be rehired for a teacher shortage.

If I may be of further assistance, please advise.

BRC:med  
03-156.med

Enclosure

---

reemployment by filing a waiver of coverage with the administrator on a form provided by the administrator. An election under this subsection waives coverage for the period of reemployment and is irrevocable during the period of reemployment. Deductions from the member's salary may not be made under AS 14.25.050 during the period of reemployment, and the member may not receive credited service for the period of reemployment. A member who participated in a retirement incentive program under ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or ch. 92, SLA 1997, is not eligible to make an election under this subsection.

THE  
FOLLOWING  
DOCUMENT(S)  
ARE  
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Honorable Bruce Weyhrauch, Chair  
House State Affairs Committee  
Alaska Capital, Room 102  
Juneau, AK 99801-1182

**Corrected letter for HB 20,  
originally identified as HB 15.  
Please excuse the error.**

February 15, 2003

RE: HB 20/(Stevens) - Support

*SB 145*

Dear Chair Weyhrauch:

On behalf of the AARP members in Alaska, we encourage you and your colleagues on the House State Affairs Committee to support HB 20, authored by Representative Gary Stevens and co-sponsored by Representative Carl Gatto.

At this time when we have a variety of shortages among skilled educators, HB 20 will offer flexibility to educational institutions and school districts to re-employ their retirees without causing financial penalties for the retiree. Later life should offer many options. Returning to work and employment ought to be one of them.

HB 20 is a "win, win, win" bill. Educational entities will have another source of skilled, able and willing educators to fill vacant positions. Educators who miss working and the classroom will have an opportunity to return to their chosen career. Students who want to learn from experience, dedicated, lifelong "seasoned" teachers will have that door opened to them.

Representatives Stevens and Gatto have a good bill that deserves your support. AARP recommends an "AYE" vote on HB 20.

Should you have any questions about our position, please feel free to contact Marie Darlin (907.586.3637), Coordinator of the AARP Capital City Task Force; Patrick Luby (907.762.3314), AARP Legislative Representative; or me (907.245.5259).

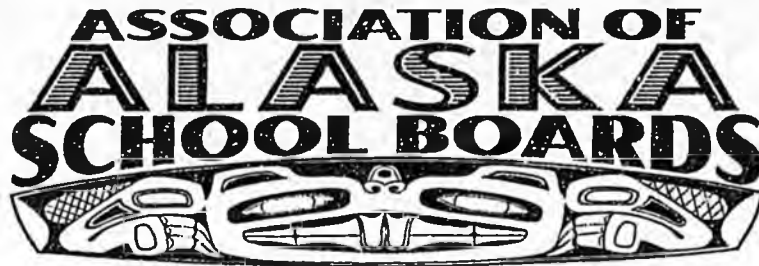
Thank you for your consideration.

Sincerely,

*Marguerite Stetson*

Marguerite Stetson  
AARP Alaska  
Executive Council Member for Advocacy  
3009 Northwood Street  
Anchorage, AK 99517-1871  
907.245.5259 voice  
907.245.5279 fax  
[ffmas@aurora.uaf.edu](mailto:ffmas@aurora.uaf.edu)

cc: Vice-Chair Jim Holm  
Representative Nancy Dahlstrom  
Representative Bob Lynn  
Representative Paul Seaton  
Representative Ethan Berkowitz  
Representative Max Gruenberg  
Representative Gary Stevens  
Representative Carl Gatto  
Marie Darlin  
Patrick Luby



*Advocates for Alaska's Youth*

### **AASB Position**

### **HB 20/- Reemployment of Retired Teachers**

*SB 145*

The Association of Alaska School Boards (AASB) is supportive of maintaining broad latitude for school districts to rehire teachers, administrators, and members of the public employee's retirement system retired under incentive programs. This position is based on the following perspectives:

- School districts participated in the retirement incentive programs primarily due to the saving afforded them during times of challenging budgets. Districts achieved the economies envisioned by the legislature through the retirement of more costly employees in exchange for employees costing less.
- The current challenge of attracting and retaining teachers in Alaska is compounded by the growing shortage of teachers nationwide. By permitting high quality retired teachers and administrators back into the Alaska educational system while allowing these individuals to retain their retirement benefit is good for the children of Alaska. These individuals have already demonstrated their commitment to Alaska and because districts retain control as the hiring authority, individuals of less than the highest skill level or those experiencing "burnout" are avoided.
- School districts realize much needed economies of scale even if the teacher/administrator retains the same salary as the benefit (health insurance, TRS district contribution, life insurance, etc.). The cost saving could easily be in the 20-30% range. Given the substantial savings, even as outline in the aforementioned situation, districts are in the best position to determine salary levels for returning retired teachers.
- A bonus to retirement incentive returnees, many of whom have "bottomed out" on the salary schedule, is their retirement stipend plus their ongoing salary to encourage their continued work on behalf of a district's children.
- Employment of individuals as teachers who retired under a retirement incentive program offered by the public employee's retirement system (PERS) is also a significant benefit to education in Alaska. Some PERS retirees undoubtedly return to higher education to secure a teaching or administrative credential and will be lost to other states if prohibited from joining districts in Alaska.

In summary, Alaska will lose the majority of these retirement incentive professionals to other states who are eager to develop attractive incentive packages to gain their employment. These states are unconcerned about whether the potential employee has a retirement benefit from another state. Let's keep the opportunity for the rehire of retired teachers, administrators, and members of the public employee's retirement system as open as possible and let local districts and negotiated agreements determine entry status. Allowing retirees to return to the profession in Alaska is mutually beneficial – good for the professional who retains retirement benefits and continues the work he/she enjoys, and good for the district that secures or maintains a quality professional at an overall cost savings to the district. Thank you.

**Subject: Re: Rep. Stevens Bill hearings**

**Date:** Wed, 5 Feb 2003 11:55:32 -0800 (PST)

**From:** Elizabeth Stark <puffinlontheroad@yahoo.com>

**To:** Douglas Letch <Doug\_Letch@legis.state.ak.us>

Thank you for your emails. I would like to state my support for HB20, these people have a lot to offer in these trying times for our schools. Thank you, Elizabeth Stark, Homer Alaska

--- Douglas Letch <Doug\_Letch@legis.state.ak.us> wrote:

> Three of Representative Stevens's bills will be  
> heard next week.  
>  
> On Tuesday, February 4, HB 19 and HB 26 will be  
> heard in the Special  
> Committee on Education. The meeting starts at 11  
> AM. Both bills deal  
> with the state Foundation Formula.  
>  
> On Thursday, February 6, the House State Affairs  
> Committee will take up  
> HB 20, allowing the rehiring of teachers who retired  
> under the  
> Retirement Incentive Plan. As you may recall, this  
> bill passed the  
> House last session, but did not make it through the  
> Senate.  
>  
> Please contact me if you have any questions about  
> these measures. I can  
> also pass along your comments to committee members.  
>  
> Thanks!  
>  
>  
> Doug  
>

---

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*Email in Support*

From: "Karen Pennington" <penningtonkaren@hotmail.com>  
To: Representative\_Gary\_Stevens@legis.state.ak.us

Dear Representative Stevens:

I write to you from Moscow, Russia, where at times I feel exiled. Well, one has to have a sense of humor about these things..

I am actually writing to ask how I can support your HB 20<sup>HB 145</sup> which would allow teachers who retired under the RIP program to teach again in Alaska. I would like to come home.

I lived in Ketchikan for 35 years. In 1990 I retired from the Ketchikan Gateway Borough School District with 20 years experience. At the time I had 2 small sons, ages 1 and 3--one who had severe asthma problems. I wanted to stay home with them. As they grew, I went back to work in part time positions doing consultant work for the district in early entry kindergarten and preschool screening. For three years I worked as the Activities/Athletic Director for the District on a personal contract and also substituted at all levels.

In 1998, not by my choice, I found myself divorced and the sole provider for my two sons. I also found that I could not support them in Alaska because I could not go back to work in education which is my chosen profession. I joined the Foreign Service. I now am Administrative Assistant/Office Manager for Ambassador Alexander Vershbow, US Ambassador to Russia, and I have lived in Moscow for four years. I must say that this is an interesting and always exciting job, and it has given my sons and me an opportunity to see many parts of the world.

However, Alaska is my home. Like many of you, I was born in another state but moved there with my family when I was young. I feel disappointed that my sons cannot be Alaskan. My oldest is now in 10th grade, and I would like for him to spend his last 2 years in Ketchikan. There are opportunities for me to work there now, but (1) I cannot by law and (2) I could not afford to because of the repayment. Thus, I would like to do whatever I can to see HB 20 passed this year.

While I do not have the figures, I would imagine there are few retirees who actually WANT to go back to work full time. I just happen to be only 55 years old and feel that I have another 10 years that I would like to be employed. It is my understanding that there would be restrictions on being able to acquire MORE years of service towards retirement so my working would not actually financially impact the TRS.

I also feel that the break in service afforded by my retirement has been a

growing period for me. I have so much to bring back to education--a world perspective that I did not have before.

Please let me know who I can contact and/or what I can do to support HB 20.  
Thank you for introducing it.

Karen Pennington  
US Embassy Moscow  
PSC 77, EXEC  
APO AE 09721  
7-095-728-5190 (work)  
7-095-728-5432 (home)  
7-095-728-5159 (FAX)  
penningtonkaren@hotmail.com OR penningtonKL2@state.gov

## Vacancy List

[Click here for the detailed vacancy list](#)

District	Vacancies
Alaska Gateway	
Aleutians East Borough	
Aleutian Region	
Anchorage	please visit <a href="http://www.asdk12.org/">http://www.asdk12.org/</a>
Annette Islands	Secondary Math Instructor Physical Education Teacher
Bering Strait	Deaf Education Teacher
Bristol Bay Borough	K-12 Special Ed (possible 03-04)                      Elementary Teacher (possible 03-04) Reading Specialist (possible 03-04)
Chatham	Language Arts/Socail Studies
Chugach	
Copper River	
Cordova	
Craig	
Delta/Greely	Librarian
Denali	
Dillingham City	3rd Grade Teacher                      Bilingual/Bicultural Teacher Excutive Secretary to the Superintendent                      Secondary Math/Science Teacher
Fairbanks North Star	Special Education Teachers                      Counselors School Nurse                      Substitute Teachers Language Arts Teachers                      Sign Language Interpreter/Translator Special Education Teacher (2)
Family Centered Services of Alaska	
Galena City	
Haines Borough	
Hoonah	Elementary Counselor
Hydaburg	7th & 8th grade teacher/ computer teacher                      K-12 Technology
Iditarod Area	Elementary Teacher
Juneau City	Physical Therapist or Occupational Therapist                      School Psychologist Principal (2) Reading Instructor
Kake City	
Kashunamiut	Special Education (2003-2004)                      Middle School Teacher (2003-2004) Elementary Teacher (2003-2004)
Kenai Peninsula	Physical Therapist                      Occupational Therapist Special Education Hearing Specialist
Ketchikan Gateway	Math Teacher
Klawock City	
Kodiak Island	Special Eduction Teachers (2003-2004)                      Building Administrators (2003-2004) District Wide Speech & Language Therapist
Kuspuk	Reading Readiness Coordinator/Teacher
Lake and Peninsula	Principal
Lower Kuskokwim	ESL/Elementary Education (2)                      Special Education Teachers (6)
Lower Yukon	5th & 6th Grade Teacher
Matanuska-Susitna	Secondary Counselor                      Math Teacher Math (2003-04)                      Science (2003-04) Counselors (2003-04)                      Math (2003-04) Language Arts (2003-04)                      Special Ed (2003-04) Principal
Mt. Edgecumbe	Physical Education Teacher
Nenana City	

Nome		
North Slope	School Psychologist	7th Grade Special Education Teacher
Northwest Arctic	High School Math & Middle School Teacher	High School Math
	Middle School Counselor	6-12 Special Education Teacher
	Infant Learning Program Coordinator	
Pelican		
Petersburg		
Pribilof		
Special Education Service Agency		
St. Mary's City		
Sitka	Preschool Special Education Teacher	
Skagway City		
Southeast Island		
Southwest Region		
Tanana City		
Unalaska City		
Valdez	Superintendent Search for 2003-2004	
Wrangell		
Yakutat	High School Special Education Teacher	
Yukon Flats		
Yukon-Koyukuk	Vocational Education Teacher	
Yup'it	Yup'ik Preschool/Right Start Coordinator	

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 145  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
 Title An Act relating to reemployment of BRU Centralized Admin Services  
and benefits for retired teachers..... Component Retirement & Benefits  
 Sponsor Senator Stevens  
 Requester Senate State Affairs Component No. 64

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

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
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 (FY2003) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill amends the Teachers' Retirement System (TRS) statutes to: (1) allow school districts to hire teachers who previously elected to retire under a state-sponsored Retirement Incentive Program (RIP) using the expanded rehired retiree provisions, and removing any penalties associated with such reemployment; (2) grant authority to the Department of Education and Early Development to hire retired teachers under the expanded rehired retiree provisions; and (3) remove the RIP penalties for Public Employees' Retirement System (PERS) retirees who are hired under the provisions of AS 14.20.135(a).

This legislation will have no actuarial impact to the TRS or PERS since the full actuarial cost of the Retirement Incentive Program was paid by the employer and the employee at retirement.

Prepared by: Guy Bell Phone \_\_\_\_\_  
 Division Retirement & Benefits Date/Time April 28, 2003  
 Approved by: Mike Miller, Commissioner Date April 28, 2003  
 Agency Department of Administration

# **RETAINING QUALITY TEACHERS FOR ALASKA**

**Prepared by**

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**Prepared for**

University of Alaska

and

Alaska Department of Education and Early Development

December 2002

## ACKNOWLEDGEMENTS

The authors thank Mark Hamilton, President of the University of Alaska, and Shirley Holloway, Alaska Commissioner of Education, for funding this study.

We also thank staff members at ISER who helped design the survey questionnaires, conduct the surveys, do follow-ups, and enter and analyze data. We especially thank Patricia DeRoche, interviewer supervisor; Stephanie Martin, research associate; Darla Siver, database manager; and Virgene Hanna, survey research director.

Jerry Covey, a former commissioner of education, provided data on numbers of education graduates from Alaska's colleges and universities. Melissa Hill, former director of the Alaska Teacher Placement Office at the University of Alaska Fairbanks, and Karen Lipson, a research analyst with the Alaska Department of Education and Early Development, provided a wide range of information on Alaska's teachers and students—including teacher turnover, new hires, and other teacher and student characteristics. Claudia Dybdahl, director of UAA's Teacher Education Program, provided information on graduates certified to teach special education.

We also thank those who provided valuable comments on earlier drafts: Gary Baldwin, Lower Kuskokwim School District; Lee Gorsuch, UAA; Rich Kronberg, NEA-Alaska; and Paul Ongtooguk, ISER.

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## RETAINING QUALITY TEACHERS FOR ALASKA

## Prepared By

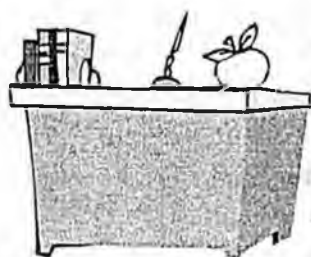
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## Prepared for

University of Alaska • Alaska Department of Education and Early Development



December 2002



Alaska does not have a general shortage of teachers, despite what many Alaskans believe. But the state's 53 school districts do face shortages of special education teachers and to a lesser extent secondary math and science teachers. Shortages in these specializa-

tions are not confined to Alaska but are national.

And about a third of Alaska's school districts—almost entirely remote rural districts—face chronic teacher shortages. These remote districts have historically been hard to staff, and somescramble to fill as many as half their teaching jobs every year.

These are among the findings of the Institute of Social and Economic Research's assessment of the supply of and demand for teachers in Alaska (see page 12). The president of the University of Alaska and the commissioner of the Alaska Department of Education and Early Development asked ISER to examine whether Alaska has a shortage of teachers and, if so, to provide information that could help policymakers deal with the problem.

We collected and analyzed data from many sources, including the Alaska Department of Education and Early Development, the University of Alaska, and the Alaska Teacher Placement office at the University of Alaska Fairbanks. We also collected new data through interviews and surveys, including a survey of teachers who left their jobs at the end of the 2000-2001 school year and a survey of instructional aides working in urban and rural schools during the 2001-2002 school year.

In this executive summary we first briefly discuss why recruiting and retaining quality teachers for all Alaska schools will be difficult but is crucial. Then we summarize our findings about (1) the variation in teacher turnover across Alaska's school districts; (2) why Alaska teachers leave their jobs; (3) job satisfaction among teachers who leave their jobs; (4) how many teachers graduate in Alaska; and (5) the potential for Alaska instructional aides to become teachers. We conclude with some recommendations about how policymakers might help recruit and keep quality teachers for all Alaska schools.

## Reducing Turnover: Difficult but Crucial

Attempts to reduce the shortages we identified in certain specializations and in certain districts will be complicated by Alaska's heavy dependence on teachers from outside the state. Alaska recruits about 70 percent of its teachers from outside Alaska—which means it competes with other states, especially western states, for teachers with specializations that are in short supply.

National data show that the overall supply of teachers is more than adequate, but that shortages exist in certain specialties—particularly special education and secondary math and science. For example, when the Washington Education Association recently surveyed special education teachers in Washington state, it found that at least one in three special education teachers planned to leave the field within the next five years.<sup>1</sup>

Accomplished teachers with specialties that are in short supply can usually decide for themselves where they will teach. Alaska's school districts are not in a strong competitive position to attract such teachers. Alaska teachers' salaries are comparatively modest, when you consider the state's higher living costs—especially in rural communities, where living costs are higher than in urban Alaska and much higher than in most of the U.S.

And *attracting* teachers to Alaska's schools is only one step: the second step is *keeping* them once we hire them. National data, as well as our own survey data, show that working conditions—everything from class size to school security to professional development opportunities—play a major part in teachers' decisions to stay or go. Personal and family reasons, apart from working conditions or salary, also strongly influence whether teachers stay in their jobs. Not all the factors that affect teacher retention can be influenced by policy changes—but some clearly could.

The implications of high turnover in some rural Alaska districts also go far beyond the costs, administrative difficulties, and lack of continuity districts face when they have to replace so many teachers every year. Recent research shows a strong relationship between low teacher turnover and higher-than-average student achievement.<sup>2</sup> Results from Alaska's High School Graduation Qualifying Examination confirm that many of the remote rural districts where

students have fared poorly on the test are precisely those that have experienced the highest rates of teacher turnover. Addressing the turnover problem will not likely be sufficient, by itself, to improve student achievement in these districts—but it may well be a necessary condition.

The recent federal No Child Left Behind legislation also underlines the importance of reducing teacher turnover, if we assume lower turnover would help improve student achievement. The new federal law requires accountability among states “to ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging state academic achievement standards and state academic assessments.”

If a state fails to improve achievement among disadvantaged students, the U.S. Department of Education can reduce the amount of federal money the state may use for administration of Elementary and Secondary Education Act (ESEA) programs. Therefore, failing to improve student achievement at schools that don't meet academic standards will have profound consequences not only for the communities and the districts in which these schools are located, but for the state as a whole.

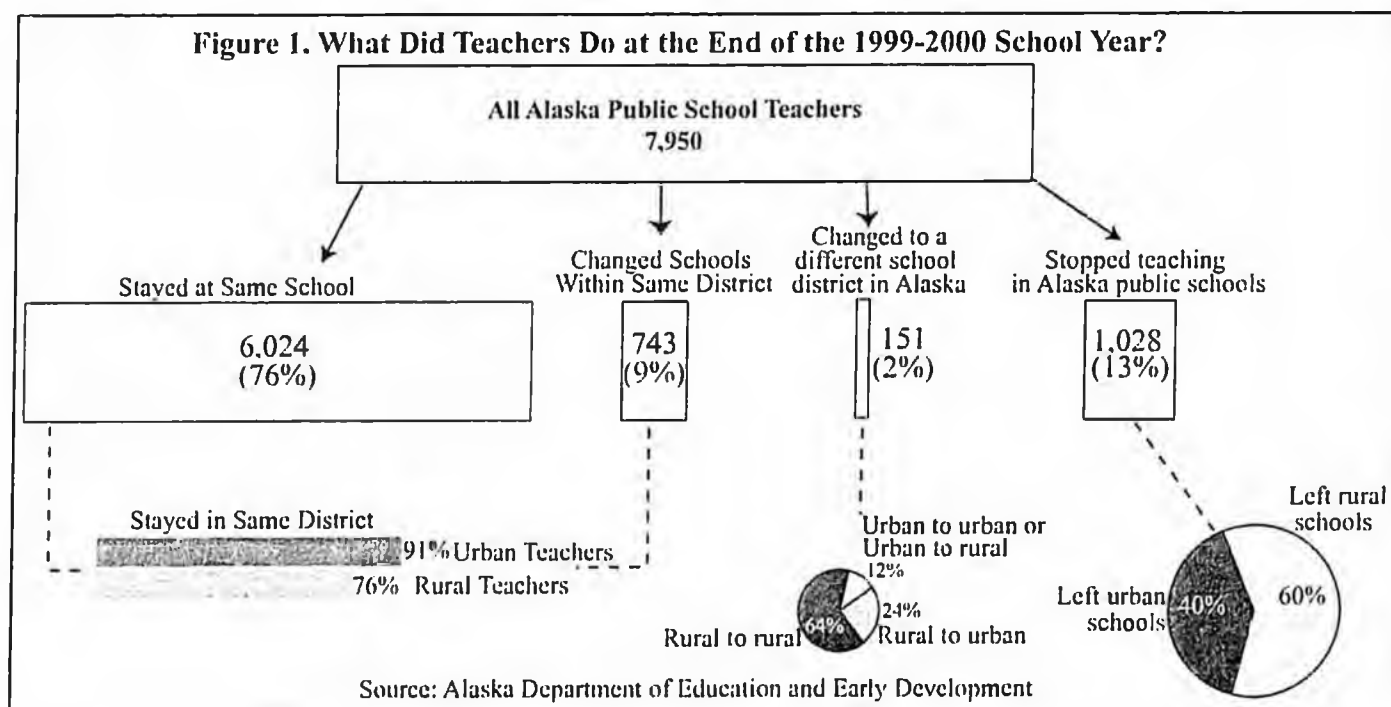
### Teacher Turnover: Higher in Most But Not All Rural Districts

Of Alaska's 53 school districts, we classified the four largest—Anchorage School District, Fairbanks North Star Schools, Juneau Borough Schools, and Mat-Su Schools—as urban. Two thirds of Alaska's teachers work in those districts.

The other 49 districts we classified as rural. Only about a third of Alaska's teachers work in rural districts—but in recent years those districts have hired more than half of all new teachers. The next several figures make it plain why rural districts hire a disproportionate share of new teachers: many—but not all—rural districts lose more teachers every year than urban districts do.

Figure 1 paints the broad picture of mobility among Alaska's public school teachers, and it offers the first evidence that teacher turnover is much more of a problem for rural than for urban schools. At the end of the 1999-2000 school year:

- *Most teachers stayed put*—85 percent stayed either in the same school or the same district to teach the coming year. But only 76 percent of rural teachers stayed in the same district, compared with 91 percent of urban teachers.
- *Relatively few teachers changed districts within Alaska*, but those who did were mostly rural teachers who moved to other rural districts.
- *About 60 percent of those who quit teaching in Alaska public schools were from rural districts*. Keep in mind that these are teachers who quit teaching in Alaska public schools; some are now teaching elsewhere.



Map 1 adds to the picture of teacher turnover, showing that not all Alaska districts and not even all rural districts have high turnover. To clarify which rural districts have higher or lower turnover, we divided them into three groups: (1) those with average annual turnover of 15 percent or less; (2) those with annual turnover between 16 and 29 percent; and (3) those with annual turnover of 30 percent or more. Turnover rates in districts with few teachers can change sharply from year to year, if just a few more teachers stay or leave; we attempted to compensate for such chance variation by using 5-year average turnover rates. The map on page 4 shows:

- *Urban districts have annual turnover rates between 8 and 14 percent, around national averages.*

- *About a third of rural districts have turnover rates as low or lower than those in urban districts. Some of those districts are on the road system, but a number are coastal communities off the road system in southcentral and southeast Alaska.*

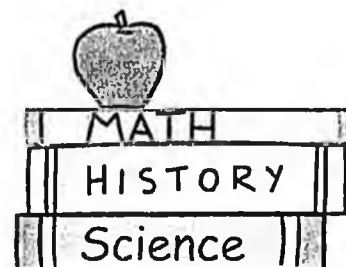
- *Most districts with the highest turnover rates—from 30 to 50 percent annually—are clustered in remote areas of the interior. Many districts in western and northern Alaska have somewhat lower but still high teacher turnover rates.*

- *Not all districts fit the pattern. For example, while many districts in southeast Alaska have relatively low rates, Skagway's rate falls among the highest. And conversely, the Bristol Bay district in southwest Alaska has lower turnover than Juneau.*

Figure 2 on page 5 shows some measures of difference among districts with higher and lower teacher turnover.

- *Urban districts and rural districts with low turnover have lower costs per student, higher household incomes, more experienced teachers, and smaller Alaska Native populations.*

- *Districts with the highest turnover have the highest costs per student, the lowest household incomes, the least experienced teachers, and the largest Native populations.*



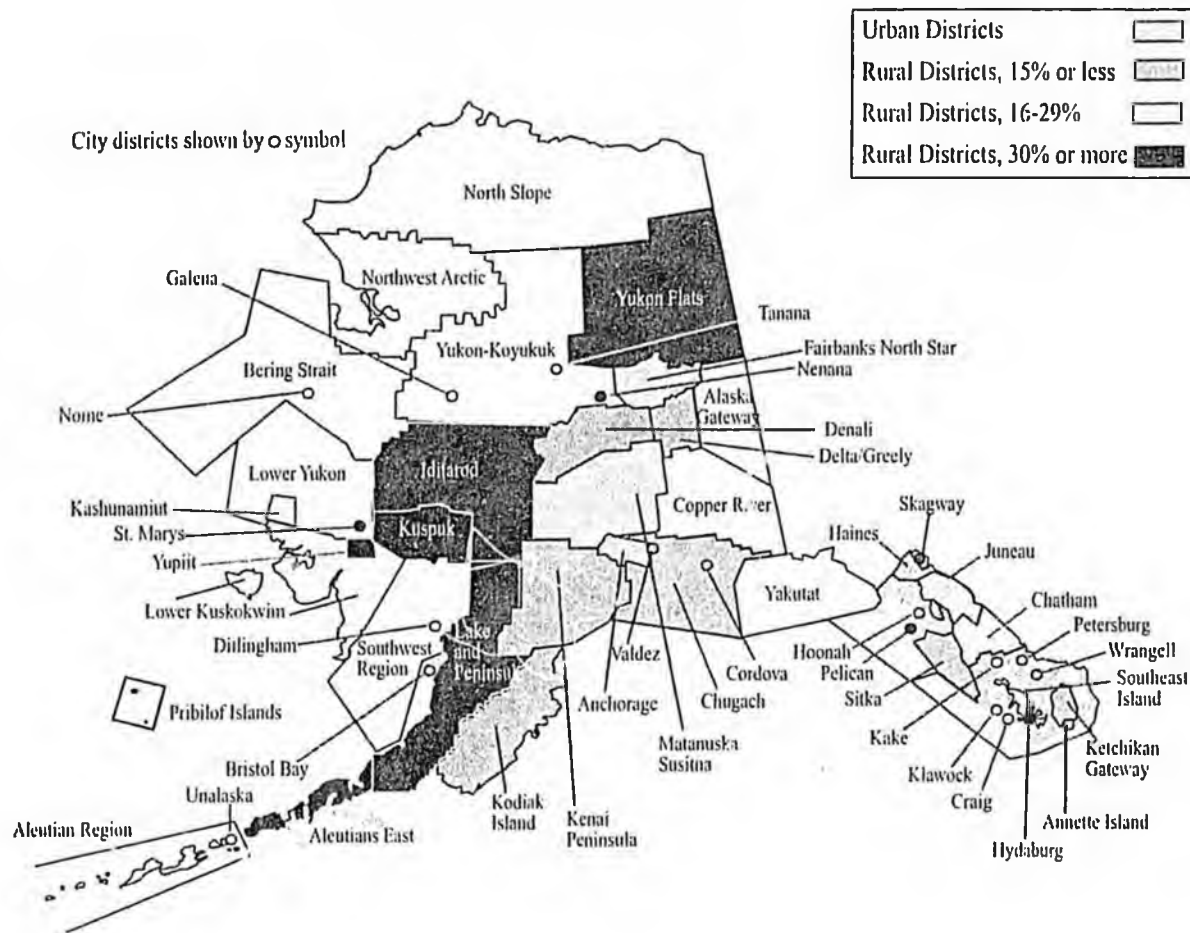
**Map 1. Alaska School Districts, By Average Annual Teacher Turnover Rate, 1996-2000**

Urban Districts	Average Turnover Rate, 1996-2000
Fairbanks North Star Schools	6%
Matanuska-Susitna Schools	8%
Anchorage School District	10%
Juneau Borough Schools	14%

Rural Districts, 15% or less	Average Turnover Rate, 1996-2000
Delta/Greely Schools	3%
Klawock City Schools	3%
Hoonah City Schools	7%
Kenai Peninsula Schools	8%
Sitka Borough Schools	9%
Bristol Bay Borough Schools	9%
Valdez City Schools	9%
Kodiak Island Borough Schools	9%
Petersburg City Schools	9%
Ketchikan Gateway Schools	10%
Wrangell City Schools	11%
Haines Borough School District	12%
Chugach Schools	13%
Cordova City Schools	14%
Annette Island Schools	14%
Tanana City Schools	14%
Denali Borough Schools	15%

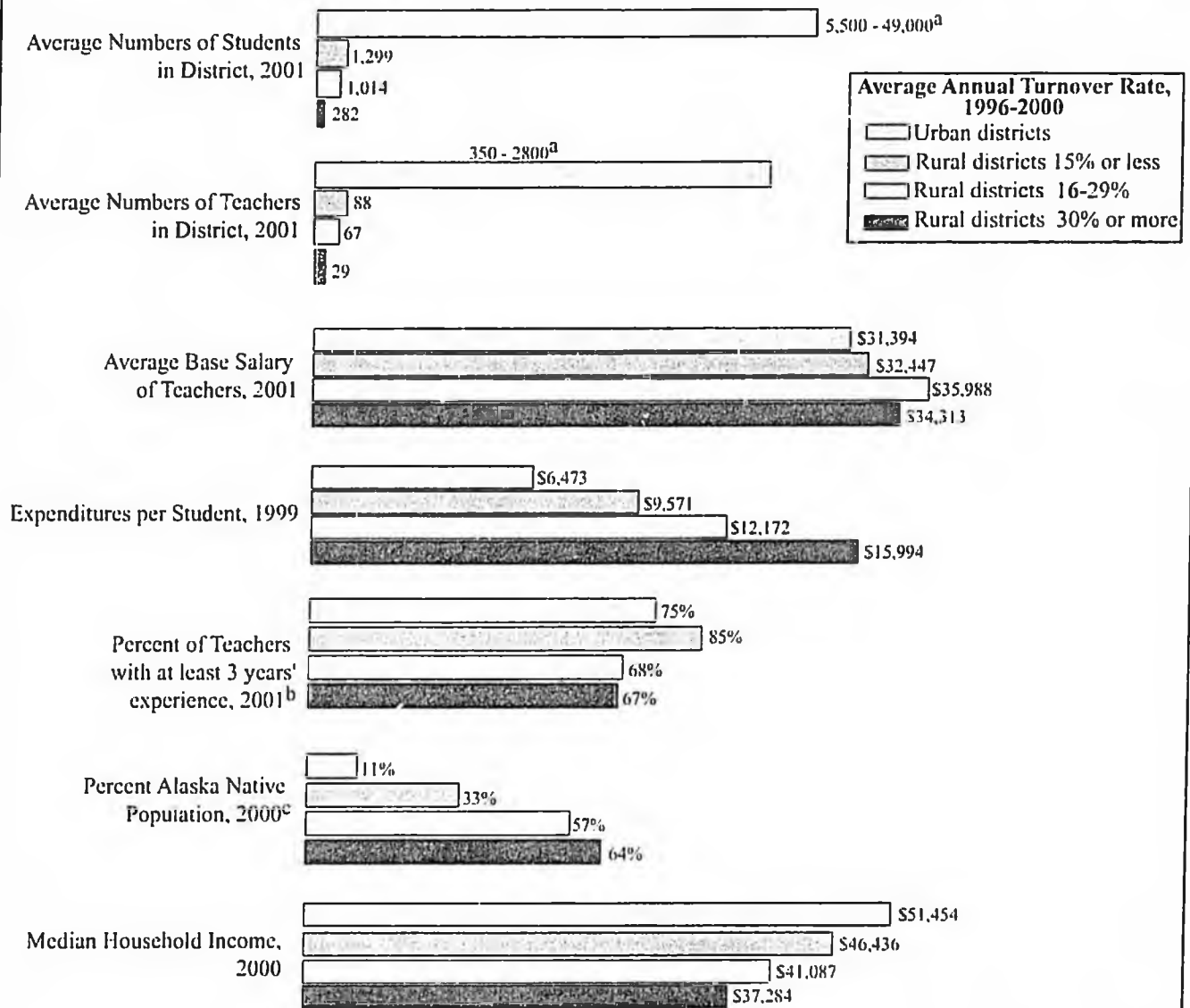
Rural Districts, 16-29%	Average Turnover Rate, 1996-2000
Kake City Schools	17%
Copper River Schools	17%
Alaska Gateway Schools	18%
Lower Kuskokwim Schools	18%
Nome City Schools	19%
Craig City Schools	21%
Dillingham City Schools	22%
Southwest Region Schools	22%
Lower Yukon Schools	22%
Unalaska City School District	23%
Southeast Island Schools	23%
North Slope Borough Schools	25%
Northwest Arctic Schools	26%
Yukon Koyukuk Schools	26%
Aleutian Region Schools	27%
Kashumaniut School District	28%
Galena City Schools	28%
Chatham Schools	29%
Yakutat School District	29%
Bering Straits Schools	29%

Rural Districts, 30% or more	Average Turnover Rate, 1996-2000
Nenana City Schools	30%
Kuspuk Schools	30%
Pribilof School District	30%
Skagway City Schools	31%
Yukon Flats Schools	31%
Iditarod Area Schools	33%
Lake and Peninsula Schools	36%
Pelican City Schools	37%
Aleutians East School District	37%
Yupit School District	39%
Hydaburg City Schools	40%
Saint Marys School District	50%



Source: ISER calculations from Alaska Teacher Placement data

**Figure 2. Comparing Characteristics of Districts, By Average Annual Turnover Rate, 1996-2000**



<sup>a</sup>For urban districts, we show the range rather than the average, which is misleading because Anchorage has many times more teachers and students than any other district.

<sup>b</sup>The proportion of experienced teachers in the low-turnover rural districts is significantly higher than in the other districts.

<sup>c</sup>We calculated the proportion of Alaska Natives within district groups by giving equal weight to each community within the district, regardless of total population, and then averaging across districts. This method reveals the average Native population at the *community* level—which is the measure most relevant to this study.

Sources: Alaska Teacher Placement; Alaska Department of Education and Early Development; Alaska Department of Community and Economic Development; U.S. Bureau of the Census

**Why Teachers Leave Jobs: Personal and Professional Reasons**

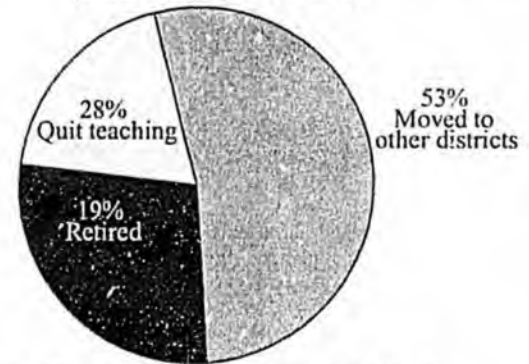
Having looked at how many teachers leave their jobs, we then looked at why they leave. We surveyed a sample of 239 teachers who left their jobs in Alaska schools at the end of the 2000-2001 school year. We had a 51 percent response rate from the urban surveys and a 59 percent response rate from the rural surveys. Figures 3 through 7 summarize what we they told us.

- More than half the teachers who left their jobs after the 2000-2001 school year moved to new districts—either in Alaska or elsewhere—while about 28 percent quit teaching and the remaining 19 percent retired (Figure 3).

- Rural teachers were more likely to leave their jobs to teach elsewhere, while urban teachers were more likely to retire. Roughly equal shares of urban and rural teachers also said they left their jobs to work outside education or to care for family members (Figure 4).

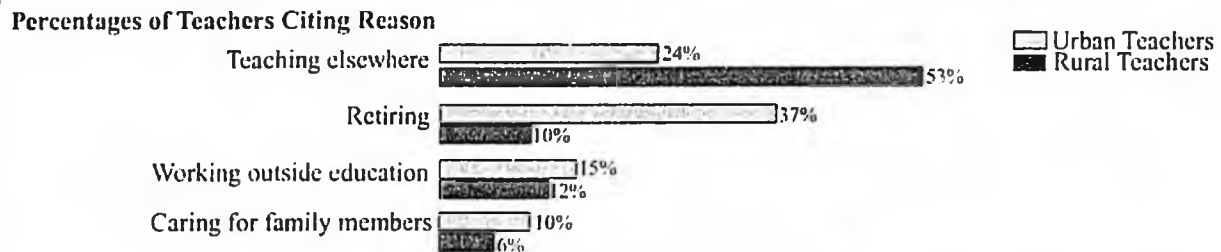
- Most teachers who retired said they did so because they became eligible for pensions. But more than half also said they were unhappy with some aspect of their jobs (Figure 5). Our sample of retiring teachers was so small that we didn't look separately at responses of urban and rural teachers.

**Figure 3. Composition of Alaska Teacher Turnover (Urban and Rural Teachers)**



Source: ISER survey of exiting Alaska teachers, 2001-02

**Figure 4. Top Reasons Why Alaska Teachers Left Jobs, 2000-01 (Includes all Teachers Who Moved to Other Districts, Retired, or Quit Teaching)**



Source: ISER survey of exiting teachers, 2001-02 N=112

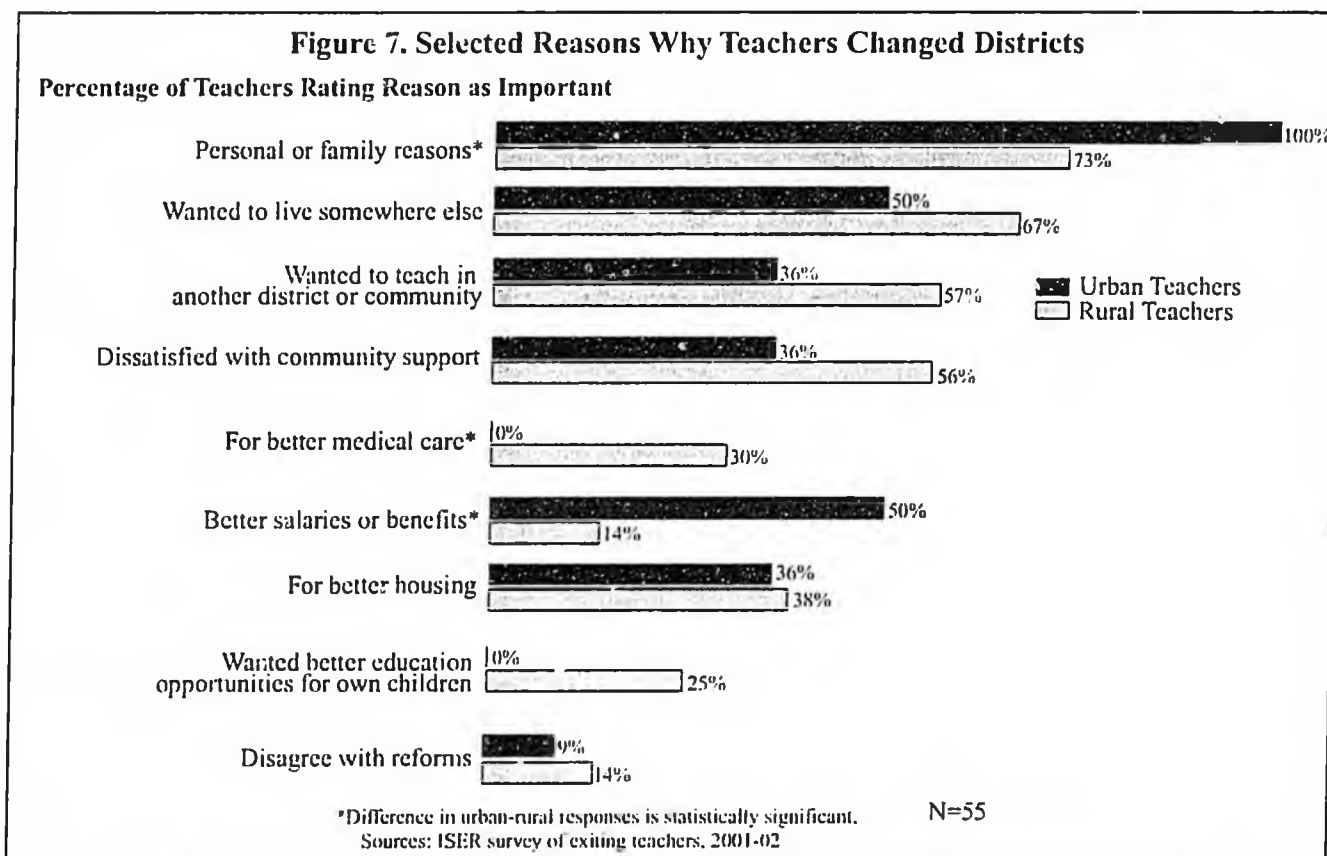
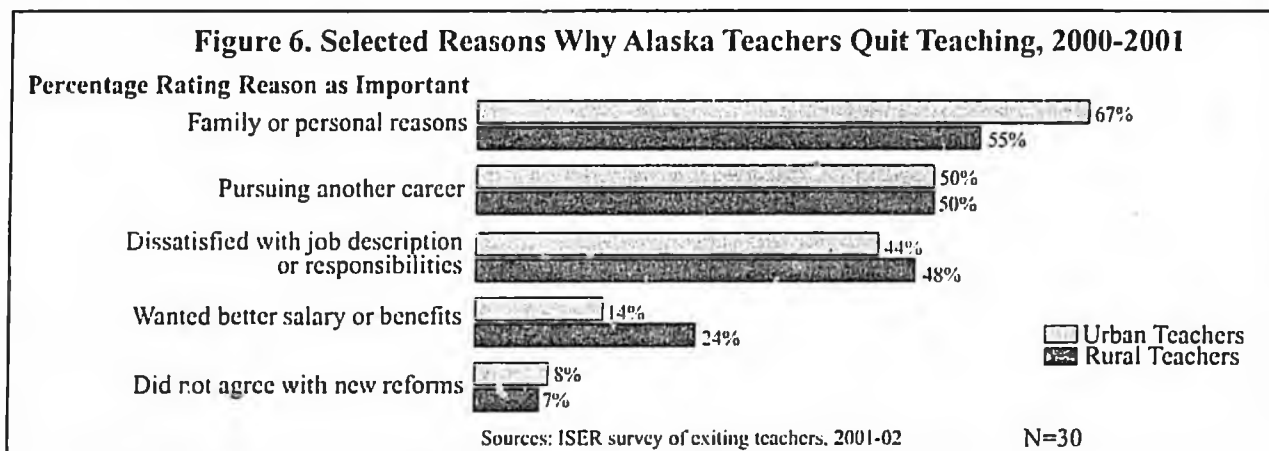
**Figure 5. Selected Reasons Alaska Teachers Retired, 2000-01 (Percentages of Retiring Teachers Citing Reason As Very Important or Important)**

Urban and Rural Teachers	
Became eligible to receive full pension	71%
Dissatisfied with job description or responsibilities	59%
Dissatisfied with CHANGES in job description or responsibilities	57%
Retired for family or personal reasons	55%
Dissatisfied with teaching as a career	50%

Source: ISER survey of exiting teachers, 2001-02 N=21

- More than half those who quit teaching—including both urban and rural teachers—cited family and personal reasons or pursuing another career (Figure 6). Nearly half were also dissatisfied with their jobs. But less than one-quarter were unhappy with their pay or benefits.

- Urban and rural teachers changed districts for significantly different reasons (Figure 7). All urban teachers cited family or personal reasons, while only about three-quarters of rural teachers did. A third of rural movers were looking for better medical care, while virtually no urban movers were. And half of urban movers wanted better pay or benefits, while only about 15 percent of rural movers did.



### Job Satisfaction: Teachers Who Left Happy With Some Aspects of Job

We also wondered how large a part job dissatisfaction played in teachers' decisions to leave. So in our survey we asked teachers who left their jobs—including all those who changed districts, quit teaching, or retired—how satisfied or dissatisfied they were with a wide range of their job conditions (Figure 8). Many teachers from both urban and rural schools were surprisingly positive about a number of aspects of the schools they were leaving.

- More than half of both urban and rural teachers were satisfied with their school's emphasis on academic success, as well as with opportunities for professional development and pay and benefits. However, rural teachers were significantly more likely than urban teachers to be satisfied with their pay and benefits.

- Given the recent school security issues in some rural districts, it is noteworthy that more than 60 percent of rural teachers said they were satisfied with their schools' security policies and more than eight in ten reported feeling safe in their schools. These responses were similar to those of urban teachers.

- Student behavior made both urban and rural teachers unhappy: nearly two-thirds said student behavior was a problem at their schools.

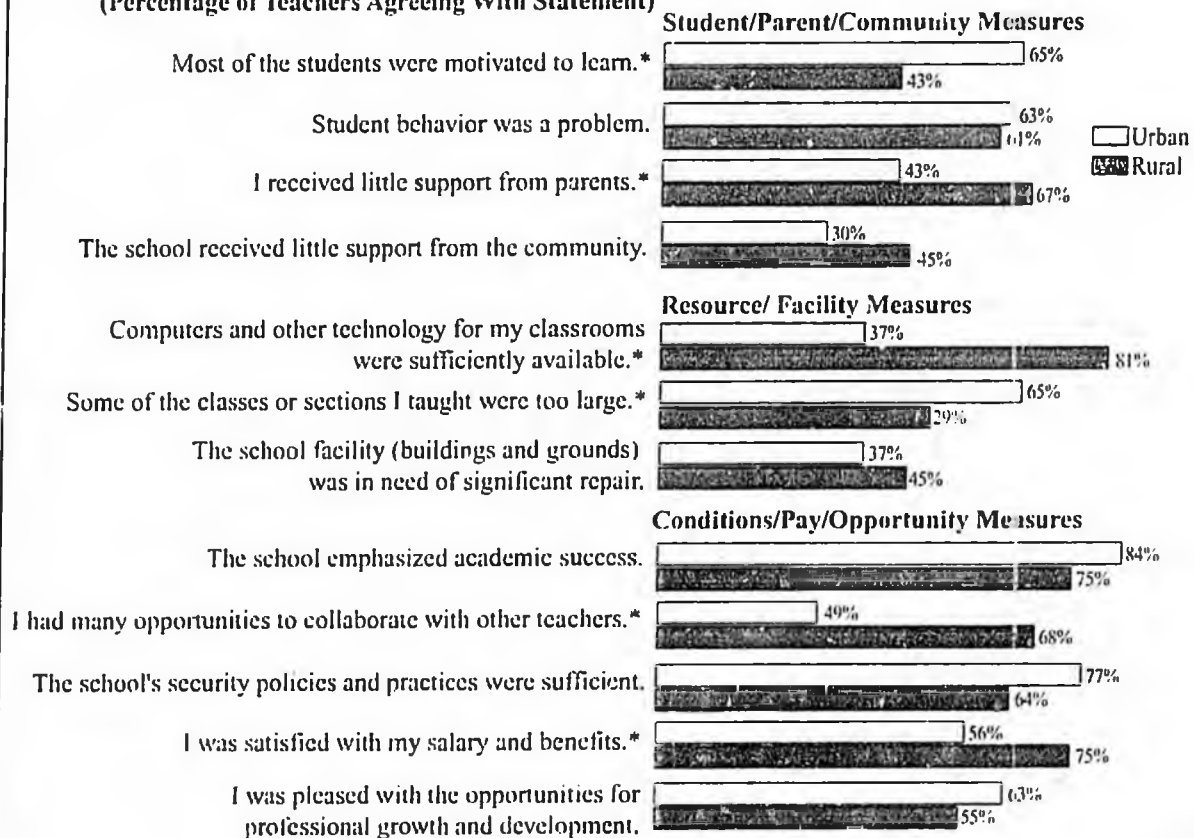
- Rural teachers were more likely to be dissatisfied with the motivation of students to learn, the support they received from parents and the community, and the opportunities to collaborate with other teachers.

- Urban teachers were more likely to say their classes were too large and that they didn't have enough computers and other instructional resources for their classrooms.

- These results support findings of national studies that emphasize the role working conditions—rather than primarily salary and benefits—play in teachers' decisions about staying or leaving.<sup>3</sup>

**Figure 8. Job Satisfaction Among Teachers Who Left Their Jobs, 2000-2001**  
(Includes all Teachers Who Moved to Other Districts, Retired, or Quit Teaching)

(Percentage of Teachers Agreeing With Statement)



\*Difference in urban-rural responses is statistically significant.  
Source: ISER survey of exiting teachers, 2001-2002

N=112

### Teacher Production: Fewer Teachers Graduating in Alaska

Some policymakers hope that Alaska can alleviate the shortages of teachers in some schools and some specialties by producing more teachers in Alaska. We examined data on numbers of elementary and secondary teachers graduating from Alaska's colleges and universities in recent years. Most elementary and all secondary teacher graduates come from University of Alaska programs; Alaska Pacific University and Sheldon Jackson College graduate a few elementary teachers each year.

- Numbers of both elementary and secondary teachers graduating from Alaska institutions dropped sharply in recent years. Still, with the exception of some remote rural districts, Alaska schools typically have adequate numbers of elementary teachers.

- The large drop in numbers of secondary teachers graduating in Alaska—down from 127 in 1997-98 to 62 in 2000-01—is more worrisome, because shortages of secondary teachers are greater (Figure 9.) We don't have the data to explain this decline in secondary graduates.

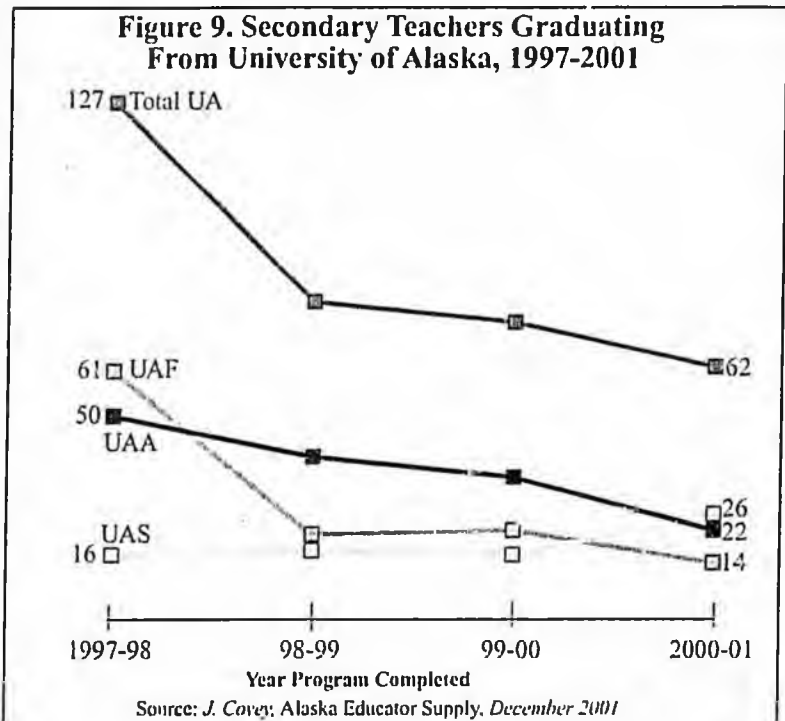
- Alaska certifies less than a third of the new special education teachers school districts need every year. All Alaska districts combined hired, on average, 52 special education teachers annually from 1996 to 2000. The University of Alaska Anchorage (the only certification program in Alaska) averaged about 15 special education graduates annually over the same period.

### Instructional Aides: A Possible Source of Teachers, but Many Obstacles

With Alaska facing a shortage of teachers in remote districts, some policymakers are considering another pool of potential teachers: instructional aides. For remote rural districts that often suffer turnover rates of 25 percent or more a year, supporting resident instructional aides who want to become teachers seems an obvious strategy.

To learn about instructional aides working in Alaska classrooms, ISER surveyed a sample of urban and rural aides in the 2001-2002 school year. We asked them about educational levels and demographic characteristics and whether they were interested in becoming teachers—and if so, what impediments they saw to becoming certified.

We mailed out 249 surveys and received 103 responses. Among aides in urban schools, the response rate was 45 percent and among aides in rural schools 35 percent. We tried unsuccessfully to increase that response rate. Still, we think enough aides responded to provide useful information.



Figures 10 and 11 summarize aides' demographic and educational characteristics:

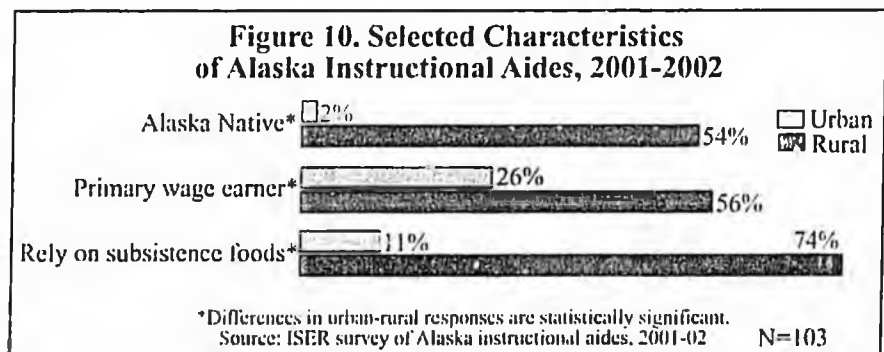
- Almost all instructional aides in both urban and rural schools are women, and three quarters are married.

- Rural aides have on average nine years' experience, compared with about six years among urban aides.

- Rural aides are far more likely to be Alaska Native, to be the primary wage earners in their families, and to rely on subsistence foods (Figure 10).

- Nearly 4 in 10 rural aides have only a high-school education, compared with about 1 in 10 urban aides (Figure 11).

- Only about 20 percent of rural aides and less than half of urban aides have the level of education required by the new No Child Left Behind law. Within the next few years, all aides paid with federal Title I money (which is money for economically disadvantaged students) will be required to have either two years of college education or to demonstrate requisite skills on a "formal state or local academic assessment."



We asked aides whether they were working toward or interested in earning degrees—and if so, what impediments they saw. Those impediments are numerous, and many are different for rural than for urban aides (Figure 12). Aides reported:

- *Money for tuition is a problem for virtually everyone.*
- *Availability of courses in their communities is a problem for more than three quarters of rural aides and just over half of urban aides.*

- *Many rural aides lack college-level reading and writing skills: nearly two-thirds of rural aides said they could not write at the college level and about a third said they could not read at the college level.*

- *Nearly two thirds of urban aides said school superintendents and school boards would not support aides' efforts to get degrees.*

- *Finding affordable child care would be another hurdle, according to more than a quarter of urban aides and nearly half of rural aides.*

