



1615 HOUSE RULES

FISCAL NOTE

**STATE OF ALASKA
2005 LEGISLATIVE SESSION**

Fiscal Note Number: 1
 Bill Version: CSHB 249(CRA)
 (H) Publish Date: 4/12/05

Revision Date/Time (Note if correction): _____ Dept. Affected: Public Safety
 Title: "An Act relating to enhanced 911 surcharges
imposed by a municipality." RDU: Alaska State Troopers
 Component: AST Detachments
 Sponsor: Representative Hawker
 Requester: House Community & Regional Affairs Component No. 2325

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2005) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Passage of this bill will have no fiscal impact on the Department of Public Safety.

The bill allows municipalities to increase the surcharge that is collected related to the enhanced 911 systems. The bill would require that the surcharge be imposed by ordinance approved by the voters of the enhanced 911 service area.

Prepared by: Lieutenant Todd Sharp Phone 907-465-3223
 Division: Alaska State Troopers Date/Time 4/8/05 2:40 PM
 Approved by: Commissioner William Tandeske Date 4/8/2005
 Agency: Department of Public Safety

Representative Mike Hawker

Alaska State Legislature



House Bill 249 Sponsor Statement

Session:

State Capitol
Juneau, AK 99801
907 465-4949 direct
800 478-4950 toll free
907 465-4979 fax

Interim:

716 W 4th Avenue
Anchorage, AK 99501
907 269-0244 office
907 269-0248 fax

Member:

House Finance Committee
Legislative Budget
& Audit Committee

House District 32:

Eagle River
Anchorage
Rainbow
Indian
Bird
Girdwood
Portage
Whittier
Seward
Hope

"An Act relating to enhanced 911 surcharges imposed by a municipality."

House Bill 249 is simply about saving lives. The "dial 911" emergency services dispatch system is every Alaskan's lifeline. Access to a modern 911 system can be the difference between life and death. HB 249 authorizes the funding mechanisms municipalities need to deliver Enhanced 911 (E-911) services. HB 249 also incorporates limitations protecting taxpayers from excessive charges.

E-911 systems have dramatically improved nationwide emergency response capabilities by utilizing Global Positioning System (GPS) technology to identify the telephone number and location of the caller. E-911 systems direct calls to the appropriate Public Safety Answering Point (PSAP) and automatically provide identifying information to the answering operator. Automatic location notification is critical when a caller is incapacitated or disoriented.

Current statutory caps on the amount municipalities may surcharge telephone services to pay for 911 systems have limited Alaskan communities to Basic 911 services that lack the important technological improvements of E-911. House Bill 249 provides the authority municipalities need to provide E-911 services within constraining parameters to protect their taxpayers.

I appreciate your consideration of this important public safety legislation.

Representative Mike Hawker

Alaska State Legislature



MEMORANDUM

Session:

State Capitol
Juneau, AK 99801
907 465-4949 direct
800 478-4950 toll free
907 465-4979 fax

Interim:

716 W 4th Avenue
Anchorage, AK 99501
907 269-0244 office
907 269-0248 fax

Member:

House Finance Committee
Legislative Budget
& Audit Committee

House District 32:

Eagle River
Anchorage
Rainbow
Venetian
Ford
Girdwood
Portage
Whittier
Seward
Hope

Date: April 28, 2005

To: House Rules Committee

From: Representative Mike Hawker

Re: Changes in work draft CS for HB 249

House Bill 249 raised the cap on the surcharge to \$2; allowed a municipality to exceed the cap with voter approval; and required the surcharge to be assessed equally for wireline and wireless telephone lines.

CS House Bill 249 (CRA) added language requiring the borough to share revenue with each city that incurs costs for E-911.

CS House Bill 249 (L&C) made the following changes:

- Adds new sections 1, 5 and 6, which expand the statutory references in current law to include new sections added by this bill and repeal a section made redundant by this bill.
- Rewords the voter approval language on page 2, lines 8-9 (the new language is on page 2, lines 13-14). No substantive change.
- Deletes the amendment adopted in the House CRA committee (see above). This is replaced by new subsection (j) in section 3.
- Adds language requiring notification when a municipality imposes or changes the surcharge. Requires the telephone companies to provide the notice with the municipality bearing the costs.
- Adds section 3, which clarifies what the surcharge may be used to pay and requires a borough that collects the surcharge and a city that incurs costs for enhanced 911 services to agree to duties, responsibilities and revenue distribution before spending revenue from the surcharge.
- Adds section 4, which allows a municipality to pass an ordinance requiring multi-line telecommunications systems to update the ALI database.

CS House Bill 249 (RLS) work draft makes the following changes:

- Removes the language regarding how telephone companies and municipalities provide the notice required in Sec. 2.
- Makes conforming language changes in Sec. 4.

Representative Mike Hawker

Alaska State Legislature



Session:

State Capitol
Juneau, AK 99801
907 465-4949 direct
800 478-4950 toll free
907 465-4979 fax

Interim:

716 W 4th Avenue
Anchorage, AK 99501
907 269-0244 office
907 269-0248 fax

Chairman:

House Special Committee
On Ways & Means

Member:

House Finance Committee
Legislative Budget
& Audit Committee

House District 32:

Eagle River
Anchorage
Rainbow
Indian
Bird
Girdwood
Portage
Whittier
Sunrise
Hope

Fact Sheet for House Bill 249

Short Title: ENHANCED 911 SURCHARGES

Current Version: CS HB 249

Contact: Juli Lucky 465-4949

Summary:

- increases the amount that can be charged for enhanced 911 (E-911) services to \$2 per line. (Current caps are based on municipal population - \$.75 communities with fewer than 100,000 people and \$.50 for larger communities.)
- Provides a mechanism for a municipality to raise the cap with voter approval.
- Removes statutory language that provides for different rates based on a municipality's population.
- Requires equal surcharges for wireless and wireline telephone services.
- Requires a borough that imposes an enhanced 911 surcharge to share revenue with each city in the enhanced 911 service area that incurs costs.

Benefits:

- Allows municipalities to collect sufficient revenue to implement and maintain E-911 systems.

Background:

E-911 systems have dramatically improved public safety across the nation. Among other benefits, the new systems use Global Positioning System (GPS) technology to track a caller's location and phone number. This saves time, which can mean the difference between life and death in an emergency situation.

The current allowable amount for surcharges is inadequate to fund the E-911 system. Raising the amount and removing statutory language that creates different tiers of surcharges based on location and type of phone services will allow Alaskan communities to provide life-saving, enhanced 911 services with everyone paying an equitable share.

Revised 4/22/2005

I am a dispatcher with the Anchorage Police Department (APD) and am currently assigned to our E911 upgrade project. This project brings MOA updated phone systems, a new mapping system to allow tracking of 911 calls from GPS-equipped cell phones, and a much more accurate automatic location information (ALI) database. The ALI database provides the call taker an address when a caller phones 911 from a landline.

I would like to express support of HB249. This bill allows municipalities to raise monies earmarked specifically for their 911 system. There is a serious problem, both statewide and nationally, with recruitment and retention of qualified, professional dispatchers. Additional funding of 911 systems would allow salaries to remain competitive. This ability to earmark funds also provides a safeguard during budget woes that would normally have a negative impact to hiring. Since becoming a dispatch employee in 1989, our center has endured multiple hiring freezes, beginning in the 1980's that to this day still impact my center.

The funding would allow many departments to offer training that is normally unavailable due to staffing and monetary issues. Dispatch employees face a variety of difficult situations while answering 911 calls. One moment a dispatch employee may speak with a victim of domestic violence and the next moment find themselves speaking with a caller about threat to national security. Diversifying training is a key step in lowering liability for individual centers and expanding skill sets for dispatch employees. Just as staffing has become a national problem, ongoing, varied training is lacking.

Karen A Kurtz
Anchorage Police Dispatch
786-8646 or at EOC 343-1466

To the Committee:

I am the manager of the Emergency Communications Center for the Anchorage Police Department. We currently serve over 270,000 residents and are about to implement an upgraded E9-1-1 system with Phase II (cellular phone) service soon to follow. Please consider the following comments, which strongly support House Bill 249.

- * The Anchorage Police Department's Emergency Communications Center is currently operating at a significant deficit because of the high cost of upgrading the E9-1-1 system to Phase II standards. It will continue to cost more in the future to maintain this system.

- * The cost of maintaining the E9-1-1 Location Information (ALI) database alone has quadrupled to \$66,000 per month, an amount that can and should be recovered through an adequate user surcharge.

- * Emergency centers nationwide have implemented E9-1-1 surcharges for up to as much as \$4.00 per phone line in order to recover costs and avoid having taxpayers who may not even have the service provide the funding for those who do.

- * The monies from this surcharge are dedicated solely to E9-1-1 operations throughout the state.

Thank you for allowing me to express my views in support of the bill.

Sgt. Richard O. Stouff, Manager

Anchorage Police Department Emergency Communications Center



AT&T Alascom

210 East Bluff Drive
Anchorage AK 99501-1100

February 24, 2005

Senator Con Bunde
Alaska State Senate
State Capitol
Room 506
Juneau, AK
99801-1182

RE: CS for Senate Bill No. 100 (L&C)

Dear Senator:

Thank you for sponsoring SB 100

AT&T Alascom has been following the issue of enhanced 911 surcharges with interest and some concern since last year.

CS for SB 100 (L&C), with the \$2.00 per line ceiling, and provisions to exceed that with voter approval, represents a fair compromise.

Thanks for your work on this important issue.

Sincerely,

A handwritten signature in cursive script that reads "Kristi Catlin".

Kristi Catlin

Director, Government Relations



February 14, 2005

Senator Con Bunde
Chairman
Senate Labor and Commerce Committee
State Capitol, Rm. 506
Juneau, Alaska 99801-1183

GCI is writing in support of SB 100 sponsored by Senator Con Bunde for enhanced 911 surcharges.

1. GCI supports SB 100 because this bill has defined limits on the use of the surcharge so that only essential 911 services may be funded through this mechanism.
2. GCI supports SB 100 because it does include a cap not exceeding \$2.00. This cap may be raised or lowered only through a municipal election.
3. GCI supports SB 100 because of the parity of charging both the wireline customer and the wireless customer equally.

If you have any questions at all, please do not hesitate emailing or calling Dana Tindall.
DTindall@GCI.COM : Telephone number: 1-907-868-5602.

Sincerely,

A handwritten signature in cursive script that reads "Dana Tindall".

Dana Tindall
Senior Vice President
Legal and Regulatory
And Governmental Affairs



217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

February 13, 2005

Senator Con Bunde
Alaska State Legislature
State Capitol
Juneau, AK 99801

Re: SB 100

Dear Senator Bunde,

Thank you for sponsoring SB 100, relating to the surcharge local government may impose on telephones for emergency E-911 services. This bill, when enacted, will help improve local government's ability to promptly respond to life and health threatening emergencies.

Although emergency communications technology has improved considerably in recent years, the added costs combined with reduced state shared revenues has made it difficult for emergency service providers to keep up with the advancements. SB 100 would provide another user fee tool available to help improve these services.

We do have two suggestions for improving the bill. First, AS 29.35.131(a) currently has a differential rate for cities with a population under 100,000. It would be helpful to maintain this differential to allow smaller communities the ability to charge an amount up to \$3.00. While Anchorage has indicated that a \$2.00 surcharge will serve their needs into the future, they can take advantage of economies of scale not available to other smaller communities.

The second provision of concern is the requirement for a local election for any surcharge in excess of the proposed \$2.00 surcharge. We would prefer that the election provision be dropped for two reasons. If the change recommended above is made, municipalities do not anticipate needing additional authority in the foreseeable future. Second, the possible precedent for elections on user fee increases is of obvious concern to communities, and may also be a poor precedent for future state user fee increases as well. We recommend eliminating the language on Page 2, line 8: "...unless the surcharge is imposed by ordinance approved by the voters of the enhanced 911 service area."

Thanks again for introducing this important bill and we offer our support in helping to secure its passage.

Sincerely,

Kevin Ritchie
Executive Director

~~Alaska Telephone Association~~

201 E. 56th, Suite 114
Anchorage, AK 99518
(907) 563-4000
FAX (907) 562-3776
www.alaskatel.org

Greg Barberich
President

James Rowe
Executive Director
jrowe@atcic.net

February 14, 2005

Hon. Con Bunde, Chair
Labor & Commerce Committee
Alaska State Senate
Juneau, Alaska 99801

RE: SB 100

Dear Senator Bunde:

Thank you for introducing SB 100, *An Act relating to enhanced 911 surcharges imposed by a municipality*. The Alaska Telephone Association supports this legislation. The bill is focused and concise. It addresses the need for increased funding by municipalities to provide an enhanced 911 system.

Certainly local telephone companies are not enthusiastic about submitting invoices for increased amounts to their customers. Most customers perceive only the total amount of the monthly charge and are unaware of the reasons for or confused by the multitude of surcharges. We will do our best to inform customers of the safety and emergency services benefits of this specific increase.

This legislation will permit increases – absent prior voter approval – of up to \$1.50 per month. Where the local electorate recognizes a need for an even greater amount of revenue for enhanced 911 services, SB 100 affords that opportunity.

Finally, this legislation requires parity between wireline and wireless providers, which is important in areas where the technologies are competing for customers. For local government to favor one member of industry over its competitor by exempting it from a tax would be inequitable.

The Alaska Telephone Association appreciates the efforts of the sponsor in introducing this compromise legislation. With the \$2 total monthly surcharge cap – sans prior voter approval – we will endeavor to create support for passage this legislative session.

Sincerely,



Jim Rowe

cc: Sen. Ralph Seekins, Vice Chair
Sen. Bettye Davis
Sen. Johnny Ellis
Sen. Ben Stevens



February 14, 2005

Hon. Con Bunde, Chair
Labor and Commerce Committee
Alaska State Senate
Juneau, Alaska 99801

Dear Senator Bunde:

I am writing to express support for SB 100, *An act relating to enhanced 911 surcharges imposed by a municipality*. This legislation addresses our previous concerns because:

1. It allows a municipality to impose a surcharge up to \$2.00 per month for enhanced 911 system charges. This cap is important to MTA because it provides us with the assurance that this surcharge will not get "out of hand."
2. SB 100 provides parity between wireless and wire line providers. In today's telecommunications market we all compete for the same customers, imposing the surcharge on wire line and wireless ensures that one member of industry does not have an unfair competitive advantage over the other.

Again, thank you for working on this important legislation.

Sincerely

Greg Berberich
President

Matanuska Telephone Association Inc.
1740 South Chugach Street
Palmer, Alaska 99645

907.745.3211
800.478.3211 (in Alaska)

Local
Long Distance
Wireless
Business Solutions
Internet
Directory
DTV

HB

273

Adopted & worked out 3/14/06

24-LS0871V
Cook
3/10/06

CS FOR HOUSE BILL NO. 273()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES WEYHRAUCH, Seaton, McGuire, Gatto, Gruenberg, Elkins, Hawker, Wilson, Ramras, Cissna, Thomas, Foster, Anderson, Rokeberg, Moses, Olson, Holm, Chenault, Kelly, Guttenberg

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the dividends of certain individuals claiming allowable absences;
2 and providing for an effective date."

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

4 * Section 1. AS 43.23.005(a) is amended to read:

5 (a) An individual is eligible, or conditionally eligible under AS 43.23.009, to
6 receive one permanent fund dividend for each year in an amount to be determined
7 under AS 43.23.025 if the individual

- 8 (1) applies to the department;
- 9 (2) is a state resident on the date of application;
- 10 (3) was a state resident during the entire qualifying year;
- 11 (4) has been physically present in the state for at least 72 consecutive
- 12 hours at some time during the prior two years before the current dividend year;
- 13 (5) is
- 14 (A) a citizen of the United States;

1 (B) an alien lawfully admitted for permanent residence in the
2 United States;

3 (C) an alien with refugee status under federal law; or

4 (D) an alien that has been granted asylum under federal law;

5 (6) was, at all times during the qualifying year, physically present in
6 the state or, if absent, was absent on¹ as allowed in AS 43.23.008 and met the
7 requirements of AS 43.23.009; and

8 (7) was in compliance during the qualifying year with the military
9 selective service registration requirements imposed under 50 U.S.C. App. 453
10 (Military Selective Service Act), if those requirements were applicable to the
11 individual, or has come into compliance after being notified of the lack of compliance.

12 * Sec. 2. AS 43.23.008(a) is amended to read:

13 (a) Subject to (b) and (c) of this section, an otherwise eligible individual who
14 is absent from the state during the qualifying year remains eligible, or conditionally
15 eligible under AS 43.23.009, for a current year permanent fund dividend if the
16 individual was absent

17 (1) receiving secondary or postsecondary education on a full-time
18 basis;

19 (2) receiving vocational, professional, or other specific education on a
20 full-time basis for which, as determined by the Alaska Commission on Postsecondary
21 Education, a comparable program is not reasonably available in the state;

22 (3) serving on active duty as a member of the armed forces of the
23 United States or accompanying, as that individual's spouse, minor dependent, or
24 disabled dependent, an individual who is

25 (A) serving on active duty as a member of the armed forces of
26 the United States; and

27 (B) eligible for a current year dividend;

28 (4) serving under foreign or coastal articles of employment aboard an
29 oceangoing vessel of the United States merchant marine;

30 (5) receiving continuous medical treatment recommended by a
31 licensed physician or convalescing as recommended by the physician that treated the

1 illness if the treatment or convalescence is not based on a need for climatic change;

2 (6) providing care for a parent, spouse, sibling, child, or stepchild with
3 a critical life-threatening illness whose treatment plan, as recommended by the
4 attending physician, requires travel outside the state for treatment at a medical
5 specialty complex;

6 (7) providing care for the individual's terminally ill family member;

7 (8) settling the estate of the individual's deceased parent, spouse,
8 sibling, child, or stepchild, provided the absence does not exceed 220 cumulative days;

9 (9) serving as a member of the United States Congress;

10 (10) serving on the staff of a member from this state of the United
11 States Congress;

12 (11) serving as an employee of the state in a field office or other
13 location;

14 (12) accompanying a minor who is absent under (5) of this subsection;

15 (13) accompanying another eligible resident who is absent for a reason
16 permitted under (1), (2), (5) - (12), or (14) of this subsection as the spouse, minor
17 dependent, or disabled dependent of the eligible resident;

18 (14) for any reason consistent with the individual's intent to remain a
19 state resident, provided the absence or cumulative absences do not exceed

20 (A) 180 days in addition to any absence or cumulative absences
21 claimed under (3) of this subsection if the individual is not claiming an absence
22 under (1), (2), or (4) - (13) of this subsection;

23 (B) 120 days in addition to any absence or cumulative absences
24 claimed under (1) - (3) of this subsection if the individual is not claiming an
25 absence under (4) - (13) of this subsection but is claiming an absence under (1)
26 or (2) of this subsection; or

27 (C) 45 days in addition to any absence or cumulative absences
28 claimed under (1) - (13) of this subsection if the individual is claiming an
29 absence under (4) - (13) of this subsection.

30 * Sec. 3. AS 43.23 is amended by adding a new section to read:

31 **Sec. 43.23.009. Dividends of individuals with allowable absences. (a)**

1 Notwithstanding other provisions regarding eligibility for and payment of dividends
2 and except as provided in (e) of this section, the dividend of an individual who was
3 absent from the state during the qualifying year as allowed in AS 43.23.008(a)(1) - (8)
4 or (10) - (13) shall be paid to that individual on the first subsequent year that the
5 individual is eligible for a dividend without claiming an allowable absence under
6 AS 43.23.008(a)(1) - (8) or (10) - (13).

7 (b) If an individual who is conditionally eligible for a dividend that has not
8 become payable under (a) of this section fails to be eligible for a subsequent year
9 dividend, the individual's conditional eligibility for the dividend that has not become
10 payable under (a) of this section is terminated, and that dividend may not be paid.

11 (c) If an individual who is conditionally eligible for a dividend that has not
12 become payable under (a) of this section dies before conditional eligibility for the
13 dividend is terminated under (b) of this section, the department shall pay the dividend
14 to a personal representative of the estate.

15 (d) Notwithstanding other provisions, a dividend that has not become payable
16 to an individual under (a) of this section is not subject to levy, execution, garnishment,
17 attachment, or any other remedy for the collection of debt until that dividend becomes
18 payable or is paid to the individual.

19 (e) The dividend for a current year and for the year immediately following the
20 current year shall be paid to an individual each of those years under AS 43.23.055(2)
21 if

22 (1) without claiming an allowable absence under AS 43.23.008(a)(1) -
23 (8) or (10) - (13), the individual was eligible for a dividend for the year immediately
24 preceding the qualifying year for the current year;

25 (2) the individual was absent from the state during the qualifying year
26 for the current year as allowed in AS 43.23.008(a)(1) - (8) or (10) - (13); and

27 (3) the individual is otherwise eligible for the dividend.

28 * Sec. 4. AS 43.23.025(a) is amended to read:

29 (a) By October 1 of each year, the commissioner shall determine the value of
30 each permanent fund dividend for that year by

31 (1) determining the total amount available for dividend payments,

1 which equals

2 (A) the amount of income of the Alaska permanent fund
3 transferred to the dividend fund under AS 37.13.145(b) during the current year;

4 (B) plus the unexpended and unobligated balances of prior
5 fiscal year appropriations that lapse into the dividend fund under
6 AS 43.23.045(d);

7 (C) less the amount necessary to pay prior year dividends from
8 the dividend fund in the current year under AS 43.23.005(h), 43.23.009, and
9 under AS 43.23.055(3) and (7);

10 (D) less the amount necessary to pay dividends from the
11 dividend fund due to eligible applicants who, as determined by the department,
12 filed for a previous year's dividend by the filing deadline but who were not
13 included in a previous year's dividend computation;

14 (E) less appropriations from the dividend fund during the
15 current year, including amounts to pay costs of administering the dividend
16 program and the hold harmless provisions of AS 43.23.075;

17 (2) determining the number of individuals eligible to receive a
18 dividend payment for the current year and the number of estates and successors
19 eligible to receive a dividend payment for the current year under AS 43.23.005(h); and

20 (3) dividing the amount determined under (1) of this subsection by the
21 amount determined under (2) of this subsection.

22 * Sec. 5. This Act takes effect January 1, 2007.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 273(STA)
(H) Publish Date: 1/30/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title: PFD: Delayed payments for eligible al RDU: Revenue Programs & Support
Component: Permanent Fund Dividend
Sponsor: Weyh, auch, et al
Requester: _____ Component No. 981

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2005) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 273 delays payment of dividends for Alaskans who are out of state on allowable absences until the individual returns to Alaska for one year without allowable absences. If an individual fails to otherwise maintain eligibility for any year, the individual's eligibility for the delayed dividends is terminated and the delayed dividends will not be paid.

PFD will review all applications for those with allowable absences exceeding 180 days, determine eligibility, and send payment for those who are otherwise eligible. In 2004, approximately 17,000 applicants were out of state for more than 180 days on allowable absences.

Prepared by: Sharon Barton Phone 907-465-4785
Division: Permanent Fund Dividend Date/Time 1/6/06 3:19 PM
Approved by: Jerry Burnett Date 1/6/2006
Agency: Department of Revenue

FISCAL NOTE # 1

**STATE OF ALASKA
2005 LEGISLATIVE SESSION**

BILL NO. CSHB 273(STA)

ANALYSIS CONTINUATION

PFD will calculate and reserve in the Permanent Fund Dividend Fund the amount needed to pay delayed dividends each year. Funds for delayed payments for those who do not return to the state will be released each year as appropriate and included in the dividend calculation for that year.

Interest earned on funds held for delayed payments will be deposited in the General Fund.

PFD records indicate "failure to return" rates for the four largest absentee groups as follows:

Accompanying others	81%
Active military	66%
Students	64%
Medical	40%

Over a ten year period, 1996-2005, PFD projects that the total of \$181.8 million was paid to individuals who did not or will not return to the state.

Incremental costs will be minimal and can be covered within the PFD 2006 budget.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSHB 273(FIN)
(H) Publish Date: 2/17/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title: Delayed PFD Dividends RDU: Revenue Programs & Support
Sponsor: Weyhrauch, et al Component: Permanent Fund Dividend
Requester: _____ Component No. 981

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012

CHANGE IN REVENUE (3F)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
	331.2	*	*	*	*	*

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)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 273 delays payments of dividends for Alaskans who are out of state for more than two years on an allowable absence of more than 180 days until the individual returns to Alaska for one year without an absence of more than 180 days.

PFD Division will review all applications for applicants with allowable absences exceeding 180 days for more than two years. If otherwise eligible, the application will be conditionally approved and paid only if the individual returns to Alaska for one year without an absence exceeding 180 days.

Each year, the division will calculate and reserve in the Permanent Fund Dividend Fund the amount

Prepared by: Sharon Barton Phone 465-4785
Division: Permanent Fund Dividend Date/Time 2/17/06 12:00 AM
Approved by: Jerry Burnett Date _____
Agency: Department of Revenue

FISCAL NOTE #2

**STATE OF ALASKA
2006 LEGISLATIVE SESSION**

BILL NO. CSHB 273(FIN)

ANALYSIS CONTINUATION

projected to be necessary to pay conditionally approved dividends.

Interest earned on funds held for delayed payments is projected at the 2005 dividend amount, \$845, and the current interest rate of 3.7%. The Interest amount in 2008 and beyond depends on too many variables to project with any accuracy: amount of the dividend, interest rate, number of new absentees, and number who do not return from prior years and continue to apply. Interest earned will be deposited in the General Fund.

Implementation costs will be minimal and can be covered within the PFD 2007 budget.

ALASKA STATE LEGISLATURE

REPRESENTATIVE BRUCE WEYHRAUCH



ALASKA
STATE CAPITOL
JUNEAU, ALASKA
99801 1182

(907) 465-3744
FAX (907) 465-2271

Sponsor Statement

HB 273

“An act relating to the Permanent Fund Dividends of individuals claiming allowable absences; and providing for an effective date.”

To qualify for a Permanent Fund Dividend (PFD) an individual must establish residency in Alaska by being physically present for a minimum of 185 days in a calendar year. The Alaska Legislature has recognized that under certain circumstances, however, physical presence in our state could be waived and an individual would still qualify to receive a PFD. There are currently 13 excused absences that allow individuals and their dependents to leave the state and still receive a PFD. The individual Alaskan resident who applies for an allowable absence with the PFD Division must declare their intent to return after a temporary absence. Essentially, it's an honor system. Military service and secondary education are the most common reasons individuals apply for an allowable absence. As the categories of allowable absences have increased over the years so have the number of individuals who live outside of Alaska and continue to receive a PFD.

But how many of the individuals who leave temporarily and continue to receive a PFD actually return to live in Alaska? According to a ten-year review of those receiving PFD's who are out of state, most recipients, in fact, never return. Individuals collecting dividends out of state leave little in net return to Alaska. Permanent Fund Dividend Division research indicates that in the last ten years over 97 thousand dividends totaling 136 million dollars were paid to out of state individuals who never returned to live in Alaska.

To encourage those who live out of state, and receive PFD checks, to return to the state, HB 273 simply asks individuals to return in order to collect their dividends.

Distributing dividends in Alaska through HB 273's requirement for return, suggests more money will be spent in Alaska. Knowing that a sizable nest egg had accrued in their absence, HB 273 might encourage college students and our valuable military personnel to return to Alaska. By distributing more dividends in state, HB 273 seeks to remedy the situation where a person collects Alaska PFD checks but doesn't live here, and will not be returning. Those who do return will receive all dividends that have been held for them while away from Alaska for an allowable absence.

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

February 21, 2006

SUBJECT: PFD allowable absences; sectional summary (CSHB 273(FIN))

TO: Representative Bruce Weyhrauch
Attn: Terry Harvey

FROM: Tamara Brandt Cook *TBC*
Director

Secs. 1 and 2. Adds cross-references to the new section on conditional eligibility added in bill sec. 4.

Sec. 3. Changes a time period under existing law from 10 years to 5 years, so that a person eligible for the preceding 5 permanent fund dividends despite being absent for more than 180 days in each of the qualifying years for those 5 years is eligible for the current year dividend only if the person is absent no more than 180 days during the qualifying year.

Sec. 4. Adds a new provision delaying payment of a dividend for a person who claims an absence for most, but not all, of the allowable reasons until the first year that the person is eligible for a dividend without claiming any of those absences. If a person who is conditionally eligible for a prior year dividend based on an allowable absence fails to be eligible for a subsequent year dividend, eligibility for the prior year dividend is terminated and the prior year dividend cannot be paid. However, if the person dies before the prior year dividend is payable, the dividend is paid to the personal representative of the estate. A conditionally payable dividend is not subject to collection for debt until it becomes payable. Establishes an exception to the delayed payment requirement: the dividend for the current year and for the immediately following year are paid during each of those years if without claiming an allowable absence of a type addressed in this bill, a person was eligible for a dividend for the year preceding the qualifying year for the current year.

Sec. 5. Adds a cross-reference to the new delayed payment provision.

Sec. 6. Provides a "grandfather" provision for people who are not eligible for a dividend for 2007 because of the change in time period from 10 to 5 years contained in bill sec. 3, and allows the determination of eligibility for those people to continue to be made under the 10-year period for the years 2008, 2009, 2010 and 2011.

Representative Bruce Weyhrauch
February 21, 2006
Page 2

Sec. 7. The effective date is tied to the beginning of the next dividend year, January 1, 2007.

TBC:med
06-142.med

Permanent Fund Dividend Division
HB 273
Delayed Payments Analysis
February 6, 2006

This report expands and corrects the January report sent to Representative Weyhrauch and the House State Affairs Committee.

Changes include:

- The total sample size was increased from 367 to 1,905 to provide reliable samples of each absence group for more detailed analysis. The larger sample size results in somewhat higher did-not-return rates in every category.
- The expanded report includes all absence groups. The December report included only the four largest groups of absentees.
- Two secondary questions were explored.
 - Do more individuals return if they are only out one or two years, and does the return rate after one or two years vary by absence type?
 - How do the return rates of accompanying family members vary by absence type of their sponsor?
- The Individuals Absent count used in the projection of dividends paid to absentees over the 10 year period was corrected. The January report erroneously used the numbers of all applicants who had requested approval for an absence over 180 days when only those approved and paid should have been used. This error only affected the projected cost data and did not affect the rates of return.

Rate of Return Summary (expressed as the percentage that did NOT return)

Absence Type	Paid Absentees	Sample	10 year Did Not Return Rate	5 year Did Not Return Rate	Out only one year	Out only two years
Accompanying/child	2400	332	82%	79%	76%	82%
Military sponsor		295	84%	91%	96%	97%
Student sponsor		33	82%	79%	79%	91%
Accompanying/Spouses*	879	221	68%	70%		
Military sponsor		189	69%	73%	91%	94%
Student sponsor		30	67%	47%	77%	90%
College	3532	317	67%	65%	39%	39%
Active Military	2232	328	72%	74%	75%	68%
Medical	51	46	63%	n/a	26%	43%
Care for Ill Family	44	44	**n/a	43%	n/a	19%
Settling an Estate	6	6	**n/a	33%	n/a	25%
Care for Terminally ill	39	39	**n/a	38%	n/a	23%
Merchant Marine	10	10	**n/a	50%	n/a	25%
Secondary School	213	213	n/a	67%	34%	45%
Congressional	33	33	76%	85%	n/a	100%

* Spouses were not eligible in 1996, the base year for this analysis. A sample of 221 spouses, who nevertheless applied in 1996 and would have been paid if spouses had been authorized as an allowable absence, were selected to track for these projections.

** Allowable absence established after 1996; based on 2000-2005 data.

The weighted average did-not-return rate for all absence types is 72%

Projection of Dividends Paid (Attachment 1)

The data indicates that over the 10 year period almost \$137 million was paid to absentees who did not return. Projected amounts by year are as follows:

Year	Total
1996	\$7,149,354
1997	\$8,513,172
1998	\$12,123,444
1999	\$16,256,033
2000	\$20,985,180
2001	\$20,994,350
2002	\$17,912,737
2003	\$13,204,640
2004	\$10,865,196
2005	\$8,950,856
	136,954,963

Overview of Absence Types (Attachments 1 and 2)

Accompanying/child (2,400)

This group includes dependent children of individuals out on an allowable absence. This group has the highest ten year did-not-return rate (82%). After five years the rate is 79%.

89% of the absence group are military dependents, 10% are college student dependents and 1% is a mix of the other absence types.

The children of students do-not-return at 82% after ten years and children of military at 84%. After five years, children of college students return at a higher rate than children with military sponsors. The children of other absence types was too small for further analysis.

Children who claim the absence for only one year indicate an overall did-not-return rate of 76% and for two years is 82%. Military sponsored children out for only one year have a 96% did-not-return rate and 97% for two years. Children sponsored by college students only out for one year did-not-return at 79% and at 91% after two years.

Accompanying/spouse (879)

The overall did-not-return rate after ten years for spouses was 68% and after five years is 70%.

Military spouses made up 86% of the group. 14% were college student spouses; and 1% was a mixture of other absence types.

Spouses of students and military return at approximately the same rate at 10 years; at five years student spouses return at a higher rate. Student spouses only out for one year return at a higher rate than military. When spouses are out only for two years, the return rate between the groups is similar. The sample of spouses of other absentee types was too small for analysis.

Attending College (3,532)

Paid applicants attending college indicated a did-not-return rate of 67% after ten years. At five years the overall rate was 65%.

Students who claim the absence for only one or two years have a significantly lower did-not-return rate at 39% for both years.

Active Duty Military (2,232)

Active duty military indicate a did-not-return rate of 72% after ten years. The overall rate at five years is 74%.

Active military who claim the absence for only one year, do-not-return at 75% and for two years 68%.

Medical Care (51)

The group of applicants claiming an absence to pursue medical care have a ten year do-not-return of 63%. No applicants in this group were absent for five years.

The Medical Care group included only 51 individuals in 1996. 67% (34) of this group claim the absence for only one year and the did-not-return rate at one year is 26% and after a two year absence is 43%.

Congressional (33)

The Congressional group included only 33 individuals in 1996. The did-not-return rate at 10 years is 76% and at 5 years is 76%. Only one individual in this group was absent for only one or two years, and did not return.

Attending Secondary School (213)

The did-not-return rate after five years for this group is 67%. Individuals who were absent only one year have a did-not-return rate of 34% and after two years of 45%.

Note: The following groups are newer allowable absence types and were established after 1996, the base year for the other groups. These groups are only tracked from 2000-2005.

Caring for Ill Family (40)

The did-not return rate for this small group at five years is 43%. 68% (27) were absent two years or less and the did-not return rate is 19%.

Settling an Estate (12)

The did-not-return rate for this very small group at five years is 33%. Individuals who were absent only two years did-not-return at 25%.

Caring for Terminally Ill Family (39)

The did-not-return rate for this small group at five years is 38%. Individuals who were absent two years or less have a did-not-return rate of 23%. Individuals who were absent for only 2 years, did-not-return at the rate of 23%.

Merchant Marine (10)

The five year did-not-return rate for this very small group is 50% and of those who were only absent two years or less, 25% did not return.

Conclusions

- No absence group returns at more than 50% after 10 years. The did-not-return rate for the largest absence groups varies from 67-82%.
- Approximately \$135 million was paid to individuals who did not return over a ten year period.
- College and Secondary School Students return at a higher rate than other absence types if they are only out one or two years; and they return at a much higher rate after one or two years than when they stay out on longer absences.
- Active Military do not return at substantially higher rates if only absent one or two years.
- Accompanying college spouses return at approximately the same rate as spouses of military at 10 years. At five years military spouses return at a higher rate than college spouses. Student spouses only out for one year return at a higher rate than military spouses. At two years, both groups return at about the same rate.
- Accompanying children of students and military return at about the same rate at 10 years. At one or two years, military children return at a somewhat higher rate than children of students.
- Other absence types, except for Congressional, tend to be out only one or two years.

Permanent Fund Dividend

2005 Projection

Individuals absent for more than 180 days who will not return over a ten year period

Absence Category/Year	Individuals Absent Paid	% did not return in sample	Calculated total did not return	Dividend Amount	Total paid
Accompanied					
1996	2,400	0.82	1,968	\$1,131	\$2,225,808
1997	2,375	0.82	1,948	\$1,297	\$2,525,012
1998	3,380	0.82	2,772	\$1,541	\$4,270,703
1999	4,254	0.82	3,488	\$1,770	\$6,173,697
2000	5,270	0.82	4,321	\$1,964	\$8,486,625
2001	5,719	0.82	4,690	\$1,850	\$8,677,036
2002	5,837	0.82	4,786	\$1,541	\$7,374,601
2003	6,071	0.82	4,978	\$1,108	\$5,513,677
2004	6,117	0.82	5,016	\$920	\$4,613,862
2005	5,308	0.82	4,353	\$846	\$3,682,266
Total					\$53,543,287
Students					
1996	3,532	0.67	2,366	\$1,131	\$2,675,686
1997	3,792	0.67	2,541	\$1,297	\$3,294,041
1998	4,154	0.67	2,783	\$1,541	\$4,288,546
1999	4,519	0.67	3,028	\$1,770	\$5,358,598
2000	4,729	0.67	3,168	\$1,964	\$6,222,353
2001	4,879	0.67	3,269	\$1,850	\$6,048,436
2002	4,974	0.67	3,333	\$1,541	\$5,134,706
2003	4,885	0.67	3,273	\$1,108	\$3,624,989
2004	4,446	0.67	2,979	\$920	\$2,740,038
2005	3,924	0.67	2,629	\$846	\$2,224,202
Total					\$41,611,594
Active Duty					
1996	2,232	0.72	1,607	\$1,131	\$1,817,048
1997	2,373	0.72	1,709	\$1,297	\$2,215,216
1998	2,565	0.72	1,847	\$1,541	\$2,845,697
1999	2,934	0.72	2,112	\$1,770	\$3,738,752
2000	3,525	0.72	2,538	\$1,964	\$4,984,277
2001	3,731	0.72	2,686	\$1,850	\$4,970,444
2002	3,851	0.72	2,773	\$1,541	\$4,272,096
2003	4,049	0.72	2,915	\$1,108	\$3,228,848
2004	4,026	0.72	2,899	\$920	\$2,666,359
2005	3,834	0.72	2,760	\$846	\$2,335,366
Total					\$33,074,102
Medical					
1996	51	0.63	32	\$1,131	\$36,329
1997	33	0.63	21	\$1,297	\$26,955
1998	46	0.63	29	\$1,541	\$41,655
1999	75	0.63	47	\$1,770	\$83,625
2000	114	0.63	72	\$1,964	\$141,044
2001	153	0.63	96	\$1,850	\$178,348
2002	162	0.63	102	\$1,541	\$157,250
2003	193	0.63	122	\$1,108	\$134,668
2004	245	0.63	154	\$920	\$141,977
2005	219	0.63	138	\$845	\$116,585
Total					\$1,061,437

**Permanent Fund Dividend
2005 Projection**

Individuals absent for more than 180 days who will not return over a ten year period

Congressional					
1996	23	0.76	17	\$1,131	\$19,764
1997	21	0.76	16	\$1,297	\$20,693
1998	18	0.76	14	\$1,541	\$21,079
1999	20	0.76	15	\$1,770	\$26,902
2000	19	0.75	14	\$1,964	\$28,358
2001	21	0.76	16	\$1,850	\$29,530
2002	23	0.76	17	\$1,541	\$26,932
2003	26	0.76	20	\$1,108	\$21,885
2004	28	0.76	21	\$920	\$19,574
2005	21	0.76	16	\$845	\$13,486
					\$228,205
Cared for Ill Family					
1996	1	0.43	0	\$1,131	\$486
1997	10	0.43	4	\$1,297	\$5,575
1998	31	0.43	13	\$1,541	\$20,540
1999	29	0.43	12	\$1,770	\$22,070
2000	40	0.43	17	\$1,964	\$33,778
2001	30	0.43	13	\$1,850	\$23,869
2002	35	0.43	15	\$1,541	\$23,188
2003	18	0.43	8	\$1,108	\$8,573
2004	28	0.43	12	\$920	\$11,075
2005	15	0.43	6	\$845	\$5,450
					\$154,604
Settled an Estate					
1996		0.33	-	\$1,131	\$0
1997		0.33	-	\$1,297	\$0
1998	2	0.33	1	\$1,541	\$1,017
1999	12	0.33	4	\$1,770	\$7,009
2000	6	0.33	2	\$1,964	\$3,888
2001	2	0.33	1	\$1,850	\$1,221
2002	4	0.33	1	\$1,541	\$2,034
2003	3	0.33	1	\$1,108	\$1,096
2004	7	0.33	2	\$920	\$2,125
2005	2	0.33	1	\$845	\$558
					\$18,948
Care of Terminally Ill					
1996	1	0.38	0	\$1,131	\$430
1997		0.38	-	\$1,297	\$0
1998		0.38	-	\$1,541	\$0
1999	29	0.38	11	\$1,770	\$19,504
2000	39	0.38	15	\$1,964	\$29,104
2001	38	0.38	14	\$1,850	\$26,718
2002	30	0.38	11	\$1,541	\$17,565
2003	31	0.38	12	\$1,108	\$13,047
2004	46	0.38	17	\$920	\$16,079
2005	38	0.38	14	\$845	\$12,202
					\$134,648

**Permanent Fund Dividend
2005 Projection**

Individuals absent for more than 180 days who will not return over a ten year period

Mechant Marine					
1996		0.5	-	\$1,131	\$0
1997		0.5	-	\$1,297	\$0
1998		0.5	-	\$1,541	\$0
1999		0.5	-	\$1,770	\$0
2000	10	0.5	5	\$1,964	\$9,819
2001	12	0.5	6	\$1,850	\$11,102
2002	11	0.5	6	\$1,541	\$8,474
2003	8	0.5	4	\$1,108	\$4,430
2004	11	0.5	6	\$920	\$5,059
2005	18	0.5	9	\$845	\$7,605
					\$46,490
Secondary School					
1996		0.67	-	\$1,131	\$0
1997		0.67	-	\$1,297	\$0
1998		0.67	-	\$1,541	\$0
1999		0.67	-	\$1,770	\$0
2000	213	0.67	143	\$1,964	\$280,262
2001	272	0.67	182	\$1,850	\$337,195
2002	278	0.67	185	\$1,541	\$286,982
2003	251	0.67	168	\$1,108	\$186,258
2004	427	0.67	285	\$920	\$263,157
2005	504	0.67	338	\$845	\$285,340
					\$1,639,194
Mixed Absence*					
1996	435	0.72	313	\$1,131	\$354,129
1997	432	0.72	311	\$1,297	\$403,276
1998	539	0.72	388	\$1,541	\$597,985
1999	614	0.72	442	\$1,770	\$782,111
2000	513	0.72	369	\$1,964	\$725,371
2001	491	0.72	354	\$1,850	\$654,111
2002	520	0.72	374	\$1,541	\$576,861
2003	555	0.72	400	\$1,108	\$442,581
2004	552	0.72	397	\$920	\$365,561
2005	417	0.72	300	\$845	\$253,703
					\$5,155,008
* Percentage of did not return derived from weighted average of all other categories					
Total - All Categories/Ten years	132,806		97,712		\$136,660,518

Permanent Fund Dividend Division
 HB 273
 Delayed Payments Analysis

Attending College					
Years	Yes	No	total	% yes	% no
1	34	22	56	61%	39%
2	23	15	38	61%	39%
3	27	44	71	38%	62%
4	17	36	53	32%	68%
5	12	34	46	26%	74%
6	8	15	23	35%	65%
7	3	9	12	25%	75%
8	2	3	5	40%	60%
9	1	3	4	25%	75%
10	1	1	2	50%	50%
11			0		
12		3	3	0%	100%
13	1		1	100%	0%
14		1	1	0%	100%
15			0		
16	1		1	100%	0%
17			0		
18		1	1	0%	100%
Active Military					
Years	Yes	No	total	% yes	% no
1	15	45	60	25%	75%
2	24	52	76	32%	68%
3	16	20	36	44%	56%
4	23	24	47	49%	51%
5	10	35	45	22%	78%
6	7	11	18	39%	61%
7	10	11	21	48%	52%
8	1	5	6	17%	83%
9	5	3	8	63%	38%
10		5	5	0%	100%
11	1	2	3	33%	67%
12			0		
13	1	1	2	50%	50%
14	1		1	100%	0%

Permanent Fund Dividend Division
 HB 273
 Delayed Payments Analysis

Medical Care					
Years	Yes	No	total	% yes	% no
1	25	9	34	74%	26%
2	4	3	7	57%	43%
3		2	2	0%	100%
4	1		1	100%	0%
6	1		1	100%	0%
10		1	1	0%	100%
Congressional					
Years	Yes	No	total	% yes	% no
2		1	1	0%	100%
3	2	3	5	40%	60%
4	1		1	100%	0%
5	1	3	4	25%	75%
6	1	1	2	50%	50%
7	1	3	4	25%	75%
8		1	1	0%	100%
9	1	1	2	50%	50%
10		1	1	0%	100%
11	1		1	100%	0%
13	1	1	2	50%	50%
14		1	1	0%	100%
15		2	2	0%	100%
17		1	1	0%	100%
19		1	1	0%	100%
20		1	1	0%	100%
22	1		1	100%	0%
24		2	2	0%	100%
Caring for Ill Family					
Years	Yes	No	total	% yes	% no
2	22	5	27	81%	19%
3	10	2	12	83%	17%
4	4		4	100%	0%

Permanent Fund Dividend Division
 HB 273
 Delayed Payments Analysis

Settling an Estate					
Years	Yes	No	total	% yes	% no
2	3	1	4	75%	25%
3		1	1	0%	100%
4	1		1	100%	0%
Caring for Terminally Ill Family					
Years	Yes	No	total	% yes	% no
2	17	5	22	77%	23%
3	9	4	13	69%	31%
4	1		1	100%	0%
5			0		
6		2	2	0%	100%
7			0		
8		1	1	0%	100%
Merchant Marine					
Years	Yes	No	total	% yes	% no
2	3	1	4	75%	25%
3	1	1	2	50%	50%
4	1		1	100%	0%
7		1	1	0%	100%
8		1	1	0%	100%
Attending Secondary School					
Years	Yes	No	total	% yes	% no
2	48	25	73	66%	34%
3	28	23	51	55%	45%
4	15	20	35	43%	57%
5	9	16	25	36%	64%
6	3	6	9	33%	67%
7	2	7	9	22%	78%
8	1	7	8	13%	88%
9		1	1	0%	100%
10		1	1	0%	100%

HB

278

Representative Mike Hawker

Alaska State Legislature

House Bill 278

Changes In House Rules Work Draft Version Y

Session:

State Capitol
Juneau, AK 99801
907 465-4949 direct
800 478-4950 toll free
907 465-4979 fax

Interim:

716 W 4th Avenue
Anchorage, AK 99501
907 269-0244 office
907 269-0248 fax

Member:

House Finance Committee
Legislative Budget
& Audit Committee

House District 32:

Eagle River
Anchorage
Rainbow
Indian
Bird
Girdwood
Portage
Whittier
Sunrise
Hope

Title changes:

Reworded title to be more consistent with bill language.

In sections 1 and 5:

Improved readability, making clear that a participating employer can make a lump sum payment that pays only a portion of the unfunded liability, however the plan administrator can set a minimum amount. Substantive correction eliminating language that required payments to be "held separately" and inserting language requiring separate accounting.

In section 2:

Makes explicitly clear that municipalities have the authority to issue debt obligations without going through the Municipal Bond Bank.

Improved readability by replacing "bonds, notes, commercial paper, or other obligations" with "obligations" and added a definition for "obligation" that includes these instruments.

Removed language that required a state agency to give 30 days notice to the receiving party if a payment agreed to in a funds diversion agreement cannot be made and language that specified that a funds diversion agreement is irrevocable and remains in effect until the obligations are satisfied. These items would be covered in the agreement, and therefore are deleted in the House Rules CS.

Technical changes throughout the bill to improve readability or conform language:

Page 2, line 22, following "of the authority" **deleted** "under which the authority, subsidiary, or trustee will issue certificates of participation or contractual" **and inserted** "in connection with the issuance of"

Page 2, lines 26 through 27 **deleted** "by the trustee of the Alaska Municipal Bond Bank Authority or a subsidiary of the authority" **and inserted** "for the purposes described in the section"

Page 2, line 27, following "in the agreement" **inserted** "or under an authorizing ordinance"

Page 2, line 27, following "The agreement" **inserted** "or ordinance"

Page 2, line 28, following "provide for" **deleted** "lease reserves or other"

Page 2, lines 29- 30, following "municipality" **deleted** "under a lease or other agreement entered into" **and inserted** "in connection with obligations issued"

Page 3, line 7, following "lease" **deleted** "the payment of a lease or other contractual obligation of the municipality in connection with bonds, notes, commercial paper, certificates of participation, or contractual obligations issued under this section" **and inserted** "payments under a lease, other agreement, or obligation issued under this section."

Page 3, line 10, following "set out in the" **inserted** "funds diversion"

Page 3, line 12, following "subsidiary" **deleted** "that issued the bonds, notes, commercial paper, certificates of participation, or contractual obligations issued under this section"

Page 3, line 14, following "municipality's" **inserted** "payments under the lease, other agreement, or"

Page 5, line 28, following "notes" **replaced** "or commercial paper," **with** "commercial paper, or other obligations"

Page 6, line 28, following "commercial paper, or" **deleted** "contractual" **inserted** "other"

Page 10, line 12, following "or other" **deleted** "forms" **inserted** "obligations"

24-LS0883\Y
Cook
4/11/06

CS FOR HOUSE BILL NO. 278()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY

Offered:

Referred:

Sponsor(s): REPRESENTATIVES HAWKER, Foster

A BILL
FOR AN ACT ENTITLED

1 **"An Act relating to accrued actuarial liabilities of government retirement systems;**
2 **relating to the Alaska Municipal Bond Bank Authority; permitting the Alaska**
3 **Municipal Bond Bank Authority or a subsidiary of the authority to assist state and**
4 **municipal governmental employers by issuing bonds, notes, commercial paper, or other**
5 **obligations to enable the governmental employers to prepay all or a portion of the**
6 **governmental employers' shares of the unfunded accrued actuarial liabilities of**
7 **retirement systems, and authorizing a governmental employer to issue obligations to**
8 **prepay all or a portion of the governmental employer's shares of the unfunded accrued**
9 **actuarial liabilities of retirement systems and to enter into a lease or other contractual**
10 **agreement with a trustee or the Alaska Municipal Bond Bank Authority or a subsidiary**
11 **of the authority in connection with the issuance of obligations for that purpose; and**
12 **providing for an effective date."**

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

2 * **Section 1.** AS 14.25.070 is amended by adding a new subsection to read:

3 (d) An employer may prepay all or a portion of the employer's share of any
4 accrued actuarial liability to the plan in a lump sum. The commissioner of
5 administration may, by regulation, establish a minimum amount for the lump sum
6 payment of a portion. The administrator shall charge to the employer appropriate and
7 reasonable administrative costs to the plan attributable to a lump sum payment that are
8 not greater than administrative costs applied to other employer contributions. If an
9 employer is grouped with any other employer in accounting for contributions and the
10 employer makes a lump sum payment, the lump sum payment shall be accounted for
11 separately in accordance with regulations adopted by the commissioner. The
12 regulations must provide for crediting to each lump sum payment account all earnings
13 and losses received from investment of that lump sum payment. The lump sum
14 payment shall be used solely to offset contributions under this section required of the
15 employer that made the lump sum payment, taking into account earnings and losses
16 from its investment. A payment made by an employer under this subsection, together
17 with all earnings and losses from investment of that payment, may not be considered
18 in calculating that employer's share of any discretionary payment authorized by the
19 state that benefits multiple employers.

20 * **Sec. 2.** AS 29.47 is amended by adding a new section to read:

21 **Sec. 29.47.480. Accrued actuarial liabilities of retirement systems.** (a) A
22 municipality, or two or more municipalities jointly, may issue obligations to prepay all
23 or a portion of each participating municipality's share of the accrued actuarial
24 liabilities of retirement systems. A municipality, or two or more municipalities jointly,
25 may enter into a lease or other contractual agreement with a trustee or the Alaska
26 Municipal Bond Bank Authority or a subsidiary of the authority in connection with the
27 issuance of obligations to prepay all or a portion of each participating municipality's
28 share of the accrued actuarial liabilities of retirement systems. Obligations issued for
29 purposes described in this subsection must be secured and payable as provided in the
30 agreement or under an authorizing ordinance. The agreement or ordinance may
31 provide for reserves and for protective covenants.

1 (b) Amounts paid by a participating municipality in connection with
2 obligations issued under this section, together with proceeds of the obligations and
3 interest or earnings, may be pooled into one or more funds or accounts, including one
4 or more debt service funds. The assets in any of the funds or accounts may be pledged
5 to the holders of the obligations.

6 (c) A municipality may enter into a funds diversion agreement with a state
7 agency regarding payment of money on behalf of the municipality that may be applied
8 to payments under a lease, other agreement, or obligation issued under this section.
9 The funds diversion agreement must provide, subject to any conditions set out in the
10 funds diversion agreement, that all or a portion of the funds otherwise payable to the
11 municipality by the state agency shall be paid directly to the trustee, Alaska Bond
12 Bank Authority, or its subsidiary to satisfy, in whole or part, the municipality's
13 payments under the lease, other agreement, or obligations. Nothing in this subsection
14 or in a funds diversion agreement entered into under this subsection obligates the state
15 or a state agency to pay any amount to or on behalf of a municipality that the
16 municipality is not otherwise entitled to receive or to make any payments of principal
17 or interest on the obligations.

18 (d) For purposes of this section "obligations" means bonds, notes, commercial
19 paper, certificates of participation, or other contractual obligations.

20 * Sec. 3. AS 39.35.100(b)(3) is amended to read:

21 (3) A separate account for each employer shall be maintained. The
22 account shall be credited with contributions of the employer. Except as provided in
23 AS 39.35.270(d), this [THIS] account shall be charged with the employer's actuarial
24 charge for pension, death benefits, and other benefits paid under this plan to or on
25 behalf of the employee of the employer. Except as provided in AS 39.35.270(d),
26 after [AFTER] an allowance for interest credited to employee contribution accounts
27 and employee savings accounts, the investment income of the pension fund shall be
28 allocated to the retirement reserve account and to each employer asset share account
29 according to the ratio that the average of the assets in the account as of the beginning
30 and as of the end of the fiscal year bears to the total of the average balance of the
31 retirement reserve account and all employer accounts.

1 * **Sec. 4.** AS 39.35.100(b)(4) is amended to read:

2 (4) An expense account shall be maintained for the plan. Except as
3 provided in AS 39.35.270(d), this [THIS] account shall be charged with all
4 disbursements representing administrative expenses incurred by the plan. At the end of
5 the year, the expense account shall be allocated to each employer in accordance with
6 (3) of this subsection. Expenditures from this account shall be included in the
7 governor's budget for each fiscal year and are subject to approval by the legislature.

8 * **Sec. 5.** AS 39.35.270 is amended by adding a new subsection to read:

9 (d) An employer may prepay all or a portion of the employer's share of any
10 accrued actuarial liability to the plan in a lump sum. The commissioner may, by
11 regulation, establish a minimum amount for the lump sum payment of a portion. The
12 commissioner shall charge to the employer appropriate and reasonable costs to the
13 plan attributable to a lump sum payment that are not greater than administrative costs
14 applied to other employer contributions. If an employer makes a lump sum payment,
15 the lump sum payment shall be accounted for separately in accordance with
16 regulations adopted by the commissioner. The regulations must provide for crediting
17 to each lump sum payment account all earnings and losses received from investment
18 of that lump sum payment. The lump sum payment shall be used solely to offset
19 contributions under this section required of the employer that made the lump sum
20 payment, taking into account earnings and losses from its investment. A payment
21 made by an employer under this subsection, together with all earnings and losses from
22 investment of that payment, may not be considered in calculating that employer's
23 share of any discretionary payment authorized by the state that benefits multiple
24 employers.

25 * **Sec. 6.** AS 44.85.010 is amended to read:

26 **Sec. 44.85.010. Legislative policy.** (a) It is the policy of the state to

27 (1) [TO] foster and promote by all reasonable means the provision of
28 adequate capital markets and facilities for borrowing money by municipalities in the
29 state to finance capital improvements or for other authorized purposes, to assist these
30 municipalities in fulfilling their capital needs and requirements by use of borrowed
31 money within statutory interest rate or cost of borrowing limitations, to the greatest

1 extent possible to reduce costs of borrowed money to taxpayers and residents of the
2 state, and equally to encourage continued investor interest in the purchase of bonds or
3 notes of municipalities as sound and preferred securities for investment;

4 (2) [TO] encourage municipalities to continue their independent
5 undertakings and financing of capital improvements and other authorized purposes
6 and to assist them by making capital funds available at reduced interest costs for
7 orderly financing of capital improvements and other purposes especially during
8 periods of restricted credit or money supply, particularly for those municipalities not
9 otherwise able to borrow for capital needs;

10 (3) [TO] assist municipalities to provide for adequate insurance
11 coverage by authorizing the Alaska Municipal Bond Bank Authority to issue
12 negotiable or nonnegotiable revenue bonds, notes, or certificates of participation either
13 directly or through an entity it may create for the purpose of providing a self-insurance
14 program for municipalities or municipal joint insurance arrangements organized under
15 AS 21.76;

16 (4) assist governmental employers to prepay all or a portion of
17 their share of unfunded accrued actuarial liabilities of retirement systems in an
18 effort to reduce their costs of satisfying their contractual obligations to provide
19 retirement and other benefits to public employees through the issuance of bonds,
20 notes, commercial paper, or other obligations by the bond bank authority or by a
21 subsidiary corporation created by the bond bank authority under AS 44.85.085.

22 (b) The legislature further declares that

23 (1) the exercise of the powers of the state in the interest of its
24 municipalities and in the interest of public employees of the state and of its
25 municipalities is required to further and implement the policies declared in (a) of this
26 section by authorizing the creation of a state bond bank authority as a body corporate
27 and politic that will have full powers to borrow money and to issue its bonds and notes
28 to make capital funds available for borrowing by municipalities and for borrowing
29 by or on behalf of governmental employers, by authorizing governmental
30 employers to contract with the bond bank authority or with a subsidiary created
31 under AS 44.85.085 for the purpose of reducing future costs of providing

1 retirement and other benefits to employees, and by granting broad powers to the
2 bond bank authority to carry out the declared policies, which are in the public interest
3 of the state and its taxpayers and residents;

4 (2) state funds should be applied or authorized to be paid to a state
5 bond bank authority only to provide adequate assurance and security to the holders of
6 the bonds or notes of the bond bank authority;

7 (3) the bond bank authority should conduct its operations to provide
8 the lowest rates in terms of borrowing to municipalities as is consistent with a self-
9 supporting operation with no expectation of subsidization with state funds; the
10 legislature does not intend that the bond bank authority be utilized as a means to
11 finance municipalities beyond their capability to meet repayment schedules and debt
12 service requirements of bonds or notes;

13 (4) the bond bank authority or its subsidiary should conduct its
14 operations to provide the lowest rates in terms of borrowing to governmental
15 employers under AS 44.85.085 and 44.85.086 as is consistent with a self-
16 supporting operation with no expectation of subsidization with state funds; the
17 legislature does not intend that the bond bank authority or its subsidiary be
18 utilized as a means to finance governmental employers under AS 44.85.085 and
19 44.85.086 beyond their capability to meet repayment schedules and debt service
20 requirements of bonds, notes, commercial paper, or other obligations to the bond
21 bank authority or its subsidiary.

22 * Sec. 7. AS 44.85.080 is amended to read:

23 **Sec. 44.85.080. Powers of bond bank authority.** The bond bank authority
24 may

25 (1) sue and be sued;

26 (2) adopt and alter an official seal;

27 (3) make and enforce bylaws and regulations for the conduct of its
28 business and for the use of its services and facilities;

29 (4) maintain an office at any place in the state;

30 (5) acquire, hold, use, and dispose of its income, revenues, funds, and
31 money;

1 (c) acquire, rent, lease, hold, use, and dispose of other personal
2 property for its purposes;

3 (7) subject to AS 44.85.100(b), borrow money and issue its negotiable
4 bonds or notes and provide for and secure their payment, provide for the rights of their
5 holders and purchase, hold and dispose of any of its bonds or notes;

6 (8) fix and revise from time to time and charge and collect fees and
7 charges for the use of its services or facilities;

8 (9) accept gifts or grants from the United States, or from any
9 governmental unit or person, firm, or corporation, carry out the terms or provisions or
10 make agreements with respect to the gifts or grants, and do all things necessary,
11 useful, desirable, or convenient in connection with procuring, accepting, or disposing
12 of the gifts or grants;

13 (10) do anything authorized by this chapter, through its officers,
14 agents, or employees or by contracts with a person;

15 (11) make, enter into, and enforce all contracts necessary, convenient,
16 or desirable for the purposes of the bond bank authority or pertaining to a loan to a
17 political subdivision, a purchase or sale of municipal bonds or other investments, or
18 the performance of its duties and execution of any of its powers under this chapter;

19 (12) purchase or hold municipal bonds at prices and in a manner the
20 bond bank authority considers advisable, and sell municipal bonds acquired or held by
21 it at prices without relation to cost and in a manner the bond bank authority considers
22 advisable;

23 (13) invest funds or money of the bond bank authority not required at
24 the time of investment for loan to political subdivisions for the purchase of municipal
25 bonds, in the same manner as permitted for investment of funds belonging to the state,
26 except as otherwise provided in this chapter;

27 (14) prescribe the form of application or procedure required of a
28 political subdivision for a loan or purchase of its municipal bonds, fix the terms and
29 conditions of the loan or purchase, and enter into agreements with political
30 subdivisions with respect to loans or purchases;

31 (15) render services to a political subdivision in connection with a

1 public or private sale of its municipal bonds, including advisory and other services,
2 and charge for services rendered;

3 (16) charge for its costs and services in review or consideration of a
4 proposed loan to a political subdivision or purchase by the bond bank authority of
5 municipal bonds of the political subdivision, whether or not the loan is made or the
6 municipal bonds purchased;

7 (17) fix and establish terms and provisions with respect to a purchase
8 of municipal bonds by the bond bank authority, including date and maturities of the
9 bonds, provisions as to redemption or payment before maturity, and any other matters
10 which in connection with the purchase are necessary, desirable, or advisable in the
11 judgment of the bond bank authority;

12 (18) procure insurance against any losses in connection with its
13 property, operations, or assets in amounts and from insurers as it considers desirable;

14 (19) to the extent permitted under its contracts with the holders of
15 bonds or notes of the bond bank authority, consent to modification of the rate of
16 interest, time and payment of installment of principal or interest, security or any other
17 term of a bond or note, contract or agreement of any kind to which the bond bank
18 authority is a party;

19 (20) by regulation, create a new entity or new entities for the purpose
20 of issuing negotiable or nonnegotiable revenue bonds, notes, or certificates of
21 participation to finance a self-insurance program for municipalities or municipal joint
22 insurance arrangements organized under AS 21.76 or to provide assistance to
23 governmental employers under AS 44.85.085(a); the powers, duties, and
24 membership of the new entity or entities shall be limited to the powers, duties, and
25 membership of the authority and stated in the regulation; the new entity or entities
26 shall each be a public corporation and an instrumentality of the state with the same
27 legal existence and continuing succession as the bond bank authority; and

28 (21) do all acts and things necessary, convenient, or desirable to carry
29 out the powers expressly granted or necessarily implied in this chapter.

30 * Sec. 8. AS 44.85 is amended by adding new sections to read:

31 **Sec. 44.85.085. Creation of subsidiary corporation.** (a) The bond bank

1 authority may create one or more subsidiary corporations for the following purposes:

2 (1) providing financial and other assistance to governmental employers
3 to enable the governmental employers to reduce their costs of providing retirement
4 and other benefits to their employees by prepaying all or a portion of their shares of
5 the unfunded accrued actuarial liabilities of retirement systems;

6 (2) receiving payments and providing servicing for payments to or
7 from participating governmental employers; and

8 (3) performing other duties and providing other services as the
9 subsidiary corporation considers necessary or desirable to further the purposes set out
10 in (1) and (2) of this subsection.

11 (b) The bond bank authority may incorporate under AS 10.20.146 - 10.20.166
12 a subsidiary corporation created under (a) of this section. The bond bank authority
13 may transfer assets of the bond bank authority to the subsidiary corporation and may
14 agree to secure bonds, notes, commercial paper, or other obligations of the subsidiary
15 corporation with a reserve fund established under AS 44.85.270.

16 (c) A subsidiary corporation created under (a) of this section may borrow
17 money and issue bonds, notes, commercial paper, or other obligations as evidence of
18 that borrowing and may have all the powers of the bond bank authority that the bond
19 bank authority grants to it. The provisions of AS 44.85.130 - 44.85.170 and 44.85.270
20 - 44.85.390 apply to the subsidiary corporation and to bonds, notes, commercial paper,
21 or other obligations issued by the subsidiary corporation. Unless otherwise provided
22 by the bond bank authority, the debts, liabilities, and obligations of the subsidiary
23 corporation are not the debts, liabilities, or obligations of the bond bank authority.

24 (d) The staff of the bond bank authority serves as staff of a subsidiary
25 corporation created under (a) of this section. The bond bank authority shall determine
26 the membership or the process for selecting the membership of the board of directors
27 of the subsidiary corporation. The bond bank authority may permit some or all of its
28 directors to serve on the board of directors of the subsidiary corporation.

29 **Sec. 44.85.086. Powers of subsidiary corporation.** A subsidiary corporation
30 created under AS 44.85.085 has the following powers in addition those granted to it
31 under AS 44.85.085(c):

1 (1) to make loans to and enter into contracts with governmental
2 employers;

3 (2) to incur debt in furtherance of its purposes in the form of bonds,
4 notes, commercial paper, or other obligations as the subsidiary corporation considers
5 appropriate;

6 (3) to secure its debt with a pledge of any assets that are available to
7 the subsidiary corporation for the purpose, including identified revenue and
8 contractual payments from participating governmental employers, and the general
9 assets and revenue of the subsidiary corporation; and

10 (4) to enter into contracts with underwriters, bond counsel, financial
11 advisors, accountants, actuaries, and other contractors to provide assistance as the
12 subsidiary corporation considers desirable to accomplish its purposes.

13 * Sec. 9. AS 44.85.100(b) is amended to read:

14 (b) The bond bank authority shall include in the report required by (a) of this
15 section an estimate of the amount of revenue bonds of the bond bank authority to be
16 issued during the fiscal year following the fiscal year in which the report is submitted.

17 Other than refunding bonds and other than bonds, notes, commercial paper, or
18 other obligations issued under AS 44.85.086 and 44.85.180(a)(5), the [THE] bond
19 bank authority may not issue revenue bonds [, OTHER THAN REFUNDING
20 BONDS,] in excess of \$75,000,000 during any fiscal year beginning after June 30,
21 1981, unless the legislature, by law approves the estimate required by this subsection
22 for that fiscal year.

23 * Sec. 10. AS 44.85.180(a) is amended to read:

24 (a) Subject to AS 44.85.100(b), the bond bank authority may issue its bonds or
25 notes in principal amounts that it considers necessary to provide funds for any
26 purposes under this chapter, including

27 (1) the purchase of municipal bonds;

28 (2) the making of loans through the purchase of municipal bonds,
29 notes, or certificates of participation secured by an agreement between the bond bank
30 authority and a municipality or a municipal joint insurance arrangement organized
31 under AS 21.76;

1 (3) the payment, funding, or refunding of the principal of, or interest or
2 redemption premiums on, bonds or notes issued by it whether the bonds or notes or
3 interest to be funded or refunded have or have not become due;

4 (4) the establishment or increase of reserves to secure or to pay bonds
5 or notes or interest on bonds or notes and all other costs or expenses of the bond bank
6 authority incident to and necessary or convenient to carry out its corporate purposes
7 and powers;

8 (5) assisting governmental employers to prepay all or a portion of
9 their share of the unfunded accrued actuarial liabilities of retirement systems,
10 with security as the bond bank authority considers reasonable.

11 * Sec. 11. AS 44.85.180(c) is amended to read:

12 (c) Notwithstanding the provisions of (a) and (b) of this section, the tota'
13 amount of bond bank authority bonds and notes outstanding at any one time [,
14 EXCEPT BONDS OR NOTES ISSUED TO FUND OR REFUND BONDS OR
15 NOTES,] may not exceed \$500,000,000. This subsection does not apply to (1)
16 bonds or notes issued to fund or refund bonds or notes; (2) bonds, notes,
17 commercial paper, and other obligations issued under AS 44.85.086 or
18 44.85.180(a)(5).

19 * Sec. 12. AS 44.85.410(a)(5) is amended by adding a new paragraph to read:

20 (8) "governmental employer" means the State of Alaska or a
21 municipality or other state or municipal governmental entity within the state, including
22 an agency, instrumentality, district, school district, public corporation, department,
23 division, or other subdivision of the state or of a municipality, in its capacity as an
24 employer.

25 * Sec. 13. This Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 278
 (H) Publish Date: 1/27/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Alaska Municipal Bond Bank Borrowing Authority RDU _____
 Component Alaska Municipal Bond Bank
 Sponsor _____
 Requester _____ Component No. 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel	25.0					
Contractual	7,040.0	40.0	40.0	40.0	40.0	40.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	7,065.0	40.0	40.0	40.0	40.0	40.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
Bond Proceeds	7,000.0					
Bond Bank Investment Earnings	65.0	40.0	40.0	40.0	40.0	40.0
TOTAL	7,065.0	40.0	40.0	40.0	40.0	40.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill expands the ability of the Alaska Municipal Bond Bank Authority (Bond Bank) to borrow money for loans to communities to include prepaying unfunded accrued actuarial liabilities of the retirement system. The premise of undertaking this type of transaction is providing communities with an efficient means of borrowing to fund their unfunded liability (assumed to be growing at 8.25%). The difference between the cost of capital and 8.25% is assumed to provide financial relief to the community.

The fiscal note contemplates a transaction of considerable size, up to a billion dollars, occur in FY 2007. If there was a delay, seven million of the dollars of the cost would shift to the year a transaction did occur. It is possible that there would be additional transactions in subsequent years with similar costs.

Contractual costs include rating agency fees, financial advisor, bond counsel, printing, cusip service, underwriting, & other miscellaneous costs.

Prepared by: Deven Mitchell Phone 465-3750
 Division: Alaska Municipal Bond Bank Authority Date/Time 1/5/06 12:00 AM
 Agency: Deven Mitchell Date _____
Alaska Municipal Bond Bank Authority

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 278(FIN)
 (H) Publish Date: 3/27/2006

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title: Retirement System Bonds RDU _____
 Sponsor: Rep. Mike Hawker Component: Alaska Municipal Bond Bank
 Requester: _____ Component No. 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*	*	*	*	*	*

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
Bond Proceeds						
Bond Bank Investment Earnings						
TOTAL	*	*	*	*	*	*

Estimate of any current year (FY2006) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 278 expands the ability of the Alaska Municipal Bond Bank Authority (Bond Bank) to borrow money for loans to communities for the purpose of prepaying their unfunded accrued actuarial liabilities of the retirement system. The premise of undertaking this type of transaction is providing communities with an efficient means of borrowing to fund all or a portion of their unfunded liability. The difference between the cost of capital and the earnings on the investment of that capital by the retirement system accrue to the participating community.

Should any transaction be undertaken the fiscal impact on the Bond Bank will be an increase in debt issuance costs. These include: rating agency fees, financial advice, bond counsel, printing, cusip

Prepared by: House Finance Committee Phone _____
 Division _____ Date/Time 3/27/06 10:16 AM
 Approved by: Rep. Kevin Meyer, Co-Chairman Date 3/27/2006
Rep. Mike Chenault, Co-Chairman

FISCAL NOTE #2

**STATE OF ALASKA
2006 LEGISLATIVE SESSION**

BILL NO. CSHB 278(FIN)

ANALYSIS CONTINUATION

service, underwriting, and other related expenses. Those costs will be funded from the bond proceeds and Bond Bank investment earnings. The Bond Bank estimates the initial costs associated with a hypothetical transaction of one billion dollars would approximately be \$7 million in the year in which the transaction occurs, with \$40.0 per year in service expenses.

This fiscal note is indeterminate because it is unclear at this time if any transaction will take place.

Representative Mike Hawker

Alaska State Legislature

House Bill 278 Sponsor Statement

Short Title: Retirement System Bonds

HB 278 provides governmental employers the opportunity to utilize a financial mechanism generally referred to as a "Pension Obligation Bond" (POB) to help reduce the ultimate cost of satisfying the unfunded accrued actuarial liabilities of their retirement systems. A POB is essentially a legal arbitrage transaction where money is borrowed a lower rate of interest than the money earns when invested by the retirement system.

HB 278 clarifies the ability of municipal entities to include POBs in their strategy to reduce the cost of meeting unfunded pension liabilities and expands the authority of the Alaska Municipal Bond Bank Authority to support governmental employers wishing assistance engaging in such transactions.

This bill does not authorize any debt instruments to be issued. Separate specific action would be required to initiate any transaction under the authority provided by HB 278.

Session:

State Capitol
Juneau, AK 99801
907 465-4949 direct
800 478-4950 toll free
907 465-4979 fax

Interim:

716 W 4th Avenue
Anchorage, AK 99501
907 269-0244 office
907 269-0248 fax

Member:

House Finance Committee
Legislative Budget
& Audit Committee

House District 32:

Eagle River
Anchorage
Rainbow
Indian
Bird
Girdwood
Portage
Whittier
Sunrise
Hope

Updated 4/6/2006

Staff Contact: Juli Lucky 465-4949 or Paulyn Swanson 465-6820

rep.mike.hawker@legis.state.ak.us · www.akrepublicans.org/hawker\

House Bill 278 (FIN)

Prepared by Representative Mike Hawker's Office

Updated April 6, 2006

- Section 1:** Allows a Teacher's Retirement System (TRS) employer to make a lump sum payment to prepay all or a part its share of the accrued actuarial pension liability; allows the commissioner to accept a lump sum payment that is less than the full amount; allows administrative fees to be charged; outlines how the lump sum payment and earnings or losses will be credited; and holds an employer who prepays its liability harmless if there are future state discretionary payments that benefit multiple employers.
- Section 2:** Outlines how municipalities can join together to issue debt obligations with the Alaska Municipal Bond Bank Authority and allows funds diversion agreements between the municipalities and state agencies.
- Sections 3 & 4:** Adds facilitating language to two sections of the accounting statute for the Public Employees Retirement System (PERS) to accommodate the lump sum payments allowed in section five of this bill.
- Section 5:** Allows a PERS employer to make a lump sum payment to prepay its share of the accrued actuarial pension liability; allows the commissioner to accept a lump sum payment that is less than the full amount; allows administrative fees to be charged; outlines how the lump sum payment and earnings or losses will be credited; and holds an employer who prepays its liability harmless if there are future state discretionary payments that benefit multiple employers.
- Section 6:** Adds to the statutory policies established for the Municipal Bond Bank Authority. Provides a directive to assist governmental employers to meet their unfunded retirement system obligations by issuing debt instruments (often generally called Pension Obligation Bonds) on their behalf. Specifies that the bond bank should provide the lowest rates possible without subsidizing the employers beyond their means.
- Section 7:** Grants the Municipal Bond Bank Authority the power to create subsidiary entities to assist governmental employers as outlined in section eight of this bill.
- Section 8:** New statute defining the powers of the Municipal Bond Bank Authority to engage in "Pension Obligation Bond" transactions on behalf of governmental employers.
- Section 9:** Exempts "Pension Obligation Bonds" from the current limit for revenue bonds that the Municipal Bond Bank may issue each year.
- Section 10:** Authorizes the Municipal Bond Bank to issue "Pension Obligation Bonds".
- Section 11:** Exempts "Pension Obligation Bonds" from the current limit for total revenue bonds and notes that the Municipal Bond Bank may have outstanding at any time.
- Section 12:** Adds a definition for "governmental employer" to the definitions section for the Municipal Bond Bank.
- Section 13:** Immediate effective date.

Representative Mike Hawker

Alaska State Legislature



House Bill 278

Changes between original and House Finance Substitute

House Bill 278 would allow governmental employers to consider issuing debt instruments to manage existing liabilities for pensions. The House Finance Committee adopted the following amendments, recommended by bond counsel:

- Added section 1, which allows an employer to make a lump sum payment to prepay its share of the accrued actuarial liability for TRS; allows the commissioner to accept a lump sum payment that is less than the full amount; allows administrative fees to be charged; outlines how the lump sum payment and earnings or losses will be credited; and holds an employer who prepays its liability harmless if there are future state discretionary payments that benefit multiple employers.
- Added section 2, which outlines how municipalities can join together to issue debt obligations with the Alaska Municipal Bond Bank and provides for a funds diversion agreement between the municipalities and state agencies.
- Added bill sections 3 and 4, which insert statutory references to accommodate lump sum payments of liabilities for PERS, outlined in section 5.
- Added bill section 5, which allows an employer to make a lump sum payment to prepay its share of the accrued actuarial liability for PERS; allows the commissioner to accept a lump sum payment that is less than the full amount; allows administrative fees to be charged; outlines how the lump sum payment and earnings or losses will be credited; and holds an employer who prepays its liability harmless if there are future state discretionary payments that benefit multiple employers.
- Reworded the legislative policy to clarify that the bond bank should provide the lowest rate as is consistent with a self-supporting operation and that the legislature does not intend for the bond bank to subsidize employers' debt obligations.
- Simplified language in section 6.

Session:

State Capitol
Juneau, AK 99801
907 465-4949 direct
800 478-4950 toll free
907 465-4979 fax

Interim:

716 W 4th Avenue
Anchorage, AK 99501
907 269-0244 office
907 269-0248 fax

Member:

House Finance Committee
Legislative Budget
& Audit Committee

House District 32:

Eagle River
Anchorage
Rainbow
Indian
Bird
Girdwood
Portage
Whittier
Sunrise
Hope

Staff Contact: Juli Lucky 465-4949

Revised 4/6/06

City of Soldotna

177 North Birch • Soldotna, Alaska 99669 • Phone: (907) 262-9107



Representative Mike Chenault, Co-Chair, House Finance Committee
State Capitol, Room 502
Juneau, AK 99801

Re: HB 278 and Other PERS Unfunded Liability Bills

The City of Soldotna supports legislation allowing an option for pension obligation bonds as a tool in dealing with the PERS unfunded liability issue. But, we feel that there are some broader considerations that should be part of this or any bill dealing with this issue. We ask you to submit the following comments to the Finance Committee.

As the Alaska Legislature considers options for reduction of the unfunded liability for PERS and TERS, you should ensure that communities who have taken steps to reduce that liability are not penalized. The City of Soldotna has taken steps to reduce its unfunded liability and should receive credit for this in any plans adopted by the Legislature.

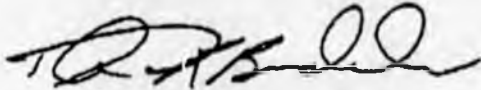
The City of Soldotna, like all other participants in PERS, received notice of an unfunded liability of approximately \$4 million. We were also advised that this liability would effectively accrue interest at 8.25%. That interest charge equaled \$330,000 annually, or \$25,000 a month. At that time, the City's total contribution rate set by the State was about 2.5% and was raised to about 4.5%. With the statutory limit on increases of only 5% of payroll annually, it would have taken until FY 2005-06, the current year, before the City's contribution even equaled the accruing interest.

Faced with this situation, the City Council determined a payment of \$1 million should be made to reduce the unfunded liability. This payment was made in November of 2004. So that you understand the impact of waiting, I want to tell you how the money was applied to the City's liability. Of the \$1 million, \$620,000 went to accrued interest back to the date our unfunded liability calculation was made. Our "principal" owed was only reduced by about \$380,000. The City also elected to apply the legislatively provided offset funding for the current year's 5% increase to be applied to the unfunded liability as well. We absorbed the actual increase in the contribution rate in the City's operating budget.

Many communities asked about our actions. While they saw some benefit, most were concerned that if the Legislature provided assistance, credit would not be given for payments made to reduce the unfunded liability. If the State elected to

pay off the unfunded liability balance in full and did not give credit for earlier efforts to reduce the liability, Soldotna would have paid \$1 million more than other participants. This fear makes it difficult for a community to consider being a good steward of its resources. The Legislature must recognize this and if any relief is given, make sure it is not based on just the unfunded liability on the date relief is given, but also considers the extra payments made prior to that date.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. R. Boedeker', with a stylized flourish at the end.

Thomas R. Boedeker
City Manager

cc: Representative Kurt Olson
Senator Tom Wagoner

ALASKA MUNICIPAL LEAGUE

RESOLUTION #2006-02

**A RESOLUTION URGING THE STATE TO PROVIDE FOR A
STATUTORY MAXIMUM EMPLOYER CONTRIBUTION RATE AND
ALLOW EMPLOYERS THE OPTION OF REFINANCING THEIR
PERS/TRS DEBT**

WHEREAS, the State of Alaska created the Public Employees Retirement System (PERS) in 1962 to provide a retirement system for state and participating municipal employees; and

WHEREAS, many cities and boroughs have participated in PERS for many years; and

WHEREAS, the basic premise of a defined benefit pension plan is that employer and/or employee contributions are invested by the plan administrator in accord with sound actuarial principles so that adequate funds are available for retiree pensions and health care benefits; and

WHEREAS, the PERS system is seriously underfunded on a statewide basis; the plan's assets are roughly equal to only 70% of the projected plan expenses; and

WHEREAS, in response to the underfunding, PERS administrators have indicated that the employer PERS contribution rate will increase by 5% compounded annually every year for many years; and

WHEREAS, this past March, the Senate Finance Committee of the Alaska Legislature found the following reasons for PERS underfunding:

- Inaccurate assumptions
- Historical understatement of system liabilities
- Rising health costs
- 3-year "bear" market downturn
- Declining interest rates
- Unfavorable demographic changes
- Timing of the recognition of market losses
- Artificially low contribution rates in good times
- Legislation that has increased benefits
- Awarding of Post Pension Retirement Adjustments

WHEREAS, by passage of Senate Bill 141, the State has taken a significant step towards a long-term resolution of the statewide PERS shortfall; effective July 1, 2006, the existing defined benefit plan will become a defined contribution plan for employees hired on or after that

date; under a defined contribution plan the liability of the employer is limited to making contributions; and

WHEREAS, all municipalities and local taxpayers face eventual fiscal calamity as the employer rate increases by 5% of total salaries paid per year; and

WHEREAS, establishing a maximum employer PERS rate will enable municipalities to afford to continue to provide essential public services; and

WHEREAS, the State government has vastly superior revenue resources compared to municipal governments; and

WHEREAS, statutory changes to allow municipalities and the state to refinance the existing debt could potentially save several percentage points of interest charges each year.

NOW, THEREFORE BE IT RESOLVED that the Alaska Municipal League agrees to the following:

- To avoid penalizing local taxpayer and students, the PERS statutes should be amended to provide for a maximum employer contribution rate of 20%, with any amount above 20% to be paid by the State, as part of the changes to resolve the plan underfunding.
- That the State allow employers the option of refinancing their existing PERS/TRS debt in order to use financing methods that are available at a rate lower than 8.25%.

HB

362

HOUSE BILL NO. 362

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/13/06

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act increasing the base student allocation used in the formula for state financing of**
2 **public education; and providing for an effective date."**

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

4 *** Section 1.** AS 14.17.470 is amended to read:

5 **Sec. 14.17.470. Base student allocation.** The base student allocation is \$5,352
6 **[\$4,919].**

7 *** Sec. 2.** This Act takes effect July 1, 2006.

80
28

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 362
 (H) Publish Date: 1/13/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Education & Early Development
 Title An act increasing the base student allocation RDU K-12 Support
used in the formula for state financing of public education; and Component Foundation Program
 Sponsor Governor
 Requester Rules Committee Component No. 141

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	90,198.4	0.0	0.0	0.0	0.0	0.0
Miscellaneous						
TOTAL OPERATING	90,198.4	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	90,198.4	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	90,198.4	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would increase the Base Student Allocation from \$4,919 to \$5,352 for FY07.

Prepared by: Eddy Jeans, Director
 Division: School Finance
 Approved by: _____
 Agency: Education & Early Development

Phone 465-8679
 Date/Time 12/20/05 9:30 AM
 Date 12/20/2005

School District	FY06 Projected Entitlement@ \$4,919	Projected Entitlement @ \$5,352	Difference
Alaska Gateway	4,978,445	5,414,866	436,421
Aleutian Region	1,121,420	1,190,687	69,267
Aleutians East Borough	3,325,972	3,677,845	351,873
Anchorage	244,050,660	273,160,930	29,110,270
Annette Island	1,675,995	1,927,101	251,106
Bering Strait	17,437,843	19,653,789	2,215,946
Bristol Bay Borough	1,421,610	1,605,046	183,436
Chatham	2,201,204	2,416,565	215,361
Chugach	2,164,454	2,281,647	104,193
Copper River	6,281,510	6,852,957	571,447
Cordova	3,287,264	3,637,185	349,921
Craig	4,382,366	4,813,617	431,251
Delta/Greely	9,352,944	10,176,263	823,319
Denali Borough	4,577,977	5,029,448	451,471
Dillingham	4,539,483	5,016,333	476,850
Fairbanks N. Star Borough	79,210,194	88,628,797	9,418,603
Galena	16,338,781	17,264,238	925,457
Haines Borough	1,702,312	1,929,455	227,143
Hoonah	1,727,275	1,896,612	169,337
Hydaburg	759,317	801,669	42,352
Iditarod Area	4,332,341	4,645,128	312,787
Juneau Borough	26,043,291	29,384,034	3,340,743
Kake	994,106	1,096,541	102,435
Kashunamiut	2,511,616	2,858,947	347,331
Kenai Peninsula Borough	49,089,231	55,119,137	6,029,906
Ketchikan Gateway Borough	12,644,267	14,151,341	1,507,074
Klawock	1,182,829	1,256,036	73,207
Kodiak Island Borough	17,475,639	19,409,725	1,934,086
Kuspuk	5,309,727	5,881,162	571,435
Lake & Peninsula Borough	6,511,945	7,121,397	609,452
Lower Kuskokwim	43,562,282	48,260,843	4,698,561
Lower Yukon	19,400,947	21,719,856	2,318,909
Mat-Su Borough	94,129,068	103,972,466	9,843,398
Nenana	4,229,269	4,607,364	378,095
Nome	6,752,945	7,422,121	669,176
North Slope Borough	10,610,182	12,552,615	1,942,433
Northwest Arctic Borough	23,970,992	26,398,113	2,427,121
Pelican	381,855	397,781	15,926
Petersburg	3,834,767	4,267,023	432,256
Pribilof	1,116,853	1,260,552	143,699
Saint Mary's	2,008,361	2,186,224	177,863
Sitka Borough	8,425,674	9,418,474	992,800
Skagway	702,306	798,935	96,629
Southeast Island	3,071,481	3,222,871	151,390
Southwest Region	7,097,884	7,922,671	824,787
Tanana	701,901	767,284	65,383
Tinalaska	2,628,614	2,996,794	368,180
Valdez	3,647,045	4,151,172	504,127
Wrangell	2,455,013	2,722,468	267,455
Yakutat	1,045,496	1,152,854	107,358
Yukon Flats	4,916,456	5,245,636	329,180
Yukon/Koyukuk	10,180,358	11,152,945	972,587
Yupit	4,756,298	5,325,970	569,672
Mt. Edgecumbe High School	2,141,906	2,389,816	247,910
Other	26,027,300	26,027,300	
Total	832,344,749	922,362,816	90,198,375

NOTE: The above estimates were calculated using FY07 Projections.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 362
 (H) Publish Date: 1/13/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Education & Early Development
 Title An act increasing the base student allocation RDU K-12 Support
used in the formula for state financing of public education; and Component Special Schools
 Sponsor Governor
 Requester Rules Committee Component No. 2735

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	633.1	0.0	0.0	0.0	0.0	0.0
Miscellaneous						
TOTAL OPERATING	633.1	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	633.1	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	633.1	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would increase the Base Student Allocation from \$4,919 to \$5,352 for FY07.

The funding for the Alaska Challenge Youth Academy is authorized under AS 14.30.740. The funding of this program is directly linked to the based student allocation set out in AS 14.17.470.

Prepared by: Eddy Jeans, Director Phone 465-8679
 Division School Finance Date/Time 12/20/05 9:35 AM
 Approved by: _____ Date 12/20/2005
 Agency Education & Early Development

ALASKA MILITARY YOUTH ACADEMY

FY06 PROJECTION for FY07

184 x \$5352 x 7 =	6,893,376
290 x \$5352 x .6 =	931,248
less \$2,100,000	(2,100,000)
	5,724,624
<i>FY07 Projected Entitlement at \$4919</i>	5,091,578
FY07 INCREASE TO AMYA:	\$ 633,046

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSHB 362(FIN)
 (H) Publish Date: 4/20/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Education & Early Development
 Title An act increasing the base student allocation RDU K-12 Support
used in the formula for state financing of public education; and Component Special Schools
 Sponsor Governor
 Requester House Finance Component No. 2735

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	646.9	0.0	0.0	0.0	0.0	0.0
Miscellaneous						
TOTAL OPERATING	646.9	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	646.9	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type—Do not abbreviate)						
TOTAL	646.9	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would increase the Base Student Allocation from \$4,919 to \$5,380 for FY07.

The funding for the Alaska Challenge Youth Academy is authorized under AS 14.30.740. The funding of this program is directly linked to the based student allocation set out in AS 14.17.470.

Prepared by: Eddy Jeans, Director Phone 465-8679
 Division School Finance Date/Time 4/20/06 8:20 AM
 Approved by: _____ Date 4/20/2006
 Agency Education & Early Development

ALASKA MILITARY YOUTH ACADEMY

FY07 PROJECTION for FY07

134 x \$5380 x 7 =	6,929,440
192 x \$5380 x .6 =	619,776
less \$2,100,000	(2,100,000)
	5,449,216
<i>FY07 Projected Entitlement at \$4919</i>	4,802,341
FY07 INCREASE TO AMYA:	\$ 646,875

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 4
 Bill Version: CSHB 362(FIN)
 (H) Publish Date: 4/20/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Education & Early Development
 Title: An act increasing the base student allocation RDU: K-12 Support
used in the formula for state financing of public education; and Component: Foundation Program
 Sponsor: Governor
 Requester: House Finance Component No.: 141

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	96,020.9	0.0	0.0	0.0	0.0	0.0
Miscellaneous						
TOTAL OPERATING	96,020.9	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	96,020.9	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	96,020.9	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would increase the Base Student Allocation from \$4,919 to \$5,380 for FY07. This is a \$461 increase in the base student allocation.

Prepared by: Eddy Jeans, Director Phone 465-8679
 Division: School Finance Date/Time 4/20/06 8:24 AM
 Approved by: _____ Date 4/20/2006
 Agency: Education & Early Development

School District	FY07 Projected Entitlement@ \$4,919	FY07 Projected Entitlement @ \$5,380	Difference
Alaska Gateway	4,978,445	5,444,316	465,871
Aleutian Region	1,121,420	1,194,845	73,425
Aleutians East Borough	3,325,972	3,700,599	374,627
Anchorage	244,050,660	275,043,349	30,992,689
Annette Island	1,675,995	1,943,339	267,344
Bering Strait	17,437,843	19,797,084	2,359,241
Bristol Bay Borough	1,421,610	1,616,908	195,298
Chatham	2,201,204	2,430,492	229,288
Chugach	2,164,454	2,275,384	110,930
Copper River	6,281,510	6,889,910	608,400
Cordova	3,287,264	3,659,812	372,548
Craig	4,382,366	4,841,504	459,138
Delta/Greely	9,352,944	10,229,503	876,559
Denali Borough	4,577,977	5,058,643	480,666
Dillingham	4,539,483	5,047,169	507,686
Fairbanks N. Star Borough	79,210,194	89,237,853	10,027,659
Galena	16,338,781	17,318,318	979,537
Haines Borough	1,702,312	1,944,143	241,831
Hoonah	1,727,275	1,907,562	180,287
Hydaburg	759,317	804,408	45,091
Iditarod Area	4,332,341	4,660,042	327,701
Juneau Borough	26,043,291	29,600,063	3,556,772
Kake	994,106	1,103,165	109,059
Kashunamiut	2,511,616	2,881,407	369,791
Kenai Peninsula Borough	49,089,231	55,509,061	6,419,830
Ketchikan Gateway Borough	12,644,267	14,243,796	1,604,529
Klawock	1,182,829	1,260,769	77,940
Kodiak Island Borough	17,475,639	19,534,793	2,059,154
Kuspuk	5,309,727	5,918,114	608,387
Lake & Peninsula Borough	6,511,945	7,160,807	648,862
Lower Kuskokwim	43,562,282	48,564,676	5,002,394
Lower Yukon	19,400,947	21,869,509	2,468,562
Mat-Su Borough	94,129,068	104,608,991	10,479,923
Nenana	4,229,269	4,631,814	402,545
Nome	6,752,945	7,465,393	712,449
North Slope Borough	10,610,182	12,678,223	2,068,041
Northwest Arctic Borough	23,970,992	26,555,063	2,584,071
Pelican	381,855	398,810	16,955
Petersburg	3,834,767	4,294,974	460,207
Pribilof	1,116,853	1,269,845	152,992
Saint Mary's	2,008,361	2,197,726	189,365
Sitka Borough	8,425,674	9,482,673	1,056,999
Skagway	702,300	802,949	100,643
Southeast Island	3,071,481	3,232,662	161,181
Southwest Region	7,097,884	7,978,006	878,122
Tanana	701,901	771,512	69,611
Unalaska	2,628,614	3,020,602	391,988
Valdez	3,647,045	4,188,856	541,811
Wrangell	2,455,013	2,739,763	284,750
Yakutat	1,045,496	1,159,796	114,300
Yukon Flats	4,916,456	5,264,080	347,624
Yukon/Koyukuk	10,180,358	11,215,838	1,035,480
Yupit	4,756,298	5,362,808	606,510
Mt. Edgecumbe High School	2,141,906	2,405,847	263,941
Other	26,027,300	26,027,300	
Total	824,427,271	920,448,174	96,020,903

NOTE: The above estimates were calculated using FY07 Projections.

Journal Text for HB362 in the 24th Legislature

Full Journal

01-13-2006

House Journal

2264

HB 362

HOUSE BILL NO. 362 by the House Rules Committee by request of the Governor, entitled:

"An Act increasing the base student allocation used in the formula for state financing of public education; and providing for an effective date."

was read the first time and referred to the Finance Committee.

The following fiscal note(s) apply:

1. Fiscal, Dept. of Education & Early Development
2. Fiscal, Dept. of Education & Early Development

The Governor's transmittal letter dated January 13, 2006, follows:

"Dear Speaker Harris:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would raise the base student allocation for students attending public school grade levels kindergarten through 12 (K-12) beginning in fiscal year 2007. Under the bill, the base student allocation would increase from \$4,919 to \$5,352 on July 1, 2006, an approximately 8.8 percent increase over last year. This is the fourth increase in the base student allocation since 2003, when the allocation was \$4,010. These four increases amount to a 33 percent increase during this Administration.

This bill is an important element of my continuing effort to finance K-12 public education at a level that meets the increased costs our school districts have experienced over the last several years. This increase in the base student allocation will add approximately \$90 million to the state financing of public education, bringing the total state contribution to \$928,087,440.

01-13-2006

House Journal

2265

I urge your prompt and favorable action on this measure, for the sake of Alaska's public schools and our children.

Sincerely yours,

/s/

Frank H. Murkowski
Governor"