

**State of Alaska
FY2003 Governor's Operating Budget**

**Department of Law
Commercial Section
Component Budget Summary**

Component: Commercial Section

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Component Mission

Mission statement appears at the department summary and BRU levels.

Component Services Provided

Provide representation, defense, advice, and counsel to the following divisions and corporations within the Departments of Revenue, Community and Economic Development, Labor and Workforce Development, Natural Resources and Law.

DEPARTMENT OF REVENUE:

Income and Excise Audit Division:

Assist in negotiation of income and excise tax settlements.

- Defend appeals of tax assessments.
- Defend tax legislation against constitutional challenges.
- Appeal adverse decisions of the office of tax appeals to the superior court.
- Defend appeals or original actions on unclaimed property and provide legal advice concerning contracts with third parties for collection of unclaimed property.
- Defend appeals or original actions in enforcement of charitable gaming.
- Assist in drafting regulations.
- Prosecute non-participating tobacco manufacturers who violate the Master Settlement statute.
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Permanent Fund Dividend Division:

Defend appeals of dividend denials.

- Assist in drafting regulations.
- Defend division against original actions.
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Alaska Housing Finance Corporation:

Act as corporate counsel providing general advice on personnel, procurement, and contractual matters.

- Provide legal advice relating to AHFC's mortgage lending, public housing, construction and residential energy activities.
- Represent the corporation in litigation.
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Alcoholic Beverage Control Board:

Provide legal advice regarding the issuance and renewal of alcoholic beverage licenses and on disciplinary matters

- relating to license holders.
- Assist the board with the drafting and adoption of regulations.
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DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT:

Division of Occupational Licensing:

Assist in negotiation of settlements or resolutions of license denials and license discipline.

- Defend appeals of license denial.
- Advise professional boards on legislative and constitutional limitations on their authority.
- Assist in drafting and repealing of regulations.
- Assist in drafting legislation
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Division of Investments:

Obtain judgments on defaulted loans.

- Represent the division in admiralty cases brought in U.S. District Court.
- Provide legal advice.
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Division of Banking, Securities and Corporations:

Defend appeals of cease and desist orders against securities brokers and salespeople.

- Defend appeals of orders regarding proxy challenges.
- Provide legal advice.
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Regulatory Commission of Alaska:

- Provide legal advice to the Commission about legal issues raised in filings and assist in the review of orders issued by the Commission

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

Alaska Student Loan Corporation:

- Act as corporate counsel providing general advice on personnel, procurement, and contractual matters.
- Assist in drafting legislation and regulations.
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Alaska Commission on Postsecondary Education:

- Provide legal advice relating to ACPE's student loans, collections, regulations and legislation.
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DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT:

Employment Security Division:

- Provide employment security tax collection activities.
- Provide legal advice relating to bankruptcy cases and defending administrative appeals.
- Assist in drafting legislation and regulations.
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DEPARTMENT OF NATURAL RESOURCES:

Board of Agriculture Conservation and the Agricultural Revolving Loan Fund:

- Act as legal counsel to the Division of Agriculture on matters relating to agricultural loans and ARLF assets and disposals.

Component Goals and Strategies

Provide legal services on revenue and commercial matters.

Protect the integrity of the state's public finances through fair interpretation, implementation, enforcement, defense, or adoption of Alaska's revenue, permanent fund dividend, employment security, and lending statutes and regulations.

Protect public health, safety and commerce through fair interpretation, implementation, enforcement, defense, or adoption of Alaska's occupational licensing, alcoholic beverage control, and banking, securities and corporation, statutes and regulations.

Provide representation and legal advice (attorney general opinions) to client agencies and boards.

Defend appeals of income and excise tax assessments.

Defend appeals of permanent fund dividend denials.

Defend appeals of occupational license denials or discipline.

Defend appeals of cease and desist orders entered by the Division of Banking, Securities, and Corporations.

Collect money owed the state on defaulted investments, Alaska Housing Finance Corporation loans, agricultural loans, and student loans.

Prepare and review all legislation and regulations on behalf of client agencies and boards.

Key Component Issues for FY2002 – 2003

No key issues.

Major Component Accomplishments in 2001

- Briefed and argued cases in the Alaska Supreme Court on tax issues, liquor licensing, contract interpretation, ANCSA Corporation proxy statements, Alaska Permanent Fund Dividend appeals and charitable gaming cases. Received positive decisions from the court in all eight cases decided by the court concerning tax issues, charitable gaming and Alaska Permanent Fund Dividend appeals.
- Represented the Department of Revenue's gaming unit in suit for damages against a manager of a charitable gaming operation and an owner of a bingo supply company. After the superior court issued an order that would have prevented Revenue from litigating many of its claims, the section successfully petitioned the Alaska Supreme Court to review the order. The court rarely grants such petitions. Subsequently, the court reversed the adverse superior court order and remanded the case back to the superior court for trial.
- Brought 35 court cases against employers who failed to pay employment security taxes.

Statutory and Regulatory Authority

AS 44.23.020

Commercial Section
Component Financial Summary

All dollars in thousands

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,151.3	1,164.9	1,309.7
72000 Travel	30.0	18.2	18.3
73000 Contractual	488.2	642.6	773.0
74000 Supplies	19.5	25.0	26.7
75000 Equipment	15.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,704.0	1,850.7	2,127.7
Funding Sources:			
1004 General Fund Receipts	307.7	275.2	440.8
1007 Inter-Agency Receipts	1,394.4	1,575.5	1,686.9
1053 Investment Loss Trust Fund	1.4	0.0	0.0
1108 Statutory Designated Program Receipts	0.5	0.0	0.0
Funding Totals	1,704.0	1,850.7	2,127.7

Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
Unrestricted Revenues						
Unrestricted Fund	68515	16.7	0.0	0.0	0.0	0.0
Unrestricted Total		16.7	0.0	0.0	0.0	0.0
Restricted Revenues						
Interagency Receipts	51015	1,394.4	1,575.5	1,625.5	1,686.9	1,686.9
Statutory Designated Program Receipts	51063	0.5	0.0	0.0	0.0	0.0
Investment Loss Trust Fund	51393	1.4	0.0	0.0	0.0	0.0
Restricted Total		1,396.3	1,575.5	1,625.5	1,686.9	1,686.9
Total Estimated Revenues		1,413.0	1,575.5	1,625.5	1,686.9	1,686.9

Commercial Section

Proposed Changes in Levels of Service for FY2003

The Division of Banking, Securities and Corporations has asked for additional legal support to provide legal advice, help with drafting legislation, assistance with regulations, and aid in the agency's administrative enforcement effort. Additionally, changes anticipated as a result of the passage of the Graham-Leach-Bliley Privacy Act have the potential to increase demand for legal services from the Banking division. The Department of Law and the Department of Community and Economic Development are requesting initial funding to meet the growing need from the Banking division by requesting a half-time attorney position for the Juneau Office beginning in FY 2003. During FY 2003 a review of the workload will be needed to assess whether a half-time position is sufficient to handle the new workload. The FY 2003 Governor's Budget includes a request for \$70,300 in interagency receipts to fund the services of this half-time position.

\$120,000 in general funds are requested to replace funds formerly RSA'd from the Governor's Office. These funds will pay for outside counsel in Washington D.C. Since the passage of the Telecommunications Act of 1996, the focus of counsel's work has been on seeking to assure that the implementation of that Act by the Federal Communications Commission advances the interests of the people of Alaska. In addition to providing specialized legal counsel and advice on proposed telecommunications legislation and new rulemakings and petitions filed at the FCC, there are many other telecommunications issues that arise on an emergency basis each year and cannot be predicted with specificity.

Summary of Component Budget Changes

From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	275.2	0.0	1,575.5	1,850.7
Adjustments which will continue current level of service:				
-Adjust Vacancy by fund source between line items and components ADN# 0320124	0.0	0.0	35.2	35.2
-Year 3 Labor Costs - Net Change from FY2002	4.1	0.0	25.3	29.4
-Adjust vacancy by fund source between line items and components	12.3	0.0	0.0	12.3
-Transfer I/A back to Fair Business Practices, Replace with GF	0.0	0.0	-22.4	-22.4
-Transfer GF from Fair Business Practices/Replaces I/A	22.4	0.0	0.0	22.4
Proposed budget increases:				

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
-Legal Secretary Reclassification	6.8	0.0	3.0	9.8
-Banking & Securities Attorney	0.0	0.0	70.3	70.3
-Telecommunications Act Outside Counsel	120.0	0.0	0.0	120.0
FY2003 Governor	440.8	0.0	1,686.9	2,127.7

Commercial Section

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2002</u> <u>Authorized</u>	<u>FY2003</u> <u>Governor</u>		
Full-time	14	14	Annual Salaries	1,045,280
Part-time	2	4	COLA	33,679
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	285,330
			<i>Less 4.00% Vacancy Factor</i>	<i>(54,572)</i>
			Lump Sum Premium Pay	0
Totals	16	18	Total Personal Services	1,309,717

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Assoc Attorney I	0	0	1	0	1
Attorney III	2	0	0	0	2
Attorney IV	4	0	3	0	7
Attorney V	1	0	2	0	3
Law Office Assistant I	2	0	1	0	3
Law Office Assistant II	1	0	0	0	1
Paralegal II	1	0	0	0	1
Totals	11	0	7	0	18