

12064 SENATE STATE AFFAIRS

HB

277

Karen Sawyer

From: Blunt, Richard M. BG [BluntR@korea.army.mil]
Sent: Friday, May 06, 2005 11:58 AM
To: Sen. Charlie Huggins; Sen. Gene Therriault
Cc: craig.cambell@ak.ngb.army.mil; john_cramer@ak-prepared.com; roger_schnell@ak-prepareu.com
Subject: SB-176/HB-277

Gentlemen,

I am taking this opportunity to convey my concerns regarding SB-176 and its companion HB-277 on naming the ARNG/University of Alaska Southeast Joint Use Facility in honor of Charles Gamble Jr. and Donald Sperl.

It is not my intent to diminish these individuals or their families' sacrifice, nor diminish the debt that Alaska and the United States owe to their memories. However, I am concerned about naming an Alaska National Guard facility in their memory as they had not served in the Alaska National Guard. Perhaps we should defer naming this facility for anyone at this time. As you are well aware we have entered a new era, an era where we have deployments of National Guard personnel in support of combat operations throughout the world. Such areas as Iraq, Afghanistan, the Philippines, and the Horn of Africa. Unfortunately, with these deployments comes the risk of casualties and as we see almost daily these casualties include the men and women of the National Guard. Perhaps it might be prudent to defer naming this facility for now. Might it not be better to wait until all of our Alaska National Guard personnel return from current and future deployments and combat operations.

Perhaps it might be fitting to honor the memories of Mr. Gamble and Mr. Sperl in a manner similar to that used to honor James Bondsteel.

I appreciate your consideration of not only this manner, but your service to our State.

Respectfully,

RICHARD M. BLUNT
Brigadier General, AK ARNG
Assistant Deputy Combined Rear Area Coordinator
Combined Forces Command (ROK/US)
Daegu, South Korea



DEPARTMENTS OF THE ARMY AND THE AIR FORCE

**HEADQUARTERS, ALASKA NATIONAL GUARD
OFFICE OF THE ADJUTANT GENERAL
P.O. BOX 5800, CAMP DENALI
FORT RICHARDSON, ALASKA 99505-5800**

June 19, 2002

Adjutant General

Alaska Senator Kim Elton
State Capitol
Juneau, Alaska 99801-1182

Dear Senator Elton:

I recently received your letter concerning the request to honor the memory of long time Juneau residents Don Sperl and Charles Gambell Jr. in the naming of the new Juneau Armory.

A nominating committee will be formed in the near future and I will forward your request for consideration. Thank you for your input and we look forward to supporting the people of Juneau.

If I may be of any further assistance in this matter please do not hesitate to contact me or my Director of Facility Management, Lieutenant Colonel Craig Schreiber at (907) 428-6750, or by email at: craig.schreiber@ak.ngb.army.mil.

Sincerely,

A handwritten signature in cursive script, reading "Phillip E. Oates", is positioned above the typed name.

PHILLIP E. OATES
Major General, AKNG
The Adjutant General

HOUSE BILL NO. 277

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES KERITULA, Thomas

Introduced: 4/19/05

Referred: House Special Committee on Military and Veterans' Affairs, State Affairs

A BILL

FOR AN ACT ENTITLED

1 **"An Act naming the Charles Gamble Jr. - Donald Sperl Joint Use Facility in Juneau."**

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

3 *** Section 1.** AS 35.40 is amended by adding a new section to read:

4 **Sec. 35.40.195. Charles Gamble Jr. - Donald Sperl Joint Use Facility.** The
5 joint use student recreation center and National Guard readiness center built for the
6 University of Alaska Southeast and the Department of Military and Veterans' Affairs
7 at Juneau is named the Charles Gamble Jr. - Donald Sperl Joint Use Facility.

Presented by: Assembly
Introduced: 04/11/2005
Drafted by: J.W. Hartle

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2306

**A Resolution Requesting that the Army National Guard Name
the New National Guard Readiness Center After Donald W.
Sperl and Charles F. Gamble, Jr.**

WHEREAS, Juneau-Douglas High School graduates Donald W. Sperl and Charles F. Gamble, Jr., died serving our country in the Vietnam war; and

WHEREAS, both of these two Juneau residents are listed on the Vietnam Veterans' Memorial, and are the only two soldiers listed from Juneau, Alaska; and

WHEREAS, the U.S. Army National Guard and the University of Alaska Southeast are building a joint UAS Student Recreation Center and Alaska Army National Guard Readiness Center in Juneau; and

WHEREAS, the National Guard will have to name the new "Readiness Center" facility; and

WHEREAS, it would be appropriate to name the new facility after these two young men who gave their lives for their country.

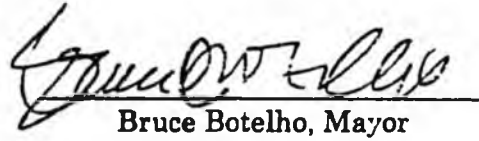
NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. The Assembly of the City and Borough of Juneau respectfully requests that the U.S. Army National Guard name the new Alaska Army National Guard Readiness Center in honor of these two Juneau men, Donald W. Sperl and Charles F. Gamble, Jr.

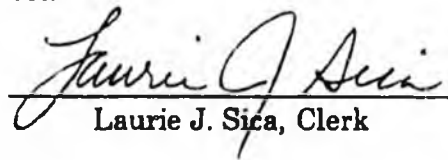
Section 2. Copies of Resolution 2306 shall be provided to the University of Alaska Southeast and the Alaska Army National Guard.

Section 3. Effective Date. This resolution shall be effective immediately upon adoption.

Adopted this 11th day of April, 2005.


Bruce Botelho, Mayor

Attest:


Laurie J. Sica, Clerk

**STATE OF ALASKA
THE LEGISLATURE**

2001

Source
SJR 27

**Legislative
Resolve No.**
28



Relating to an Alaska National Guard Armory in Juneau.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the Alaska National Guard has maintained armories across the state of Alaska since 1959; and

WHEREAS the Alaska National Guard protects the people and infrastructure of our state, with 84 armories and readiness centers that provide rapid access to all areas of the state; and

WHEREAS the steep mountains, deep waters, open oceans, and inland channels of the southeast area of Alaska create a challenging environment for emergency management, making it essential that emergency workers understand the climate, culture, and coordinates of the area; and

WHEREAS the persons serving in the Alaska National Guard in the southeast area of Alaska are neighbors, coworkers, and friends who dedicate many hours of their busy lives to perfecting their military and emergency readiness skills; and

WHEREAS Juneau was the first Alaska city to have a National Guard unit, and the Alaska National Guard's main armory in the southeast area of Alaska has been located in Juneau since the current armory was constructed in 1960; and

WHEREAS the Alaska National Guard armory in Juneau provides the only battalion headquarters for all of the southeast area of Alaska; and

WHEREAS having a Juneau armory greatly improves the Alaska National Guard's ability to recruit and retain personnel in the state's third largest and capital city; and

WHEREAS the Alaska National Guard armory in Juneau is now located on property owned by the Alaska Mental Health Trust Authority, and the City and Borough of Juneau and the Alaska Mental Health Trust Authority have worked together to provide a new site for a National Guard readiness center; and

WHEREAS the National Guard is also considering constructing a joint facility with the University of Alaska Southeast, and the facility would improve the capacity of both the Alaska National Guard and the University of Alaska Southeast to fulfill their missions in a manner that is cost-efficient for both;

BE IT RESOLVED that the Alaska State Legislature supports building a new Alaska National Guard Armory in Juneau and calls on the National Guard Bureau to make the project a high priority; and be it

FURTHER RESOLVED that the Alaska State Legislature calls on the United States Congress to make appropriations to fund a new armory in Juneau, in keeping with the national interest.

COPIES of this resolution shall be sent to the Honorable Donald Rumsfeld, United States Secretary of Defense; General Eric K. Shinseki, U.S. Army Chief of Staff; Lieutenant General Russell C. Davis, Chief, National Guard Bureau; Major General Roger C. Schultz, Director, Army National Guard; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

Paula Cadiente

From: Lindegaards [Dock3050@gci.net]
Sent: Wednesday, April 27, 2005 12:33 PM
To: Sen. Kim Elton
Subject: Naming the new armory here in Juneau

Dear Senator Elton,

Eric and I are both in favor of honoring Charles Gamble and Don Sperl, by naming the the National Guard Armory after our two Vietnam War heroes. Don and Charlie are our hometown boys, and gave their lives for our service, our freedom, and the embetterment of Vietnam. They honored their families, and their whole community. We would like to return that honor, by not forgetting them, and the values for which they stood. Please represent our wishes to name the new National Guard Armory, the Sperl-Gamble Armory.

Sincerely yours, Bunny & Eric Lindegaard

Aurora Hauke

From: Arlene Crumrine [arlenec@alaska.com]
Sent: Monday, April 25, 2005 2:25 PM
To: Rep. Bruce Weyhrauch; Sen. Kim Elton; Rep. Beth Kerttula
Subject: Sperr-Gamble Center

Dear Bruce, Kim and Beth:

As chairperson of the Juneau-Douglas 40th class reunion (this year), I would like to ask you support to help get the new National Guard Armory named for two of our classmates who died in Viet Nam. Both of them died shortly out of high school. Don was in our class and Chuck was a good friend. All of us who have lost loved ones, either by war or some other senseless tragedy, would love to have their names on a building. (Obviously I can't do that for my grandson but we did get his name up by the crossing where he was killed.) Again, I ask for your support in helping us with this project.

Thank you,
Arlene Crumrine

Proclamation

Whereas, This nation is kept strong and free by the loyal citizens who preserve our precious American heritage through their positive patriotic declarations and actions, and

Whereas, All loyal citizens should make it their duty to inspire complete patriotism among all of our peoples, and

Whereas, We urgently need a vigorous display of true red, white and blue Americanism, thus convincing friends and foe alike that our nation is firmly united for self preservation, now

Therefore, I (name of official and title), of the City/State of (name of state), hereby concur with the Congress and President of the United States in designating the first day of May as Loyalty Day, celebrated annually by for over fifty years throughout the nation, and I urge every individual, school, church, organization, business establishment and household within my official jurisdiction to publicly reaffirm their strong allegiance to our Flag and Country through active participation in patriotic programs being sponsored and recognize the start of the Veterans of Foreign Wars of the United States and its Ladies Auxiliary "Vietnam Veterans Recognition Week," May 1-7, beginning on this Loyalty Day, May 1, 2005.



Official

Vietnam veterans fought to preserve democracy and freedom, not just here in America, but for all freedom-loving people around the world. The freedom and prosperity we enjoy today is in large part, guaranteed by all of those who served so honorably in Vietnam.

Vietnam War veterans were everyday people made extraordinary by events beyond their control. They did their duty not out of bravado or boldness, but out of a sense of duty and because they had a deep and abiding love for their country. Quite simply, they believed in the promise of the American dream and the essential goodness of America.

Because of the actions of Vietnam veterans, the flame of freedom burns brighter today than ever before throughout the world. The tradition of service demonstrated by those who served during the Vietnam War provides lasting testimony to the indomitable and tenacious spirit that resides in the heart of our Vietnam veterans.

During VFW's Vietnam Veterans Recognition Week, we also need to use this occasion to honor and remember the more than 3,403,000 military personnel who served in the republic of South Vietnam or elsewhere in Southeast Asia in support of the U.S. military operations in Vietnam.

Today, we have the opportunity to not only pause and reflect, but to remember and honor the memory of the more 58,000 men and women who gave so much — the ultimate sacrifice for freedom's sake.

(Greeting/Salutation)

For many long years, from February 20, 1961 to May 7, 1975, members of our armed forces fought on behalf of the South Vietnamese people.

SPEECH

All of us need to be forever thankful to all of them for their unselfish devotion and for their courageous willingness to put their life at risk.

We honor them because we appreciate what they have given us. Without their contributions the world would be a much different place ... a darker place. Our Vietnam veterans performed the highest form of public service. They are one of the reasons we stand apart from the rest of the world as a nation. When it all came down to it, they stood strong, and when it was needed, they answered the challenge.

Vietnam veterans are worthy of every praise, monument and memorial that we could offer. But the best way to honor the Vietnam veteran is to help them honor the vow they made to ensure that every new generation of veterans are appreciated and receive the dignity and respect they have earned: to see to it that every veteran receives the benefits and entitlements they deserve is one way of maintaining a link to the thousands of men and women who helped to secure so many blessings for us.

At this time, I would invite all Vietnam veterans in the audience to please stand or raise your hand to be recognized. (Start clapping when the veterans rise.)

The most generous honor we could bestow to the Vietnam veteran is to use the many opportunities that are afforded us to rededicate ourselves to our country, to America's veterans and to their families.

It is time for the nation to give our Vietnam Veterans their due and thank them for their noble efforts and achievements.

Veterans of Foreign Wars
NEWS RELEASE

Contact Information

Name: _____
Phone: _____

For Immediate Release

Community Invited to

VFW Recognize Vietnam Veterans Event

Date: _____
VFW Post: _____

announced today that a Recognize Vietnam Veterans event will be held at _____ on Loyalty Day, May 1, at _____.

A spokesperson from the VFW said this event is one of hundreds that will be held this week by VFW and Ladies Auxiliary VFW members nationwide and overseas as part of VFW's Vietnam Veterans Recognition week, May 1-7, 2005.

"This is an excellent opportunity for the VFW to let our communities know that our Vietnam Veterans continue to serve our country and will continue to make the VFW the nation's leading veterans organization," said _____.

Editorial

(Send this to your media two weeks in advance of the kick off.)

The Veterans of Foreign Wars is designating May 1-7, 2005, as Vietnam Veterans Recognition Week.

More than 3,403,000 American military personnel served in Vietnam, and in Southeast Asia during the war. The service of our armed forces reflected the true dedication they held to America, to freedom and to human rights. Vietnam veterans will tell you they fought for one reason: freedom.

Vietnam veterans often bore the brunt of a nation angry and divided by the war. Despite being treated with disrespect and detention upon returning home, and slighted by a nation that appreciated victory more than honorable service, Vietnam veterans proudly knew they fought the good fight, and their cause was a just one.

Vietnam veterans can be proud of their legacy, especially the vow they made to ensure that future generations of veterans will always receive the assistance and appreciation they earned.

Notwithstanding the stereotype sometimes depicted by Hollywood and in the media, the majority of those who served in Vietnam returned home and put the war behind them. Some became doctors or lawyers. Some became teachers or social workers. Some chose to run for political office. All in all, they made a decision to make a difference, to do what they could to make the world better.

The contributions Vietnam veterans have made to America and to society are endless. They deserve nothing but respect and admiration for their dedication to service and country.



Map courtesy of the West Point Museum Collection, United States Military Academy



Vietnam Warriors

A Statistical Profile

Confusion reigns when it comes to numbers and the Vietnam War. Listed below are some figures that may help sort out fact from fiction in many media reports concerning veterans.

IN UNIFORM AND IN COUNTRY

- Vietnam Vets: 9.7% of their generation.
- 9,087,000 military personnel served on active duty during the Vietnam era (Aug. 5, 1964 - May 7, 1975).
- 8,744,000 personnel were on active duty during the war (Aug. 5, 1964 - March 28, 1973).
- 3,403,100 (including 514,300 offshore) personnel served in the Southeast Asia Theater (Vietnam, Laos, Cambodia, Thailand and sailors in adjacent South China Sea waters).
- 2,594,000 personnel served within the borders of South Vietnam (Jan. 1, 1965 - March 28, 1973).
- Of the 2.6 million, between 1 and 1.6 million (40-60%) either fought in combat, provided close combat support or were at least fairly regularly exposed to enemy attack. 15% were in combat units.
- Another 50,000 men served in Vietnam between 1960 and 1964.
- 7,484 women (6,250 or 83.5% were nurses) served in Vietnam.
- Peak troop strength in Vietnam: 543,482 (April 30, 1969).

CASUALTIES

- Hostile deaths: 47,418.
- Non-hostile deaths: 10,811.
- Total: 58,229 (includes men formerly classified as MIA and *Mayaguez* casualties). Men who have subsequently died of wounds account for the changing total.
- 8 nurses died — 1 was KIA.
- Married men killed: 17,539.
- 61% of the men killed were 21 years old or younger.
- Highest state death rate: West Virginia — 84.1 per 100,000 males (national average in 1970: 58.9).
- Wounded: 303,704 — 153,329 hospital-

- ized + 150,375 injured who require no hospital care.
- Severely disabled: 75,000 — 23,214 100% disabled; 5,283 lost limbs; 1,081 sustained multiple amputations.
- Amputation or crippling wounds to the lower extremities were 300% higher than in WWII and 70% higher than in Korea. Multiple amputations occurred at the rate of 18.4% compared to 5.7% in WWII.
- Missing in Action: 2,338 (at war's end).
- Prisoners of War: 766 (114 died in captivity).

DRAFTED VS. VOLUNTEERS

- 25% (648,500) of total forces in country were draftees. (66% of U.S. armed forces members in WWII were drafted.)
- Draftees accounted for 30.4% (17,725) of combat deaths in Vietnam.
- Reservists killed: 5,977.
- National Guard: 9,000 served; 22 KIA.

RACE AND ETHNIC BACKGROUND

- 88.4% of the men who actually served in Vietnam were Caucasian (includes Hispanics); 10.6% (275,000) were black; 1% belonged to other races.
- 86.3% of the men who died in Vietnam were Caucasian; 12.5% (7,241) were black; 1.2% belonged to other races.
- 170,000 Hispanics served in Vietnam; 3,070 (5.2% of total) died there.
- 86.8% of the men who were killed as a result of hostile action were Caucasian; 12.1% (5,711) were black; 1.1% belonged to other races.
- 14.6% (1,530) of non-combat deaths were among blacks.
- 34% of blacks who enlisted volunteered for the combat arms.
- Overall, blacks suffered 12.5% of the deaths in Vietnam at a time when the

- percentage of blacks of military age was 13.5% of the total population.
- Religion of dead: Protestant — 64.4%; Catholic — 28.9%; other/none — 6.7%.

SOCIO-ECONOMIC STATUS

- 76% of the men sent to Vietnam were from lower middle/working class backgrounds.
- Three-fourths had family incomes above the poverty level; 50% were from middle-income backgrounds.
- Some 23% of Vietnam vets had fathers with professional, managerial or technical occupations.
- 79% of the men who served in Vietnam had a high school education or better when they entered the military service. (63% of Korean War vets and only 45% of WWII vets had completed high school upon separation.)

WINNING & LOSING

- 82% of veterans who saw heavy combat strongly believe the war was lost because of lack of political will.
- Nearly 75% of the general public agrees that it was a failure of political will, not of arms.

AGE & HONORABLE SERVICE

- Average age of the Vietnam War GI: 19 (26 for WWII).
- 97% of Vietnam-era veterans were honorably discharged.

PROUD IN SERVICE

- 91% of actual Vietnam War veterans and 90% of those who saw heavy combat are proud to have served their country.
- 66% of Vietnam vets say they would serve again if called upon (polled in the 1980s).
- 87% of the public now holds Vietnam veterans in high esteem.

Compiled by VFW magazine. Please copy and distribute to educators.
www.vfw.org



THE OFFICIAL SITE OF VETERANS OF FOREIGN WARS OF THE UNITED STATES



Related Sites

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- > National Commander and Officers
- > VFW Facts
- > News
- > VFW Publications
- > VFW Grassroots Achievements
- > E-Newsletter & Update
- > National Convention
- > National Calendar
- > VFW Public Service Ads
- > State E-mail listing
- > Census 2000 Veterans' Facts
- > **Vietnam Veterans Recognition Week**

Vietnam Veterans Recognition Week

VFW Posts worldwide will host Vietnam Veterans Recognition Week May 1-7, 2005. An array of activities are planned during the week to recognize Vietnam veterans and their families. For ideas and helpful hints in organizing your event, click on the links at right.

Related Links:

- > Vietnam Veteran Week Brochure
- > Vietnam Veteran Certificate (Blank)
- > Vietnam Veteran Certificate (Online Personalization)
- > Veterans Return Years Later
- > Vietnam Center, Available Online
- > VFW Officials Vis on MIA Issue



Veterans H

> Click here for Info
Orange

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REPRESENTATIVE BILL THOMAS

ALASKA STATE LEGISLATURE DISTRICT 5

e-mail: Representative.Bill.Thomas@legis.state.ak.us webpage: www.akreblicans.org/thomas/

State Capitol

Juneau AK, 99801-1182

907-465-3732

888-461-3732

FAX 907-465-2652

MEMORANDUM

Date: 5-03-05

To: Senator Therriault, Chair Senate State Affairs Committee

From: Representative Thomas 

Re: HB 277 An Act naming the Charles Gamble Jr. - Donald Sperl Joint Use Facility in Juneau.

I respectfully request that HB 277 be scheduled for a hearing at your earliest convenience.

HB 277 will name the joint use student recreation center and National Guard readiness center built for the University of Alaska Southeast and the Department of Military and Veterans' Affairs in Juneau the Charles Gamble Jr. - Donald Sperl Joint Use Facility.

If you have any questions please don't hesitate to contact my office.

HB

300

ALASKA STATE LEGISLATURE



Interim:
600 East Railroad Avenue
Wasilla, Alaska 99654
(907) 373-1842
Fax (907) 373-4729

Session:
State Capitol Building
Juneau, Alaska 99801-1182
(907) 465-2186
Fax (907) 465-3818

REPRESENTATIVE VIC KOHRING DISTRICT 14

Memorandum

March 24, 2006

To: Senator Gene Therriault
Chair Senate State Affairs

From: Vic Kohring

Re: Hearing request for HB 300 

I respectfully request a hearing in Senate State Affairs for HB 300 "An Act relating to the qualifications of the member of the Alaska Oil and Gas Conservation Commission who need not be certified, trained, or experienced in either the field of petroleum engineering or the field of petroleum geology." as soon as possible.

Attached you will find the sponsor statement, a copy of the legislation and backup information.

If you have any questions, please do not hesitate to contact me, or my aide Charisse Millett ext. 4899.

Thank you for your consideration.

ALASKA STATE LEGISLATURE

Interim:

600 East Railroad Avenue
Wasilla, Alaska 99654
(907) 373-1842
Fax (907) 373-4729



Session:

State Capitol Building
Juneau, Alaska 99801-1182
(907) 465-2186
Fax (907) 465-3818

REPRESENTATIVE VIC KOHRING
DISTRICT 14

House Bill 300 Sponsor Statement

House Bill 300 requires that the *public seat* on the three member Oil & Gas Conservation Commission be filled by one with demonstrated experience in the oil and gas industry.

Currently this requirement applies only to the two technical seats, the geologist and engineer. It's critical that all members of the Commission have a fundamental understanding of the industry they regulate, and this legislation helps accomplish that.

HB 300 requires the public member to possess training or experience in the field, demonstrating a clear, essential knowledge of the state's oil and gas operations.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: 24-LS0997A
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title Qualifications of the third member of AOGCC RDU AK Oil & Gas Conservation Commission
 Component AK Oil & Gas Conservation Commission
 Sponsor Representative Kohring
 Requester Representative Kohring Component No. 2010

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	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	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	0.0	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 legislation will not have a fiscal impact upon the Alaska Oil and Gas Conservation Commission (AOGCC).

Prepared by: Daniel T. Seamount, Jr., Commissioner
 Division: Alaska Oil and Gas Conservation Commission
 Approved by: Michael Tibbles, Deputy Commissioner
 Agency: Administration

Phone 907-793-1221
 Date/Time 1/23/06 2:30 PM
 Date _____

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

333 W. 7TH AVENUE, SUITE 100
ANCHORAGE, ALASKA 99501-3539
PHONE (907) 279-1433
FAX (907) 278-7542

January 20, 2006

The Honorable Victor Kohring
Chair, House Special Committee on Oil and Gas
State Capitol
Juneau, Alaska 99801

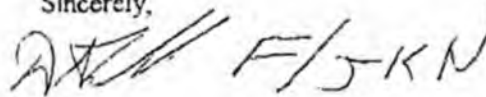
Re: House Bill No. 300

Dear Representative Kohring:

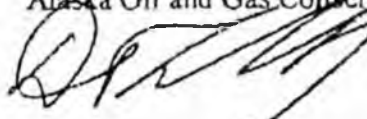
Thank you for this opportunity to comment on HB300. The Alaska Oil and Gas Conservation Commission ("Commission") supports this amendment regarding the qualifications of the third member of the Commission. This very simple revision will help protect the oil and gas interests of the people of Alaska by expressing a preference for applicants for any of the three Commission seats who demonstrate experience in oil and gas operations in the state. Currently this requirement applies only to the two technical seats, the geologist and the engineer. Because Alaska is moving into a time of extremely critical and diverse oil and gas activities, it is important that all members of the Commission have a fundamental understanding of the industry they regulate.

We would be please to respond to any questions you or other members of the committee you may have

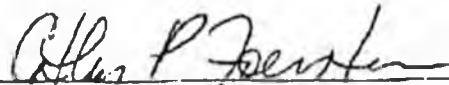
Sincerely,



John K. Norman, Chairman
Alaska Oil and Gas Conservation Commission



Daniel T. Searnount, Jr., Commissioner
Alaska Oil and Gas Conservation Commission



Cathy P. Foerster, Commissioner
Alaska Oil and Gas Conservation Commission

BACK GROUND INFORMATION

Alaska Oil & Gas Conservation Commission

Commission History

The Alaska Oil and Gas Conservation Act (1955) created the Alaska Oil and Gas Conservation Commission (AOGCC or Commission). The Commission was composed of the Governor of the Territory of Alaska, the Territorial Commissioner of Mines, and the Territorial Highway Engineer. Rules and regulations governing Commission activities became effective on October 1, 1958.

Under the State Organization Act of 1959, the Oil and Gas Conservation Commission was abolished, its function and authority transferred to the Department of Natural Resources, Division of Mines and Minerals. A group within the department was designated to hold hearings and issue decisions on oil and gas matters. This group was the Alaska Oil and Gas Conservation Committee which consisted of the Director of the Division of Mines and Minerals (Chairman), the State Petroleum Geologist, the State Petroleum Engineer, and the Deputy Commissioner of the Department of Natural Resources.

In 1968 the Division of Oil and Gas was created within the Department on Natural Resources. The new division arose from the Petroleum Branch of the Division of Mines and Minerals. The Alaska Oil and Gas Committee was placed within the new division, and consisted of the Director, Chief Petroleum Geologist, and Chief Petroleum Engineer. In 1976 the word "conservation" was added to the division's title, and it became the Division of Oil and Gas Conservation.

With the advent of production from Prudhoe Bay in 1977, the Legislature became concerned with the potential conflict between the state's revenue interest in high production rates on state leases and the state's conservation interest in protecting total ultimate recovery. To obviate its concern, the Legislature amended AS 31.05 by Chapter 158, SLA 1978 to create a new Commission, effective January 1, 1979, as an independent quasi-judicial agency within the executive branch of the state. Initially, the new Commission was housed within the Department of Natural Resources, but in 1980 it was transferred to the Department of Commerce and Economic Development. More recently, Governor Hickel transferred the Commission to the Department of Administration on February 17, 1994.

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Alaska Oil & Gas Conservation Commission

AOGCC Mission

The mission of the Alaska Oil and Gas Conservation Commission (AOGCC) is to protect the public interest in exploration and development of oil and gas resources, ensuring conservation practices, and increasing ultimate recovery, while protecting health, safety, the environment, and property rights.

The Commission functions as the regulatory agency overseeing the underground operation of the Alaska oil industry on private and public lands and waters. Its responsibilities include regulating drilling and production of oil and gas to ensure that physical waste does not occur, protecting correlative rights of mineral interest owners, ensuring greater ultimate resource recovery and managing the Class II Underground Injection Control (UIC) program for oil and gas wells in Alaska as authorized by the U.S. Environmental Protection Agency on June 19, 1986.

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State of Alaska Oil and Gas Conservation Commission

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<input checked="" type="checkbox"/> State of Alaska Oil and Gas Conservation Commission

COMMISSIONERS - TERMS IN OFFICE

Petroleum Engineer	Geologist	Public Member
Hoyle H. Hamilton Jan 1, 1979 to Dec 31, 1981	Harry W. Kugler Jan 1, 1979 to May 15, 1986	Lonnie C. Smith Jan 1, 1979 to Jul 1, 1992
C. V. "Chat" Chatterton Jan 18, 1982 to Aug 1, 1990	William W. Barnwell Jul 1, 1986 to Aug 11, 1988	Leigh Griffin Sep 9, 1992 to Feb 6, 1993
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J. David Norton Nov 20, 1995 to May 7, 1996	Dan Seamount Jan 13, 2000 to Present	Mary Marshburn Jan 1, 1997 to May 9, 1997
Robert Christenson May 9, 1997 to Jun 8, 2000		Camille Oechsli Taylor Sep 1, 1997 to Feb 18, 2003
Julie Heusser Nov 1, 2000 to Mar 15, 2002		Sarah Palin Feb 19, 2003 to Jan 23, 2004
Mike Bill Oct 1, 2002 to Feb 18, 2003		John K. Norman Jan 26, 2004 to Present
Randy Ruedrich Feb 19, 2003 to Nov 8, 2003		
Cathy Foerster March 30, 2005 to Present		

Regulations

Oil and Gas Conservation Commission > Regulations: Updated 13 December 2005

The regulations reproduced below are intended to reflect the complete amended set of regulations for the AOGCC. Please note that there are differences between this version and the version published by Lexis Law Publishing. The AOGCC has attempted to accurately reproduce the regulations as adopted and filed by the Lt. Governor and to correct certain errors that appear in the published version. However, readers are advised that the AOGCC cannot guarantee the accuracy of the following version and that in the event of any unintentional discrepancies between the following version and the regulations originally filed by the Lt. Governor (copies of which are available from the AOGCC), the regulations are under the Lt. Governor's control.

Amended Regulations: Updated 13 December 2005

- › Well branches, permit to drill applications, drilling program changes, and redrills.

Alaska Administrative Code

Title 20 - CHAPTER 25

Article

- › 1. Drilling (20 AAC 25.005 – 20 AAC 25.080)
- › 2. Abandonment and Plugging (20 AAC 25.105 – 20 AAC 25.172)
- › 3. Production Practices (20 AAC 25.200 – 20 AAC 25.290)
- › 4. Reports (20 AAC 25.300 – 20 AAC 25.320)
- › 5. Enhanced Recovery (20 AAC 25.400 – 20 AAC 25.460)
- › 6. General Provisions (20 AAC 25.505 – 20 AAC 25.630)
- › 7. Definitions (20 AAC 25.990)

Editor's Notes-

This chapter is based on the former regulations of the division of oil and gas conservation formerly located in 11 AAC 22.

Alaska Oil & Gas Conservation Commission

Title 31. OIL AND GAS

Chapter 31.05. ALASKA OIL AND GAS CONSERVATION ACT

These statutes are also available at the Alaska State Legislative Site of Current Statutes.

Article

1. Administration (31.05.005 - 31.05.093)
2. Regulation of Operations (31.05.090 - 31.05.120)
3. General Provisions (31.05.150 - 31.05.170)

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Article 1. ADMINISTRATION

Section

05. Alaska Oil and Gas Conservation Commission created
07. Term of office; vacancy; removal
09. Qualification of members
10. (Repealed)
11. Quorum
13. Oath of Office
15. Compensation of members of the commission
17. Principal office; seal
20. (Renumbered as AS 31.05.095)
21. Legal counsel
23. Commission staff
25. Conflict of interest
26. Relationship to Department of Natural Resources
27. Land subject to commission's authority
30. Powers and duties of commission
35. Confidential reports
40. Regulations and orders
50. Notice
60. Action by commission
70. Attendance and testimony of witnesses
80. Rehearings and appeals
85. Expenses of investigation or hearing
93. Regulated well regulatory cost charge

Sec. 31.05.005. Alaska Oil and Gas Conservation Commission created.

(a) There is created as an independent quasi-judicial agency of the state the Alaska Oil and Gas Conservation Commission, composed of three commissioners appointed by the governor and confirmed by the legislature in joint session. In making appointments to the commission under AS 31.05.009 (1) and (2) and this subsection, the governor shall consider and give preference to a person who demonstrates experience in oil and gas operations in the state.

(b) The governor shall designate one member of the commission as chair of the commission. This member shall serve as chair for a term of four years, but may not be appointed for successive terms as chair of the commission.

Sec. 31.05.007. Term of office; vacancy; removal.

(a) The term of office of each member is six years. A commissioner, upon the expiration of a term, shall continue to hold office until a successor is appointed and qualified.

(b) A vacancy arising in the office of a commissioner shall be filled by appointment by the governor and confirmed by the legislature in joint session, and, except as provided in AS 39.05.080 (4), an appointee selected to fill a vacancy shall hold office for the balance of the full term for which the predecessor on the commission was appointed.

(c) A vacancy in the commission does not impair the authority of a quorum of commissioners to exercise all the powers and perform all the duties of the commission.

(d) The governor may remove a commissioner from office for cause including but not limited to incompetence, neglect of duty or misconduct in office. A commissioner, to be removed for cause, shall be given a copy of the charges and afforded an opportunity to be publicly heard in person or by counsel in the commissioner's own defense upon not less than 10 days' notice. If a commissioner is removed for cause, the governor shall file with the lieutenant governor a complete statement of all charges made against the commissioner and the governor's finding based on the charges, together with a complete record of the proceedings.

Sec. 31.05.009. Qualifications of members.

Members shall be qualified as follows:

(1) one member shall be a petroleum engineer who

(A) holds a certificate of registration as an engineer under AS 08.48 and, under regulations adopted to implement that chapter, has qualified as a petroleum engineer; or

(B) has earned a degree from a university in the field of engineering and has at least 10 years of professional subsurface experience in the oil and gas industry in drilling, well operations, production process operations, reservoir engineering, or a combination thereof, for the purposes of this subparagraph, a person meets the requirement of earning a degree in the field of engineering if the person obtains an undergraduate or graduate degree in engineering that meets the requirements for program accreditation by the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology and the person completes university or industry training specific to petroleum engineering that illustrates application of engineering principles to the problems encountered and methods used in the petroleum industry, including drilling, production, reservoir engineering, fluid flow through subsurface formations, and hydrocarbon transportation;

(2) one member shall be a geologist who

(A) holds a certification as a professional geologist under AS 08.02.011 and has professional experience in the field of petroleum geology; or

(B) has earned a degree in the field of geology from a university accredited in the field of geology and has a minimum of 10 years professional experience in the field of petroleum geology; and

(3) one member who need not be certified, trained, or experienced in either the field of petroleum engineering or the field of petroleum geology.

Sec. 31.05.010. Application. [Repealed by Sec. 4 ch 158 SLA 1978].

Repealed or Renumbered

Sec. 31.05.011. Quorum.

Two members of the commission constitute a quorum for the transaction of business, for the performance of a duty, or for the exercise of a power of the commission.

Sec. 31.05.013. Oath of office.

Each commissioner, before entering upon the duties of office, shall take and subscribe to the oath prescribed for principal officers of the state.

Sec. 31.05.015. Compensation of members of the commission.

Members of the commission are in the exempt service and shall receive an annual salary.

Sec. 31.05.017. Principal office; seal.

(a) The commission shall establish a principal office and branch offices necessary to discharge its business efficiently. For the convenience of the public or of parties to a proceeding the commission may hold meetings, hearings or other proceedings at other locations.

(b) The commission shall have an official seal.

Sec. 31.05.020. [Renumbered as AS 31.05.095].

Repealed or Renumbered

Sec. 31.05.021. Legal counsel.

(a) The Department of Law shall provide full-time legal counsel to the commission. The legal counsel provided by the Department of Law is subject to the approval of the commission.

(b) The commission may, subject to the approval of the attorney general, contract for the services of additional specialized legal counsel or legal consultants.

Sec. 31.05.023. Commission staff.

(a) The commission shall employ such staff as it considers necessary to carry out its responsibilities.

(b) The professional staff of the commission and the personal secretary of each commissioner are in the exempt service under AS 39.25.110.

(c) The secretarial and clerical staff of the commission, except the personal secretary of each commissioner, are in the classified service.

(d) In addition to its staff of regular employees, the commission may contract for and engage the services of consultants and experts the commission considers necessary.

Sec. 31.05.025. Conflict of interest.

(a) Members and employees of the commission, except clerical and secretarial staff, are subject to AS 39.50.

(b) A member of the commission is disqualified from voting upon any matter before the commission in which the member has a conflict of interest.

Sec. 31.05.026. Relationship to Department of Natural Resources.

(a) The Department of Natural Resources shall have standing before the commission to raise all issues relating to state-owned land without regard to the type of proprietary interest held by the state in that land.

(b) With respect to federal land from which the state or any subdivision of the state is entitled under federal law to receive a share of the federal royalty interest, the Department of Natural Resources shall have the same standing before the commission as if it were the holder of the equivalent royalty interest.

(c) When both the Department of Natural Resources and the commission have the authority to require, and do require, the submission of substantially the same information from persons subject to this chapter, the commission, in order to alleviate the administrative burdens placed on those persons, may by regulation enter into an agreement with the Department of Natural Resources whereby either the commission or the Department of Natural Resources shall have the responsibility to collect the information lawfully required by both.

(d) For budget and audit procedures and considerations, the commission shall have the same standing as any other major state agency. Whenever practicable the commission may enter into state interagency agreements concerning administrative, employee relations, and fiscal duties. (e) The Department of Natural Resources shall have the same standing (no more or less) before the commission as granted by law to any other proprietary interest.

Sec. 31.05.027. Land subject to commission's authority.

The authority of the commission applies to all land in the state lawfully subject to its police powers, including land of the United States and land subject to the jurisdiction of the United States. The authority of the commission further applies to all land included in a voluntary cooperative or unit plan of development or operation entered into in accordance with AS 38.05.180 (p).

Sec. 31.05.030. Powers and duties of commission.

(a) The commission has jurisdiction and authority over all persons and property, public and private, necessary to carry out the purposes and intent of this chapter.

(b) The commission shall investigate to determine whether or not waste exists or is imminent, or whether or not other facts exist which justify or require action by it.

(c) The commission shall adopt regulations and orders and take other appropriate action to carry out the purposes of this chapter.

(d) The commission may require

(1) identification of ownership of wells, producing leases, tanks, plants and drilling structures;

(2) the making and filing of reports, well logs, drilling logs, electric logs, lithologic logs, directional surveys, and all other subsurface information on a well drilled for oil or gas, or for the discovery of oil or gas, or for geologic information, and the required reports and information shall be filed within 30 days after the completion, abandonment, or suspension of the well;

(3) the drilling, casing and plugging of wells in a manner that will prevent the escape of oil or gas out of one stratum into another, the intrusion of water into an oil or gas stratum, the pollution of fresh water supplies by oil, gas or salt water, and prevent blowouts, cavings, seepages and fires;

(4) the furnishing of a reasonable bond with sufficient surety conditions for the performance of the duty to plug each dry or abandoned well or the repair of wells causing waste.

(5) the operation of wells with efficient gas-oil and water-oil ratios, and may fix these ratios;

(6) the gauging or other measuring of oil and gas to determine the quality and quantity of oil and gas.

(7) every person who produces oil or gas in the state to keep and maintain for a period of five years in the state complete and accurate records of the quantities of oil and gas produced, which shall be available for examination by the Department of Natural Resources or its agents at all reasonable times;

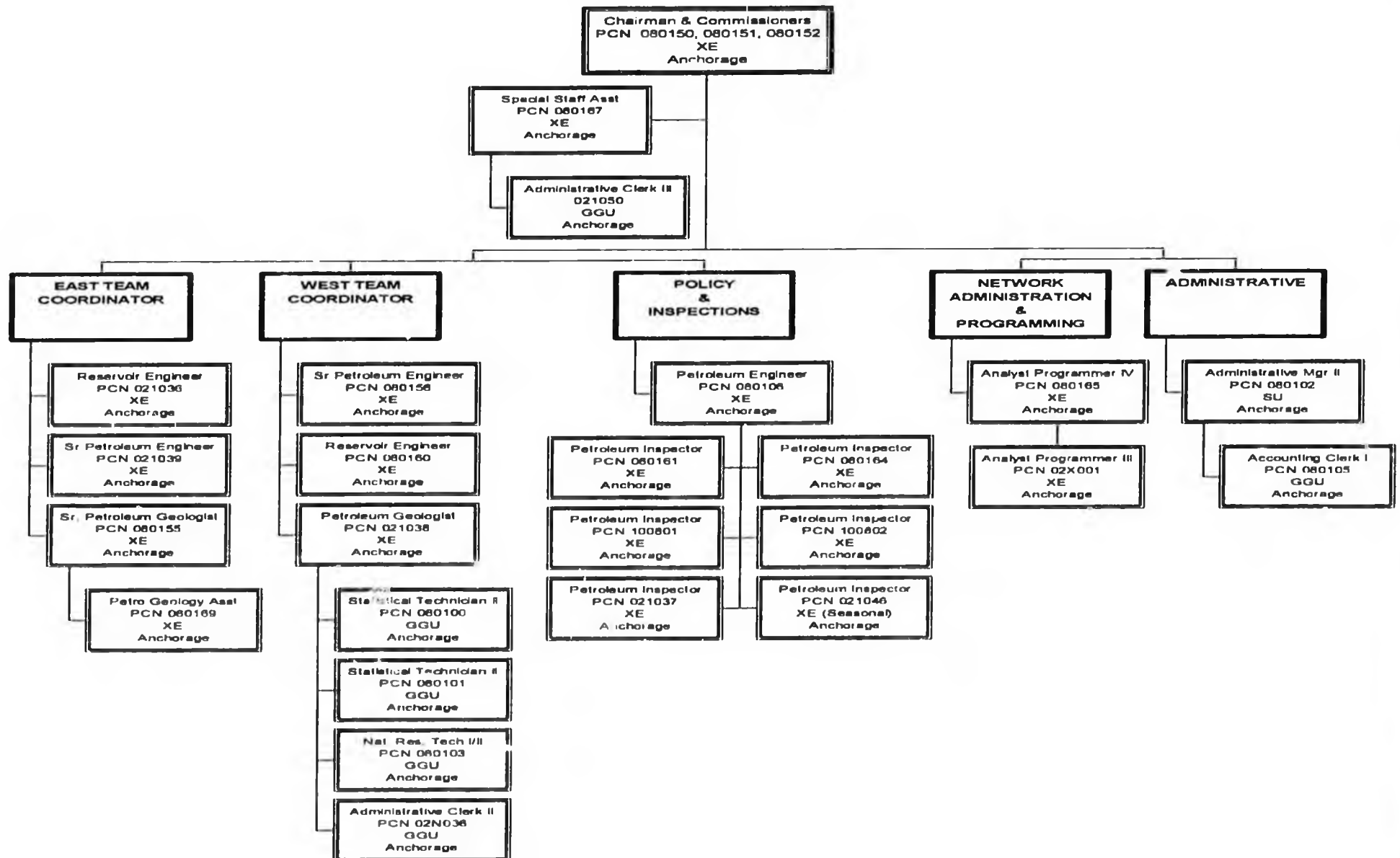
(8) the measuring and monitoring of oil and gas pool pressures;

Where Does AOGCC Fit In?

Issues	Oil Company (Regulated Community)	Land Owner (e.g. DNR DOG or Native Corporation)	ADEC (Exercises Police Powers of the State)	AOCCC (Exercises Police Powers of the State)
Ownership of Resource	Lessee of Oil & Gas Lease (Has Right to Drill and Produce)	Landlord & Lessor of Oil & Gas Lease	Role Is Regulatory, Not Proprietary- Mainly Surface & Air	Role Is Regulatory, Not Proprietary- Mainly Sub-surface
Jurisdiction	Only on Lands Where They Have Right to Drill and Produce	Owner's Land Only	State, Federal and Private Lands	State, Federal and Private Lands
Economics	Profit Oriented	Manages Owned Resources for Revenue & Other Values	Regulates to Protect environment	Regulates to Prevent Waste, Protect Correlative Rights, & Promote Greater Recovery
Net \$\$ Interest	Owns Majority of Production	Owns Minority of Production (Royalty Interest)	None- Regulates Only	None- Regulates Only

AOGCC generally regulates sub-surface activities.
ADEC and other agencies have regulatory authority over most surface activities.

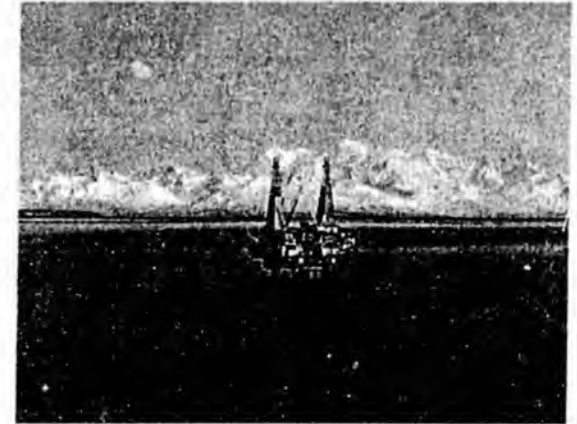
AOGCC Staffing



AOGCC 2005 Highlights

- Key accomplishments

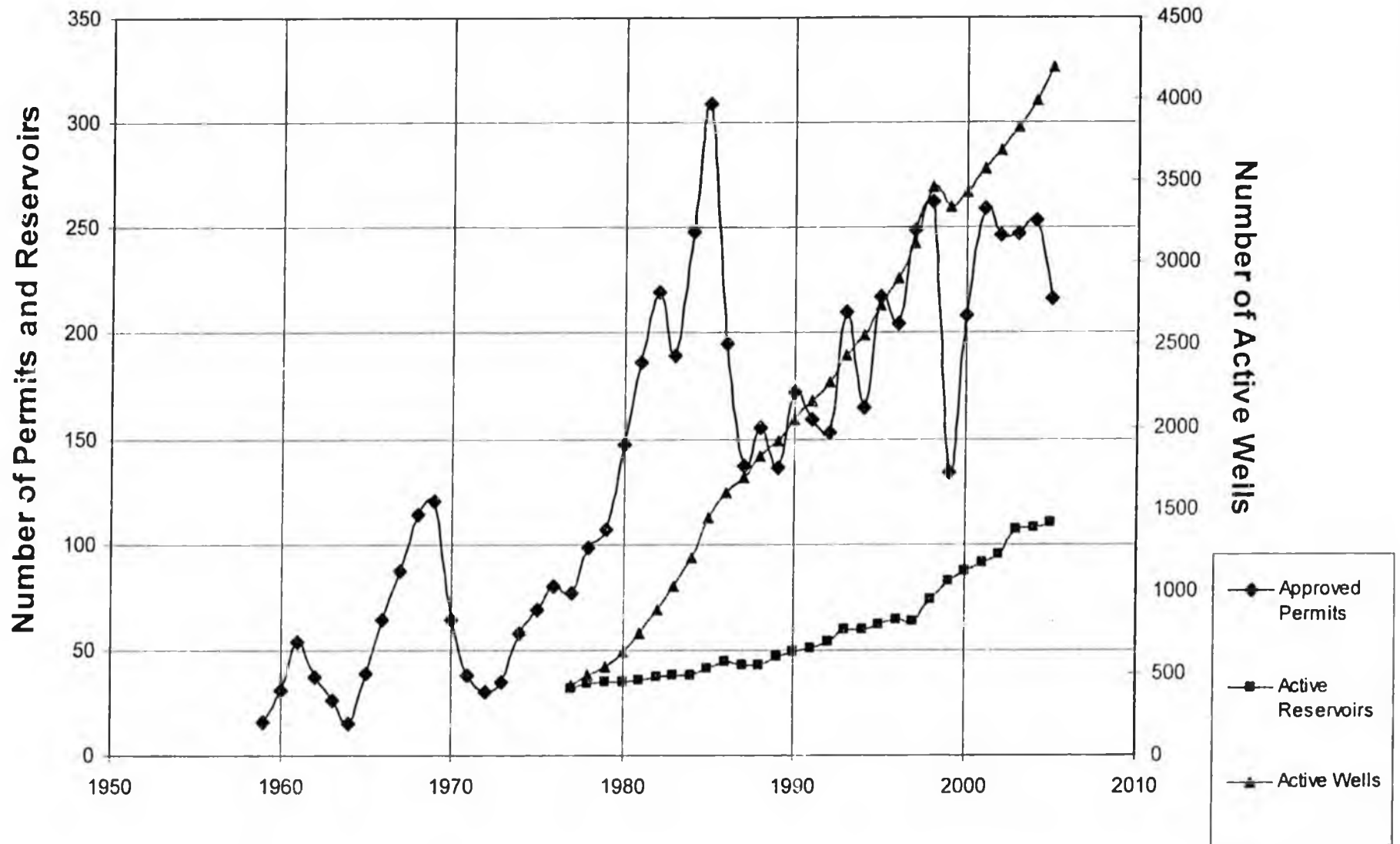
- 88 orders and approvals
- 216 drilling permits approved
- 388 sundry applications approved
- 5 enforcement actions



- Highlights of rulings and findings

- 8 orders establishing / modifying pool rules
- 7 orders approving / extending pilot projects
- 8 orders approving / modifying enhanced oil recovery
- 2 orders approving underground storage of hydrocarbons
- 9 orders approving / modifying / denying disposal injection operations
- 4 orders reducing paperwork for routine operations

Alaska Oil & Gas Activity



Key Challenges and Projects

- Determine the impacts of major gas sales upon ultimate hydrocarbon recovery from Prudhoe and Pt. Thomson reservoirs before gas sales off-take rates can be approved. – **Mitigation of oil losses**
- Facilitate expanded statewide exploration and development, including NPR-A and exploration licensing areas that are outside the North Slope and Cook Inlet. – **Increased production**
- Evaluate and respond to the need for a revised regulatory scheme to safely oversee new development of nonconventional, shallow and gas storage resources. – **Responsible development**
- Finalize AOGCC's Internet-based Well and Production Information System available to anyone in the world. – **Help increase investment in Alaska**

Key Challenges and Projects (continued)

- Maintain an active role to protect Alaska's UIC program. Take over responsibility for Class I injection wells from EPA.
 - **Faster permit decisions**

- Respond to changing conditions in mature oil fields to make certain operations are conducted in a safe and skillful manner while ensuring that recovery of oil and gas resources is maximized. – **Safer operations and less resource waste**

- Conduct comprehensive review of natural gas production in Alaska and of all gas which is being flared, vented or otherwise not put to beneficial use. – **Less resource waste**

- Continue to evaluate ways to increase the AOGCC's efficiency.
 - **Reduce costs**

<input checked="" type="checkbox"/> State of Alaska Oil and Gas Conservation Commission

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Hoyle H. Hamilton	Harry W. Kugler	Lonnie C. Smith
Jan 1, 1979 to Dec 31, 1981	Jan 1, 1979 to May 15, 1986	Jan 1, 1979 to Jul 1, 1992
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Oct 1, 2002 to Feb 18, 2003		Jan 26, 2004 to Present
Randy Ruedrich		
Feb 19, 2003 to Nov 8, 2003		
Cathy Foerster		
March 30, 2005 to Present		

Alaska Oil & Gas Conservation Commission

Commission History

The Alaska Oil and Gas Conservation Act (1955) created the Alaska Oil and Gas Conservation Commission (AOGCC or Commission). The Commission was composed of the Governor of the Territory of Alaska, the Territorial Commissioner of Mines, and the Territorial Highway Engineer. Rules and regulations governing Commission activities became effective on October 1, 1958.

Under the State Organization Act of 1959, the Oil and Gas Conservation Commission was abolished, its function and authority transferred to the Department of Natural Resources, Division of Mines and Minerals. A group within the department was designated to hold hearings and issue decisions on oil and gas matters. This group was the Alaska Oil and Gas Conservation Committee which consisted of the Director of the Division of Mines and Minerals (Chairman), the State Petroleum Geologist, the State Petroleum Engineer, and the Deputy Commissioner of the Department of Natural Resources.

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With the advent of production from Prudhoe Bay in 1977, the Legislature became concerned with the potential conflict between the state's revenue interest in high production rates on state leases and the state's conservation interest in protecting total ultimate recovery. To obviate its concern, the Legislature amended AS 31.05 by Chapter 158, SLA 1978 to create a new Commission, effective January 1, 1979, as an independent quasi-judicial agency within the executive branch of the state. Initially, the new Commission was housed within the Department of Natural Resources, but in 1980 it was transferred to the Department of Commerce and Economic Development. More recently, Governor Hickel transferred the Commission to the Department of Administration on February 17, 1994.

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HB

347

ALASKA STATE LEGISLATURE




REPRESENTATIVE LES GARA

MEMORANDUM

DATE: April 24, 2006

TO: Sen. Gene Therriault, Chair
Senate State Affairs Committee

FROM: Rep. Les Gara 

RE: Hearing Request for HB 347, Motor Vehicle Insurance and Notice

I respectfully request that House Bill 347, relating to mandatory motor vehicle insurance, license suspension, impoundments of vehicles, and notices relating to motor vehicles and driver's licenses be scheduled for a hearing in the Senate State Affairs Committee. Please feel free to contact me, or my aide Emily McCoy, with questions or thoughts at 465-2647.

Attached you will find a background packet for HB 347. This includes the current version of the bill, a sponsor's statement, a sectional analysis and backup materials.

Thank you for your consideration.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 347(STA)
 (H) Publish Date: 2/17/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title An Act relating to mandatory motor vehicle RDU Legal and Advocacy Services
insurance, license suspensions, and notices..... Component Office of Public Advocacy
 Sponsor Rep. Gara and Lynn
 Requester (H) STA Component No. 43

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						
-----------------------------	--	--	--	--	--	--

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 (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)

If passed, this legislation should have no fiscal impact on the Office of Public Advocacy.

Prepared by: Joshua P. Fink, Director
 Division: Office of Public Advocacy
 Approved by: Mike Tibbles, Deputy Commissioner
 Agency: Administration

Phone 907.269-3500
 Date/Time 2/13/06 at 3:10 p.m.
 Date _____

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 347(STA)
 (H) Publish Date: 2/17/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title: "An Act relating to mandatory motor vehicle insurance...." RDU: Division of Motor Vehicles
 Component: Motor Vehicles
 Sponsor: Rep. Gara
 Requester: (H) State Affairs Component No.: 2348

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

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

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 will allow the Division of Motor Vehicles (DMV) a greater ability to make contact with customers via mail by recognizing a mailing address from a citation, police report or permanent fund dividend application if it is more current the Division's official record.

The DMV does not anticipate any additional expense as a result of this change.

Prepared by: Duane Bannock, Director Phone 269 5008
 Division: Motor Vehicles Date/Time 2/9/06 3:00p
 Approved by: Mike Tibbles, Deputy Commissioner Date 2/9/2006
 Agency: Department of Administration

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSHB 347(STA)
 (H) Publish Date: 2/17/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Public Safety
 Title "An Act relating to mandatory vehicle insurance, RDU Alaska State Troopers
license suspensions, and notices..." Component AST Detachments
 Sponsor Representatives Gara
 Requester House State Affairs Committee Component No. 2325

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 Gr/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

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)

This legislation makes it an infraction if a person fails to notify the appropriate department of a change of name or address if convicted. Section two adds an affirmative defense clause under driver license violations. The bill also provides for the appropriate department to use the latest address records available from the department, police reports, or addresses provided in permanent fund dividend applications to the Department of Revenue. This so the department can notify the licensee involved in a motor vehicle accident notifying them that their license suspension may become effective if they don't make an oral or written answer controverting any point or issue regarding their failure to provide proof of motor vehicle insurance.

This bill will have no fiscal impact upon the division of the Alaska State Troopers.

Prepared by: Lieutenant James Helgoe Phone 907-269-4532
 Division: Alaska State Troopers Date/Time 1/31/06 8:58 AM
 Approved by: Commissioner William Tandeske Date 1/31/2006
 Agency: Department of Public Safety

Tricia Moen
8766 Row Ln SE
Port Orchard, WA 98367
Moentm@hotmail.com

December 7, 2005

Duane Bannock, Director
Division of Motor Vehicles
3300B Fairbanks Street
Anchorage, AK 99503

Dear Mr. Bannock:


I am writing about an incident that happened to me when I lived in Alaska. In June, I was traveling North on the Parks Highway. Near Talkeetna, and a state trooper pulled me over for speeding. When he ran my license he discovered it was suspended and I was supposed to have SR 22 insurance. The reason? The Department of Motor Vehicles had no record of receiving proof of insurance paperwork.

Let me back up. In September of 2004 I was involved in a car accident. I had my proof of insurance at the scene, which I offered to show the police officer. I also sent in the yellow proof-of-insurance sheet. I didn't think anything more of the accident. Nine months later, when I was pulled over, I found out that the DMV never got the proof-of-insurance sheet, and my license had been suspended. The Trooper let me go, he said it was obvious I didn't have a lapse of insurance; he let me go with a summons to appear in court on criminal charges. Since my license was suspended, I also had to have one of my friends drive the remainder of the trip. The criminal charge was eventually dropped.

I would like to suggest some of efficient way to make sure drivers are insured. I understand insurance companies have ways of letting the DMV know when someone drops their insurance company. Perhaps officers should check for proof of insurance when drivers are pulled over. If the driver does not have proof of insurance, then the driver would be ticketed.

I am aware that Representative Gara's office is working on a bill to this effect and hope that this will solve the problem. I want to do what I can to make sure no other drivers have the same experience I did. Thank you for your consideration into this matter. I am a law abiding citizen, and it is a bit of a nuisance to be considered a criminal. Especially when my "criminal" status could have been prevented.

Sincerely,


Tricia Moen

ALASKA STATE LEGISLATURE



REPRESENTATIVE LES GARA

CSHB 347 (JUD) am : Motor Vehicle License Suspensions / DMV Notification Procedure Sponsor Statement

House Bill 347 relates to drivers licenses and motor vehicle insurance.

First, it closes a loophole in the law that has caused a number of drivers to be charged criminally for driving without auto insurance when, in fact, they had insurance.

HB 347 provides that if a person's driver's license is suspended because of lack of insurance paperwork, it is a defense to the criminal charge of driving without a valid license that the driver in fact had the legally required auto insurance.

Here's the problem under current law: Right now drivers involved in an accident are required to fill out paperwork informing the Department of Motor Vehicles that the driver had insurance at the time of the accident. If this paperwork is not received, the driver's license will be suspended. The DMV is currently required to send a reminder notice to the address on the person's driver's license, even if there is a more current address available such as the address on the police report. To solve this problem, HB 347 provides that the DMV should send the required insurance paperwork to a driver's last known address.

Second, the bill increases the penalty for uninsured motorists. Under HB 347 it is a class B misdemeanor to drive without insurance, punishable by a minimum fine of \$500 and up to 90 days in jail. Under current law the minimum fine is \$0, making it potentially cost-free to drive without insurance.

Third, HB 347 allows for the impoundment of vehicles used in the commission of the following offenses: 28.15.291 (Driving while license canceled, suspended, revoked or in violation of a limitation); 28.33.030 (Operating a commercial motor vehicle while under the influence of an alcoholic beverage, inhalant or controlled substance); 28.33.031 (Implied consent for operators of commercial motor vehicles); 28.35.030 (Operating a vehicle, aircraft or watercraft while under the influence of an alcoholic beverage, inhalant, or controlled substance); 28.35.032 (Refusal to submit to a chemical test). The decision whether to impound the vehicle is left up to local law enforcement.

HB 347 serves the goals of requiring drivers to have automobile insurance, preventing drivers from being charged with crimes they did not commit, and giving law enforcement the additional deterrent of impoundment for certain offenses involving a motor vehicle.

ALASKA STATE LEGISLATURE



REPRESENTATIVE LES GARA

CSHB 347 (JUD) am: Motor Vehicle License Suspensions / DMV Notification Procedure

Sectional Analysis

Section 1.

Provides that a violation of AS 28.05.071 (Notifying the DMV of a change of address) be punishable by a civil fine of up to \$300. Currently this is a misdemeanor.

Section 2.

Provides a legal defense to a person charged with the crime of driving without a license, for failure to have legally required automobile insurance, when the driver proves s/he in fact had automobile insurance. This closes a loophole in the current law.

Section 3.

Makes it a Class B Misdemeanor, punishable by a minimum fine of \$500 to drive without insurance.

Section 4.

Provides that DMV should send the required insurance paperwork to a driver's last known address, not just the address DMV has on file.

Section 5.

Provides that local law enforcement may impound of vehicles used in the commission of the following offenses: 28.15.291 (Driving while license canceled, suspended, revoked or in violation of a limitation); 28.33.030 (Operating a commercial motor vehicle while under the influence of an alcoholic beverage, inhalant or controlled substance); 28.33.031 (Implied consent for operators of commercial motor vehicles); 28.35.030 (Operating a vehicle, aircraft or watercraft while under the influence of an alcoholic beverage, inhalant, or controlled substance); 28.35.032 (Refusal to submit to a chemical test).

HB

375

ALASKA STATE LEGISLATURE

Representative Bruce Weyhrauch

HOUSE DISTRICT 4

ALASKA
STATE CAPITOL
JUNEAU, ALASKA
99801-1182

(907) 465-3744
FAX (907) 465-2273

TO: Senator Gene Theriault
Senate State Affairs
Attn: Heather Brakes

FROM: Representative Bruce Weyhrauch
Jacqueline F. Tupou

DATE: May 2, 2006

RE: Request for House Bill 375 to be heard

I am requesting House Bill 375 to be heard. I am attaching the bill, sponsor statement, fiscal notes, and background information. If you need any additional information please call Jacqueline F. Tupou in my office. Thank you in advance for your time and attention in this matter.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSHB 375(FIN)
 (H) Publish Date: 4/27/06

Revision Date/Time (Note if correction): 4-25-06/10:00 a.m. Dept. Affected: Administration
 Title An Act establishing the TRS and PERS past service liability accounts in the Department of Revenue... RDU Centralized Administrative Services
 Component Retirement and Benefits
 Sponsor House Special Committee on Ways and Means
 Requester House Finance Committee Component No. 64

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	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1029 PERS Retirement	0.0	0.0	0.0	0.0	0.0	0.0
1034 Teachers Retirement	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	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)

HB 375 establishes two new accounts in the Department of Revenue, the TRS Past Service Cost Liability Account and the PERS Past Service Cost Liability Account. Each of these accounts provides a formula for payments to participating TRS and PERS employers to assist with eliminating the employers' unfunded liabilities, subject to appropriations to the accounts.

This bill has no fiscal impact on the Division of Retirement and Benefits.

Prepared by: Melanie Millhorn, Director Phone 465-4408
 Division Retirement and Benefits Date/Time 4/25/06 10:00 a.m.
 Approved by: Mike Tibbles, Deputy Commissioner Date 4/25/2006
 Agency Department of Administration

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 4
 Bill Version: CSHB 375(FIN)
 (H) Publish Date: 4/27/2006

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title TRS & PERS past service liability accounts RDU _____
 Component Treasury & Alaska Retirement
 Sponsor Hse Special Committee on Ways and Means Management Board _____
 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	0.0	0.0	0.0	0.0	0.0	0.0

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
Bond Proceeds						
Bond Bank Investment Earnings						
TOTAL	0.0	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 establishes 2 accounts into which annual appropriations could be made, and amounts would be distributed by the department each year to 2 distinct groups of employers. The department would pay each TRS employer, other than the state and the University, the amount the employer is expected to pay that fiscal year toward its past service liability. However the amount paid to each employer is based upon a formula looking back 3 years. Similarly, municipal and school district PERS employers would be paid for their annual past service liability payment using a different formula. The department would manage the accounts, make distributions and adopt regulations. Account earnings and money not needed for appropriation as provided by the formulae would be deposited in the general fund annually.

Prepared by: Tom Boutin Phone 465-3669
 Division: Treasury Date/Time 4/25/06 12:00 PM
 Agency: Revenue Date 4/25/2006

ALASKA STATE LEGISLATURE

REPRESENTATIVE BRUCE WEYHRAUCH



ALASKA
STATE CAPITOL
JUNEAU, ALASKA
99801-1182

(907) 465-3744
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Sponsor Statement for House Bill 375

Alaska needs to solve the problem of a projected long-range, multibillion-dollar shortfall in the state-administered retirement funds. The shortfall is estimated at \$6.9 billion to pay benefits to former and current employees already enrolled in Tier 1 through Tier 3. As with any debt, there's no time better than the present to set up a payment plan and start whittling down the amount owed.

House Bill 375 establishes the Public Employees' Retirement System Past Service Retirement Liability Account and the Teachers' Retirement System Past Service Retirement Liability Account in the Department of Revenue. This legislation provides for a method to calculate a specific annual amount to be included in the Governor's budget. HB375 also provides incentives for employers to pay down their unfunded liability. This bill anticipates that the ARMB would set the employer contribution rate at the actuarially required rate, a funding plan patterned after the school debt reimbursement program. Appropriations would begin in FY2008 and then be ongoing for PERS and TRS employers.

House Bill 375 sets up a plan for the state, cities, boroughs and school districts to share the cost of making the retirement funds whole and provides some longer-term certainty as they plan their budgets.

ALASKA RETIREMENT MANAGEMENT BOARD

FINAL
REPORT TO LEGISLATURE

April 14, 2006

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I. Introduction

As required by Senate Bill 141, the Alaska Retirement Management Board submitted its Report to the Legislature on January 20, 2006. At that time, the board provided the legislature with preliminary assessments, but noted that without updated actuarial data, it did not have information on which to base long-term recommendations. The board received a draft valuation report from the state actuary at its March meeting, and now offers this report transmitting the board's updated assessments and short and long term recommendations.

Senate Bill 141 charged the board with responsibility to report its findings and recommendations on the following five items:

1. the board's preliminary assessment of the financial health of all public employees' retirement plans and all teachers' retirement plans;
2. an assessment of the actuarial services purchased by the board;
3. recommendations for additional legislative or administrative policy to improve the financial health of the retirement plans;
4. short-term and long-term recommendations for addressing the unfunded liability of the retirement plans; and
5. recommendations for legislative procedures regarding fiscal notes for new legislation affecting the retirement plans.

The board's goal is to identify cost saving and funding strategies to fully fund the retirement obligations to our public employees with a minimal impact on the services to the residents of Alaska. This report contains the assessments and recommendations to achieve that goal. Sections I, II, and III update the information and analysis provided on January 20th, and a new Section IV outlining the board's recommended legislative action completes this report.

II. Report

A. Senate Bill 141 Report Requirements

1. Preliminary Assessment of the financial health of all public employees' retirement plans and all teachers' retirement plans

The system's actuary (Buck Consultants) presented a report to the board at its March meeting that reviewed the previous actuary's 2004 actuarial valuation and provided the 2005 actuarial valuation results for the public employees' retirement system and the teachers' retirement system. The funding ratios and unfunded liabilities of each system are as follows:

(a) Public Employees Retirement System (PERS) as of June 30, 2005. The PERS defined benefit plan funding ratio (valuation assets to liabilities) declined to 65.7% from 70.2%, and the plan's unfunded liability increased from \$3.4 to \$4.4 billion.

The average actuarially determined contribution rate for the PERS defined benefit plan was 32.43%, up from 28.19%. Valuation data is used to set contribution rates in the future. Therefore, June 30, 2005 valuation data is used to set contribution rates for fiscal year 2008. The board will set the FY08 contribution rate at its September meeting. In October, the board set the fiscal year 2007 contribution rate at 21.77%, a 5 point increase in the rate for the prior fiscal year. This was communicated to employers prior to the formation of the board. The five point increase followed a previously adopted regulation to limit increases in the contribution rate from year to year to five percentage points.

(b) Teachers' Retirement System (TRS) as of June 30, 2005. The TRS defined benefit plan funding ratio declined to 60.9% from 62.8% and the plan's unfunded liability increased from \$2.3 billion to \$2.5 billion.

The actuarially determined contribution rate for the TRS defined benefit plan was 42.14%, up from 41.78%. Valuation data is used to set contribution rates in the future. Therefore, June 30, 2005 valuation data is used to set contribution rates for fiscal year 2008. The board will set the FY08 contribution rate at its September meeting. In October, the board set the fiscal year 2007 contribution rate at 26.00%, a 5 point increase in the rate for the prior fiscal year, as communicated to employers prior to the formation of the board.

(c) Judicial Retirement System (JRS) as of June 30, 2004. The JRS defined benefit plan funding ratio was 88.01% and the plan had an unfunded liability of \$9.6 million. This system was not updated in the 2005 Valuation Report from the actuary.

The actuarially determined contribution rate for the JRS defined benefit plan was 37.37%. Valuation data is used to set contribution rates in the future. Therefore, June 30, 2004 valuation data is used to set contribution rates for fiscal years 2007 and 2008

(valuations are done every other year for this plan). The Commissioner of Administration set the fiscal years 2007 and 2008 contribution rates at 37.37%.

(d) National Guard and Naval Militia System (NGNMRS) as of June 30, 2004. The NGNMRS defined benefit plan funding ratio was 67.8% and the plan had an unfunded liability of \$6.4 million. This system was not updated in the 2005 Valuation Report from the actuary.

The actuarially determined contribution amount for the NGNMRS defined benefit plan was \$1,737,406. Valuation data is used to set contribution amounts for future years. Therefore, June 30, 2004 valuation data is used to set contribution amounts for fiscal years 2007 and 2008 (valuations are done every other year for this plan). The board set the fiscal years 2007 and 2008 contribution amount at \$1,737,406 for each year.

2. Assessment of the actuarial services purchased by the board

In November 2005 the division, on behalf of the board, procured the services of Buck Consultants as the actuary for the State of Alaska Public Employees' Retirement System (PERS), Teachers' Retirement System (TRS), Judicial Retirement System (JRS) and the National Guard and Naval Militia Retirement System (NGNMRS). Buck replaces Mercer Human Resource Consulting, which had been the division's actuarial consultant for over 25 years.

Buck Consultants initially replicated the 2004 valuation prepared by Mercer in order to validate the assumptions used in preparing the 2004 Actuarial Report. The replication shows that Buck's results matched the Mercer results closely for TRS, but that Mercer understated the healthcare benefits in the PERS valuation. Other differences in both systems were a "wash." The employer contribution rate for TRS would have essentially been the same, but the PERS employer contribution rate would have been 30.37% instead of 28.19%.

Buck Consultants will next conduct an experience analysis - a periodic study of assumptions in relation to past and expected future experience - to determine whether the assumptions continue to be valid or if changes should be made. The study will cover fiscal years 2002 to 2005. This study will be presented to the board at its September meeting. Assumption changes approved by the board will be incorporated into the next valuation (June 30, 2006).

Senate Bill 141 required the board to procure a second actuary to annually review health cost assumptions prepared by the state's actuary and, not less than every four years, review plan assumptions prepared by the state's actuary. The board has contracted with Gabriel Roeder Smith & Company (GRS) to review and certify the assumptions used by the state actuary. GRS is currently reviewing the assumptions underpinning the 2005 Actuarial Valuation prepared by Buck Consultants, and will also review the assumptions in the experience analysis when available in June.

Through this process, the board is confident that the statutory requirements for actuarial services are met and the best practices are established in carrying out the board's fiduciary obligations for the state's retirement systems.

3. *Recommendations for additional legislative or administrative policy to improve the financial health of the retirement plans*

The board reiterates and updates the two recommendations presented in the previous report as follows:

(a) No enhancements to benefits to the PERS or TRS defined benefit plans for at least two years. Previously, the board recommended a one-year moratorium on benefit enhancements until it received updated actuarial information. Given that the funding ratio for the systems has declined further, and the long-term recommendations in this report, if enacted, will take some time to impact the unfunded liability, this moratorium should be extended. An exception to this recommendation would be if there was convincing evidence that passage of proposed legislation will result in an improvement in the financial condition of the fund.

(b) Index the beneficiary health deductible in the new defined contribution plan to increase commensurate to increases in the cost of living. Health care costs represent a substantial component in the under funding of the defined benefit plans. Even though beneficiaries will be responsible for a larger proportion of their health care cost under the new plan, health costs will continue to be a significant cost item in the new plan. Given that the Alaska Constitution provides that retirement benefits cannot be diminished, it is important that the benefit that is available to a member at retirement is the same as what was intended when the member was hired. The board recommends that the administrator issue a health plan booklet for the new plans that indexes all relevant stipulated dollar amounts to the Anchorage CPI. The Division of Retirement & Benefits is working closely with the health plan consultant at Buck Consultants to accomplish this objective.

4. *Short-term and long-term recommendations for addressing the unfunded liability of the retirement plans*

The board deferred long term recommendations until updated actuarial assumptions were completed. The board heard a preliminary report from the state actuary in March, but the additional experience analysis report and certification by the second actuary will not be presented until the fall. The board will not receive detailed actuarial data for each employer until June, but believes that it is in the best interest of the retirement systems to address the under funding of the systems with a short-term recommendation for the FY07 budget process, and a long term plan formulated to be in place for the FY08 budget cycle. These recommendations are set forth in Section IV of this report. The board reiterates its support for the following short-term and long-term recommendations presented in its previous report:

(a) Short-Term Recommendations:

(1) Create new health plan for new hires after June 30, 2006. It is the board's recommendation that the Division of Retirement & Benefits work closely with Buck Consultants and its health specialists to create a new retiree health plan for new hires with benefits comparable to what retirees have today, but with benefits indexed appropriately to ensure that dollar defined coverage does not become too expensive for beneficiaries to sustain and that the plan liabilities do not increase at an unsustainable rate. While this will not impact the unfunded liability of the prior defined benefit plans, this is intended to avoid a future unfunded liability in the new defined contribution plan.

(2) Implement a preferred provider program in communities where possible. Preferred provider programs save money for the beneficiary and for the plan. It is the understanding of the board that the state active employee and retiree health plan have a preferred provider program, which is compulsory for active employees and voluntary for retirees. While the absence of multiple providers in many of our communities will limit widespread implementation, the board believes preferred provider programs should be implemented to the extent possible.

(3) Continue to aggressively promote the use of generic drugs. It is the understanding of the board that the administrator, prior boards, retiree groups and health plan administrators have promoted the use of generic drugs and that the program has been successful. Estimates are that for every one percent of generic drug use, the plan saves \$1 million. Given that medical cost represents a large component of the unfunded liability and that the use of prescription drugs is increasing, it is the view of the board that the administrator and the board explore additional ways to promote the use of generic drugs.

(4) Implement other cost containment initiatives. The board has established a number of committees to investigate how to make the retirement plans operate more efficiently. Among the items the committees are likely to consider are: hospital and doctor preferred provider organizations, enhanced member outreach, paying for hospice care reimbursement, substitution of over the counter drugs for prescription drugs, formulary programs, education of members, education of physicians, and negotiated drug prices. Because the committees are just beginning their work, the board will endeavor to implement other cost containment initiatives as they become known.

(5) Establish procedures for the periodic review of the eligibility of retiree dependents.

The Division of Retirement and Benefits completed the first eligibility verification project for all retirees covered under the AlaskaCare Plan. Dependents include spouses and children up to age 23 if they are enrolled full-time at an accredited

educational or technical institution. Retirees provided documentation that supports dependent eligibility. The estimated savings is approximately \$16 million annually.

The retiree health plan is a qualified plan in accordance with Section 401 (h) of the tax code. Medical benefits for retirees, spouses and dependents as defined by the Internal Revenue Code, are tax-free. Eligibility audits are conducted on health plans for two reasons: (1) ensure compliance with federal tax laws and (2) to reduce claims costs to the health plan. The board encourages the division to maintain plan compliance with the Internal Revenue Code through eligibility verification audits and in order to manage health care costs by establishing a review process to be conducted at regular intervals in the future.

(b) Long-Term Recommendations:

(1) Consider extending the pay-off period for the liabilities. Currently the calculations for employer contribution rates are based on a payment schedule of 25 years. A shorter payoff of the liability is desirable, but not mandatory. Given that projections indicate employer contribution rates as high as 50% of payroll, it may be in the best interest of the citizens of Alaska to assure that funds are available to meet the obligations to public employees, but also to pay for them at a sustainable level. A longer payback period may reduce the employer rate such that impacts on services are minimized. The board has requested the actuary to provide actuarial calculations of various amortization schedules.

(2) Request contributions to systems. Buck Consultants has reported to the board that the combined unfunded liability of the PERS and TRS has grown to \$6.9 billion. Since the state is expected to have a large budget surplus this year, the board recommends that the legislature make substantial contributions to the systems in order to increase the funded status and dampen the impact increased contribution rates will have on employers across the state in FY2007 and into the future. The board also recommends the legislature pass legislation that will promote annual budgeting of funds to address the past service liability.

(3) Adopt a funding strategy that will set a limit on the rate of employer contributions. This strategy will be linked to the first two strategies. It is recommended that full funding be provided annually. This recommendation is intended to be applied in combination with the strategy to extend the payoff period similar to a home mortgage. The board intends to explore combinations of employer contribution rates and payoff periods.

(4) Additional Actuarial Data. The board received the preliminary 2005 valuation data at its March meeting, and is expecting an additional report on the experience analysis that the consultant is currently undertaking. Evaluation of the assumptions and any recommendations for changes in assumptions will be reviewed by the board at its September meeting.

(5) Pension Obligation Bonds. The board received information on pension obligation bonds as a potential tool to assist employers in reducing exposure to unfunded accrued actuarial liabilities. The board will continue to assess the fiscal, practical and legal issues regarding issuance of such bonds by or for the benefit of public employers.

5. *Recommendations for legislative procedures regarding fiscal notes for new legislation affecting the retirement plans*

Alaska statutes provide guidance for preparation of fiscal notes for bills and resolutions introduced in the legislature. AS 24.08.035 relates to all bills and resolutions introduced in the legislature and has applicability to retirement legislation. AS 24.08.036 relates specifically to bills affecting the state retirement systems.

AS 24.08.036. *Fiscal notes on bills affecting state retirement systems.* Before a bill which would have an effect on the retirement systems of the state is reported to the rules committee, there shall be attached to the bill an analysis of the long-term and short-term costs to the state if the bill is adopted, as well as the impact of the bill on the actuarial soundness of the fund. The analysis is in addition to the fiscal note requirements of AS 24.08.035.

In many cases, the Division of Retirement and Benefits must use the division's actuary in order to provide fiscal notes on bills that would affect the retirement systems. The division's actuary requires time and resources in order to prepare a fiscal analysis on various bills. In order to comply with AS 24.08.036 and the time lines found in AS 24.08.035, the board recommends that bills affecting the retirement system be submitted as early in the legislative session as possible. This will allow the actuary the necessary time to prepare a comprehensive analysis, the Alaska Retirement Management Board the opportunity to review and make recommendations on proposals, the municipalities time to review the impact of proposals and the legislature more time to hold public hearings.

In addition, the board recommends that fiscal note legislation include the following:

- a) if a bill provides for enhanced benefits, cost estimates should include a high and low case scenario based upon the percentage of members electing to take advantage of the enhanced benefits;
- b) the dollar amount of the unfunded liability increase or decrease if the proposal was enacted, as well as the percent change in employer and/or employee contributions;
- c) identification of revenue sources to cover ongoing costs to the system;
- d) information on unfunded liability, and that any excess accrued liability over the assets of the plan constitutes annual payments for 25 years in order to amortize the unfunded liability;

e) certification that the costs and revenues have been developed in accordance with generally accepted actuarial principles; and

f) any fiscal impact to individual employers.

B. Other Senate Bill 141 Requirements

1. Defined Contribution Plan

The defined contribution plan becomes mandatory to all new entrants as of July 1, 2006. It is a plan in which employer and employee contributions are accumulated in individual accounts and invested by the members for the exclusive benefit of the members. Contribution provisions are established by State law and may be amended only by the State Legislature. The plan also includes some defined benefit features, such as occupational death and disability benefits. It also includes provisions for a retiree medical program and individual health reimbursement arrangement (HRA) accounts.

The Alaska Retirement Management Board is the fiduciary for the defined contribution plan and is responsible for selecting investment options and investment managers. The investment options for the defined contribution plan were selected to provide broad exposure to the risk/return spectrum and to allow for diversification across several asset classes. Generally, higher potential return investments have a higher degree of risk as measured by volatility of returns.

The investment managers went through a rigorous hiring process and are high quality firms with significant institutional business. All firms are either investment advisors registered with the Securities and Exchange Commission or bank/trust companies. All investment options and managers will be monitored on an ongoing basis by the board, investment staff, and consultants.

The following table provides information with respect to the investment options for the defined contribution plan and is arranged from highest potential risk and return to lowest.

	INVESTMENT OPTION	OBJECTIVE	① INVESTMENT TYPE ② MANAGEMENT STYLE ③ MANAGER
Higher Risk / Higher Return	Brandes Institutional International Equity Fund	To provide long-term capital appreciation. The Fund invests principally in common and preferred stocks of foreign companies and securities that are convertible into such common stocks.	① International Stocks ② Actively managed ③ Brandes Investment Partners, L.P.
	T. Rowe Price Small-Cap Stock Trust	To achieve long-term capital growth by investing primarily in stocks of companies in the Russell 2000 Index, a widely used benchmark for small-cap stock performance.	① Smaller company common stocks ② Actively managed ③ T. Rowe Price Associates, Inc.
	Citizens Core Growth Fund	To achieve long-term capital appreciation while investing in companies that are managed in a socially responsible manner.	① The fund invests in the companies that make up the Citizens Index, a proprietary index designed to serve as a benchmark for socially responsible investing. The Citizens Index TM consists of approximately 300 primarily large-cap companies. ② Actively managed ③ Citizens Advisers
	S&P 500 Stock Index Fund	To provide income and capital appreciation matching the total return of the Standard & Poor's 500 Composite Stock Price Index.	① All 500 of the equity securities in the S&P 500 Index, in proportion to the size of each as measured by its total market value. ② Passively managed ③ State Street Global Advisors
	Alaska Target 2025	To provide a diversified mix of stocks, bonds, and cash for long-term investors with a higher tolerance for risk. The fund is designed to gradually invest more conservatively, with an emphasis on capital preservation, as the year 2025 approaches.	① Large- & Small-Cap stocks, international stocks, government & corporate bonds, mortgages, and money market instruments. ② Combination of Enhanced Index (Passive), Structured-Active, and Actively Managed Portfolios. ③ T. Rowe Price Associates, Inc.
Lower Risk / Lower Return	Global Balanced Fund	To achieve balanced long-term growth of capital, current income, and conservation of principal through investments in stocks and fixed-income securities.	① Stocks of large and small companies and corporate & government bonds based around the world ② Actively managed ③ Capital Guardian Trust Company
	Alaska Long-Term Balanced Fund	To provide a balanced and diversified mix of stocks, bonds, federally guaranteed mortgages, and money market instruments for investors with an average risk tolerance.	① Stocks of large & small U.S. & established international companies, investment-grade U.S. bonds, federally guaranteed mortgages, and money market instruments ② Combination of Enhanced Index (Passive), Structured-Active, and Actively Managed Portfolios ③ T. Rowe Price Associates, Inc.
	Alaska Balanced Fund	To provide a balanced and diversified mix of stocks, bonds, federally guaranteed mortgages, and money market instruments for investors with a low to average risk tolerance.	① Stocks of large & small U.S. & established international companies, investment-grade U.S. bonds, federally guaranteed mortgages, and money market instruments ② Combination of Enhanced Index (Passive), Structured-Active, and Actively Managed Portfolios. ③ T. Rowe Price Associates, Inc.
	Government Corporate Bond Fund	To meet or exceed the return of the Lehman Brothers Government Credit Bond Index.	① Investment-grade fixed income securities represented in the Lehman Brothers Government Credit Bond Index ② Actively managed ③ State Street Global Advisors
	Short-Term Interest Fund	To preserve principal, offer current income, and provide liquidity.	① Cash equivalent instruments with maturities less than one year including commercial paper, banker's acceptance, certificates of deposit, obligations of the United States Government and its agencies, and repurchase agreements collateralized by US Treasury instruments ② Actively managed ③ T. Rowe Price Associates, Inc.

2. *Health Reimbursement Arrangement Plan*

Senate Bill 141 establishes the Health Reimbursement Arrangement Plan to allow medical care reimbursement from individual savings accounts of eligible persons. Employers shall contribute an amount equal to three percent (3%) of the employer's average annual employee compensation to the plan.

AS 37.10.220(a)(6) provides in part that the board shall establish the rate to annually credit interest to each member's account in the health reimbursement arrangement plan under AS 39.30.300 – 39.30.495. It also provides that the rate shall be adopted on the basis of the probable effective rate of interest on a long-term basis, and the rate may be changed from time to time.

The interest rate will be credited annually. It is not imperative that the board establish the crediting rate for the health reimbursement arrangement until June of 2007. In order to ensure that assets in the health reimbursement arrangement plan are equal to or greater than the sum of the individual accounts, the board will have to take into consideration the fact that plan assets will start the year at zero and grow with each contribution over the course of a year. Accordingly, the first year crediting rate is likely to be one-half of what the board would consider to be a reasonable crediting rate once the fund is mature.

3. *Office of Administrative Appeals*

The Office of Administrative Appeals is charged with hearing appeals by members of PERS and TRS. Appeals were formerly heard by either the Public Employees' Retirement Board or the Teachers' Retirement Board.

III. Alaska Retirement Management Board

A. Trustee Appointment

Senate Bill 141 established the Alaska Retirement Management Board consisting of nine trustees: the commissioner of administration and commissioner of revenue; two trustees from the general public who are not members or beneficiaries of the retirement system; one trustee employed as a finance officer for a political subdivision in either the public employees' retirement system (PERS) or the teachers' retirement system (TRS); two trustees who are members of PERS; and two trustees who are members of TRS.

Trustees must meet eligibility requirements for an Alaska permanent fund dividend and be professionally credentialed or have recognized competence in investment management, finance, banking, economics, accounting, pension administration, or actuarial analysis.

In early October, Governor Murkowski made the following trustee appointments: Gail Schubert and Martin Pihl (public members), Lawrence Semmens (finance officer), Samuel Trivette and Michael Williams (PERS members), and Gayle Harbo and John (Bob) Roses (TRS members). Commissioner of Administration Scott Nordstrand and Commissioner of Revenue William Corbus are ex officio members. John (Bob) Roses resigned his seat in March; he is a candidate for statewide office, and statute prohibits holding a seat while seeking statewide elective office.

B. Board Organization and Structure

Policies and Contracts At the initial meeting of the Alaska Retirement Management Board October 11, 2005, the trustees adopted Resolution 2005-01, accepting fiduciary responsibility for the funds of the retirement systems and, on an interim basis subject to further review, the securities lending, custody, asset allocation, investment policies and contracts for external money managers and consultants of the Alaska State Pension Investment Board.

Committees Committees are established to monitor ongoing investment programs, and also provide governance, compliance and problem solving. Committees of the board, generally comprised of three to five trustees, provide an opportunity for in depth and detailed oversight in fulfilling the responsibilities assigned to the trustees as fiduciaries of the funds. Committees take no action on behalf of the board; the committee role is to advise and recommend. Ad Hoc or temporary committees are sometimes named to facilitate a manager search or to complete a time-sensitive project. Committee meetings are open to the public and board members may attend any committee meeting in person or by teleconference.

Investment Advisory Council. Senate Bill 141 provides that the board may appoint an Investment Advisory Council comprised of at least three but no more than five members. At the initial board meeting, the trustees approved by motion the staff recommendation that the Investment Advisory Council be maintained, and that the contracts with the three current members, Dr. Jerrold Mitchell, Timothy M. O'Brien, and Dr. William Jennings, be continued.

IV. Legislative Action

The board acknowledges that it is late in the legislative session for consideration of additional appropriation legislation, and appreciates the endeavors of legislators, committees and staff to address the unfunded liability. However, it is in the best interest of the retirement systems for the legislature to address the under funding of the systems in both the fiscal year 2007 and 2008 budget process, or the unfunded liability will very likely grow larger. The board offers the following recommendations, listed by priority for action by the legislature. These recommendations, both short- and long-term, address employer concerns with escalating contribution rates and the growing actuarial shortfall of the retirement systems.

A. Priority 1: Establish Past Service Retirement Liability Accounts

This funding plan is patterned after the school debt reimbursement program (AS14.11.100), with annual appropriations from FY2008 going forward for PERS and TRS employers. This proposed legislation for the PERS and TRS funds is the board's first priority and consideration during this legislative session is requested so that funding can be included in the FY08 budget cycle. The particulars for each fund are set forth below, with proposed legislation attached as appendices.

1. *The Public Employees' Retirement System Past Service Retirement Liability Account*
 - Establishes the Public Employees' Retirement System Past Service Retirement Liability Account in the Department of Revenue
 - Provides for a method to calculate a specific annual amount to be included in the Governor's budget.
 - Is applicable to political subdivision and school district employer members of PERS
 - Provides incentives for employers to pay down their unfunded liability
 - Anticipates that the ARMB would set the employer contribution rate at the actuarially required rate

The calculated amount to distribute shall be based on the total eligible payroll reported to the department of administration by the employer during the fiscal year three years earlier and either the average past service cost rate of all employers in the system during the fiscal year three years earlier, or the employer's past service cost rate during the fiscal year three years earlier, less 5%, whichever is lower.

In order to provide incentives to employers to pay down their unfunded liability the amount shall be increased by 50% of the amount an employer paid to the system during the fiscal year three years earlier that was in excess of what the employer was required to pay to the system.

See Appendix 1 – Proposed Legislation

Public Employees' Retirement System Past Service Retirement Liability Account

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2. *The Teachers' Retirement System Past Service Retirement Liability Account*
 - Establishes the Teachers' Retirement System Past Service Retirement Liability Account in the Department of Revenue
 - Provides for a method to calculate a specific annual amount to be included in the Governor's budget.
 - Is applicable to TRS employers
 - Anticipates that the ARMB would set the employer contribution rate at the actuarially required rate

The calculated amount to distribute shall be based on 85% of the total eligible payroll reported to the department by the employer during the fiscal year three years earlier and the past service cost rate of the system during the fiscal year three years earlier of the teachers' retirement system.

*See Appendix 2 – Proposed Legislation
Teachers' Retirement System Past Service Retirement Liability Account*

B. Priority 2: Appropriation for Increased Political Subdivision Employer Costs

In 2005 the legislature, through Senate Bill 46, provided funding for the increase in fiscal year 2006 contribution rates that political subdivisions were required to pay. Although it is late in the current legislative session for proposing additional appropriation legislation, without state aid, most political subdivisions will absorb a 10% increase in rates. The board recommends that the state fund one-half of the approximate \$37.2 million increase, or \$18.6 million. This would have the state and municipalities sharing 50/50 of the increasing PERS costs. This recommendation does not impact the actuarial shortfall because total contributions are less than the actuarially required contributions.

*See Appendix 3 – Proposed Legislation
Appropriation for Increased Municipal Employer Costs*

C. Priority 3: Legislative Appropriation to Fund Actuarially Required Contribution

According to projections for FY07, to fully fund the retirement systems the actuarially required contribution is \$461 million for PERS, and \$261 million for TRS. The projected actual contribution for PERS using the adjusted employer rates is \$351 million, a difference of \$110 million. The projected actual contribution for TRS is \$163

million, a difference of \$98 million. Without funding the actuarially recommended rates, the unfunded liability will continue to grow.

*See Appendix 4 – Proposed Legislation
Legislative Appropriation to Fund Actuarially Required Contribution - PERS*

*See Appendix 5 – Proposed Legislation
Legislative Appropriation to Fund Actuarially Required Contribution - TRS*

APPENDIX 1

[Priority 1]

**The Public Employees' Retirement System
Past Service Retirement Liability Account**

Sec. ____ AS _____ is amended by adding a new section to read:

Sec _____. **State aid for past service retirement benefit liability costs.** (a) During each fiscal year, the state shall allocate to an employer that is a municipality or school district member of the Public Employees' Retirement System the following sum:

(1) Payments to the retirement system anticipated to be made by the employer during the fiscal year for the retirement of past service liability of the employer to the Public Employees' Retirement System.

(b) The commissioner of revenue shall administer the program of distribution authorized under this section and shall provide by regulation a procedure for calculating the amount of distribution to which an employer is due, and other regulations necessary to administer the program. The payment to the employer shall be based on the total eligible payroll reported to the department of administration by the employer during the fiscal year three years earlier and either the average past service cost rate of all employers in the system during the fiscal year three years earlier, or the employer's past service cost rate during the fiscal year three years earlier, less 5%, whichever is lower.

(c) The payment provided in (b) of this paragraph shall be increased by 50% of the amount an employer paid to the system during the fiscal year three years earlier that was in excess of what the employer was required to pay to the system.

(d) The Public Employees' Retirement System Past Service Retirement Liability Account is established. Funds to carry out the provisions of this section shall be included within the appropriation bill submitted by the governor under AS 37.07.020(a) (2) and may be appropriated annually by the legislature. If amounts in the account are insufficient for the purpose of providing the share to which an employer is entitled under this section, those funds that are available shall be distributed pro rata among the eligible employers.

(e) Funds in the Public Employees' Retirement System Past Service Retirement Liability account which exceed the amount required for the payments authorized in this section revert to the general fund at the end of the fiscal year for which the money is appropriated.

(f) If an employer receives more state aid than it is entitled to receive under this chapter, the employer shall immediately remit the amount of overpayment to the commissioner, to be returned to the Public Employees' Retirement System Past Service Retirement Liability account.

(g) If an employer receives state aid under this chapter in excess of the employer's past service liability, the employer shall immediately remit the amount of overpayment to

the commissioner, to be returned to the Public Employees' Retirement System Past Service Retirement Liability account.

Sec. _____. **Definitions.** In this chapter, unless the context requires otherwise,

- (1) "total eligible payroll" means the payroll reported to the department on which employer contributions are required.
- (2) "average past service cost rate" means the past service cost rate of all employers as reported by the actuary for the fiscal year three years earlier.
- (3) "commissioner" means the commissioner of the department of revenue.

Sec. _____. **Effective Date.** Effective for 2008 budget cycle.

APPENDIX 2

[Priority 1]

**The Teachers' Retirement System
Past Service Retirement Liability Account**

Sec ____ . AS _____ is amended by adding a new section to read:

AS _____ **State aid for past service retirement benefit liability costs.** (a) During each fiscal year, the state shall allocate to an employer, other than the state, that is a member of the Teachers' Retirement System the following sum:

(1) Payments to the retirement system anticipated to be made by the employer during the fiscal year for the retirement of past service liability of the employer to the Teachers' Retirement System.

(b) The commissioner of revenue shall administer the program of distribution authorized under this section and shall provide by regulation a procedure for calculating the amount of distribution to which an employer is due, and other regulations necessary to administer the program. The payment to the employer shall be based on 85% of the total eligible payroll reported to the department by the employer during the fiscal year three years earlier and the past service cost rate of the system during the fiscal year three years earlier of the teachers' retirement system.

(c) The Teachers' Retirement System Past Service Retirement Liability Account is established. Funds to carry out the provision of this section shall be included within the appropriation bill submitted by the governor under AS 37.07.020(a) (2) and may be appropriated annually by the legislature. If amounts in the account are insufficient for the purpose of providing the share to which an employer is entitled under this section, those funds that are available shall be distributed pro rata among the eligible employers.

(d) Funds in the Teachers' Retirement System Past Service Retirement Liability account which exceed the amount required for the payments authorized in this section revert to the general fund at the end of the fiscal year for which the money is appropriated,

(e) If an employer receives more state aid than it is entitled to receive under this chapter, the employer shall immediately remit the amount of overpayment to the commissioner, to be returned to the Teachers' Retirement System Past Service Retirement Liability account.

Sec. ____ . **Definitions.** In this chapter, unless the context requires otherwise,

- (1) "total eligible payroll" means the payroll reported to the department of administration on which employer contributions are required.
- (2) "average past service cost rate" means the past service cost rate of all employers that have a past service liability.
- (3) "commissioner" means the commissioner of the department of revenue.

Sec. ____ . **Effective Date.** Effective for 2008 budget.

APPENDIX 3

[Priority 2]

Appropriation for Increased Municipal Employer Costs

Sec. _____ . Retirement system funding for increased employer costs for political subdivisions. (a) The sum of \$18,581,921 is appropriated from the general fund to the Department of Administration to reduce the liability to the public employees' retirement system of political subdivisions that are members of that system, in order to reduce the increased employer costs resulting from fiscal year 2007 employer contribution rate increases. The Department of Administration shall allocate the appropriation to the public employees' retirement system account of each political subdivision resulting from fiscal year 2007 employer contribution rate increases, as set out in this section. The appropriation made by this subsection is intended to reduce these increased employer costs.

For purposes of allocating the appropriation made by (a) of this section to the public employees' retirement system account of each member political subdivision, the allocation is as follows:

AKUTAN, CITY OF	16,941
ALEUTIANS EAST BOROUGH	33,915
ALLAKAKET, CITY OF	3,056
ANCHORAGE, MUNICIPALITY OF	6,913,262
ANDERSON, CITY OF	2,149
ATKA, CITY OF	4,628
BARROW, CITY OF	47,355
BETHEL, CITY OF	282,716
BRISTOL BAY BOROUGH	81,472
CORDOVA, CITY OF	112,553
CRAIG, CITY OF	74,603
DELTA JUNCTION, CITY OF	13,507
DENALI BOROUGH	7,889
DILLINGHAM, CITY OF	110,426
EGEGIK, CITY OF	2,830
FAIRBANKS NORTH STAR BOROUGH	929,023
FAIRBANKS, CITY OF	333,653
FORT YUKON, CITY OF	24,209
GALENA, CITY OF	95,984
HAINES BOROUGH	85,814
HOMER, CITY OF	248,456
HOONAH, CITY OF	35,299
HOOPER BAY, CITY OF	1,576
HUSLIA, CITY OF	5,215
JUNEAU, CITY AND BOROUGH OF	1,397,093
KACHEMAK, CITY OF	1,193
KALTAG, CITY OF	870
KENAI PENINSULA BOROUGH	702,515