

**ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS
STANDING COMMITTEE**

March 14, 2002
8:07 a.m.

MEMBERS PRESENT

Representative Kevin Meyer, Co-Chair
Representative Carl Morgan, Co-Chair
Representative Andrew Halcro
Representative Drew Scalzi
Representative Lisa Murkowski
Representative Gretchen Guess

MEMBERS ABSENT

Representative Beth Kerttula

COMMITTEE CALENDAR

HOUSE BILL NO. 355

"An Act relating to the taxation of mobile telecommunications services by municipalities; and providing for an effective date."

- MOVED CSHB 355(CRA) OUT OF COMMITTEE

HOUSE BILL NO. 497

"An Act giving notice of and approving the entry into, and the issuance of, certificates of participation for the upgrade, expansion, and replacement of certain correctional facilities and jails; giving notice of and approving the entry into, lease-financing agreements for certain of those projects; and providing for an effective date."

- MOVED HB 497 OUT OF COMMITTEE

HOUSE BILL NO. 407

"An Act relating to the certificate of need program."

- SCHEDULED BUT NOT HEARD

PREVIOUS ACTION

BILL: HB 355

SHORT TITLE:MOBILE TELECOMMUNICATIONS TAX

SPONSOR(S): LABOR & COMMERCE BY REQUEST

Jrn-Date	Jrn-Page		Action
01/23/02	2045	(H)	READ THE FIRST TIME - REFERRALS
01/23/02	2045	(H)	CRA, L&C
02/28/02		(H)	CRA AT 8:00 AM CAPITOL 124
02/28/02		(H)	Heard & Held
02/28/02		(H)	MINUTE(CRA)
03/06/02		(H)	L&C AT 3:15 PM CAPITOL 17
03/06/02		(H)	<Bill Canceled>
03/14/02		(H)	CRA AT 8:00 AM CAPITOL 124

BILL: HB 497

SHORT TITLE:LEASE-PURCHASE CORRECTIONAL FACILITY

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
02/20/02	2338	(H)	READ THE FIRST TIME - REFERRALS
02/20/02	2338	(H)	CRA, STA, FIN
02/20/02	2338	(H)	FN1: (REV)
02/20/02	2338	(H)	GOVERNOR'S TRANSMITTAL LETTER
03/14/02		(H)	CRA AT 8:00 AM CAPITOL 124

WITNESS REGISTER

AMY ERICKSON, Staff
to Representative Murkowski
Alaska State Legislature
Capitol Building, Room 408
Juneau, Alaska 99801

POSITION STATEMENT: Testified on behalf of the sponsor of HB 355, the House Labor & Commerce Standing Committee.

CHUCK HARLAMERT, Juneau Section Chief
Tax Division
Department of Revenue
PO Box 110420

Juneau, Alaska 99811-0420

POSITION STATEMENT: Announced that [the department's] concerns with HB 355 had been addressed.

DAN YOUMANS, Director
External Affairs
AT&T Wireless
(No address provided)

POSITION STATEMENT: Testified in support of Version F of HB 355 and Amendment F.1.

MARGOT KNUTH, Strategic Planning Coordinator
Office of the Commissioner - Juneau
Department of Corrections
431 N. Franklin, Suite 400
Juneau, Alaska 99801

POSITION STATEMENT: Discussed the need for HB 497.

MARGARET BRANSON, Member
City Council
City of Seward
PO Box 271
Seward, Alaska 99664

POSITION STATEMENT: Testified in support of HB 497.

SCOTT JANKE, Manager
City of Seward
PO Box 167
Seward, Alaska 99644

POSITION STATEMENT: Testified in support of HB 497.

LINDA FREED, Manager
City of Kodiak
710 Mill Bay Road
Kodiak, Alaska 99615

POSITION STATEMENT: Testified in support of HB 497.

DAVID GERMER, Assistant Borough Manager
Matanuska-Susitna Borough
350 East Dahlia Avenue
Palmer, Alaska 99645

POSITION STATEMENT: Testified in support of HB 497.

GARY PAXTON, Interim Manager
Ketchikan Gateway Borough
344 Front Street
Ketchikan, Alaska 99901

POSITION STATEMENT: Testified in support of Mr. Germer's comments.

ACTION NARRATIVE

TAPE 02-14, SIDE A
Number 0001

CO-CHAIR KEVIN MEYER called the House Community and Regional Affairs Standing Committee meeting to order at 8:07 a.m. Representatives Morgan, Meyer, Halcro, Scalzi, Murkowski, and Guess were present at the call to order.

HB 355-MOBILE TELECOMMUNICATIONS TAX

CO-CHAIR MEYER announced that the first order of business would be HOUSE BILL NO. 355, "An Act relating to the taxation of mobile telecommunications services by municipalities; and providing for an effective date."

Number 0222

REPRESENTATIVE MURKOWSKI moved to adopt CSHB 355, Version 22-LS1208\F, Kurtz, 3/6/02, as the working document. There being no objection, Version F was before the committee.

AMY ERICKSON, Staff to Representative Murkowski, Alaska State Legislature, testified on behalf of the sponsor, the House Labor & Commerce Standing Committee. She explained that Version F is much simpler. Per the Department of Revenue's request, [Version F] cites the federal act by reference. Furthermore, Representative Kerttula suggested the deletion of the section regarding the requirement for the customer to notify the company in writing of a dispute over a tax, charge, or fee. That section has been deleted. Ms. Erickson recalled Representative Guess' discussion regarding the primary place of use being a street address. Ms. Erickson said, "I think that we understand now that the federal act defines place of primary use in a manner that is sufficient to you [Representative Guess] and Representative Murkowski."

MS. ERICKSON informed the committee of the amendment [in the committee packet] labeled 22-LS1208\F.1, Kurtz, 3/13/02. This amendment would address those people in Alaska who don't have a street address, which is common in Alaska. This amendment would allow those without a street address to establish a primary place of use without having their street address listed.

Number 0381

REPRESENTATIVE MURKOWSKI turned to the prior hearing's discussion regarding the fiscal note for HB 355. As a consequence of the changes incorporated in Version F, Representative Murkowski understood that the Department of Revenue's fiscal note is now zero. Representative Murkowski

highlighted that all of the concerns voiced at the last hearing have been addressed and thus she said she feels that Version F follows the intent of the federal act and will work in Alaska.

CO-CHAIR MEYER inquired as to whether this legislation could be passed out with a fiscal note pending.

MS. ERICKSON pointed out that the original fiscal note was zero [but the analysis had raised some concerns]. Therefore, the new fiscal note is "more civilized."

CHUCK HARLAMERT, Juneau Section Chief, Tax Division, Department of Revenue, announced that all of the [department's] concerns that were raised at the last hearing have been addressed. "It looks like a clean bill from here," he remarked.

Number 0598

REPRESENTATIVE MURKOWSKI moved that the committee adopt Amendment F.1, which reads as follows:

Page 3, following line 12:

Insert a new subsection to read:

"(d) For the purposes of this section, if a customer does not have a street address, the home service provider may accept from the customer as the customer's place of primary use an address that is not a street address if the address gives effect to the intent of 4 U.S.C. 116 - 126 (Mobile Telecommunications Sourcing Act)."

There being no objection, Amendment F.1 was adopted.

Number 0690

DAN YOUMANS, Director, External Affairs, AT&T Wireless, testified via teleconference. Mr. Youmans said that [AT&T Wireless] supports all of the proposed changes [encompassed in Version F] as well as Amendment F.1. "I think we have arrived at a very good piece of legislation now, and we're in full support of it," he said.

Number 0750

REPRESENTATIVE HALCRO moved to report CSHB 355 [Version 22-LS1208\F, Kurtz, 3/6/02] as amended out of committee with individual recommendations and the accompanying zero fiscal

note. There being no objection, CSHB 355(CRA) was reported from the House Community and Regional Affairs Standing Committee.

The committee took a brief at-ease from 8:19 a.m. to 8:21 a.m.

HB 497-LEASE-PURCHASE CORRECTIONAL FACILITY

CO-CHAIR MORGAN announced that the final order of business would be HOUSE BILL NO. 497, "An Act giving notice of and approving the entry into, and the issuance of, certificates of participation for the upgrade, expansion, and replacement of certain correctional facilities and jails; giving notice of and approving the entry into, lease-financing agreements for certain of those projects; and providing for an effective date."

Number 0903

MARGOT KNUTH, Strategic Planning Coordinator, Office of the Commissioner - Juneau, Department of Corrections, began by noting that HB 497 is one of several pieces of legislation that looks to expand existing correctional facilities. The [Knowles Administration] is grateful with the recognition that something must be done [with Alaska's correctional facilities]. Alaska has been operating well beyond the maximum capacity of its facilities for many years. In order to deal with that maximum capacity, Alaska's local facilities have been overcrowded and hundreds of inmates have been sent to a private prison in Arizona.

MS. KNUTH reviewed the difference between jails and prisons. She explained that jails are where people are housed before their trials, before sentencing, and for misdemeanor offenses. Alaska is unique in that Alaska is a unified jurisdiction, which means that the state is responsible for both jail and prison functions. Therefore, the state has to have facilities that are close to the [offenders'] communities, to the point of arrest, and to court houses where the hearings occur. There also have to be places for sentenced felons that will serve considerably more time. Ideally, under a unified system the regional facilities would probably serve as both a prison and jail for the community. For example, Bethel has the capacity of 80 beds, which basically allows for only pre-trial and misdemeanants to be in that facility. Therefore, those from Bethel who are convicted of a felony and have more than a year to serve are shipped to either the Spring Creek Prison in Seward or the facility in Arizona. Ideally, there would be enough capacity in Bethel to keep those folks in their home areas. However,

Alaska's problem is the cost in keeping people close to their home area. Many efficiencies are gained by having larger centralized prisons. Ms. Knuth noted that the Spring Creek Prison has a capacity of 400 and thus is filled by people statewide, not just from the Seward area. The prisoners in the Arizona facility are from all over the state, and have fairly long sentences to serve.

Number 1120

MS. KNUTH explained that HB 497 attempts to balance the need to be cost-conscious and have centralized prisons with the need for local capacity for those pre-trial and misdemeanor persons. House Bill 497 allows for the expansion of the Palmer Correctional Center, the Spring Creek Youthful Offender Program, the Fairbanks Correctional Center, and the Yukon-Kuskokwim Correctional Center. Those are the most urgent needs. The Bethel facility has been operating at capacity for years, [which has resulted in] people who have [only] 10-15 days to serve being shipped to the Palmer Correctional Facility or other facilities in the Anchorage Bowl area. Those folks then have to be transferred back to [the Bethel area]. Fairbanks is in a similar situation. Shipping those with short sentences is inefficient economically, not to mention the difficulty for the family who wants to keep contact with the inmate. Ms. Knuth informed the committee that it should have a booklet entitled, "Corrections and Community Partnerships: A New Way of Doing Business", which discusses the long-range plan that the department views as necessary in addressing the overcrowding situation in Alaska. Bethel, Fairbanks, Palmer, and Seward are the first four facilities listed [for expansion]. The proposal is to increase the capacity in Bethel by 96 beds, in Fairbanks by 80 beds, in Palmer by 237 beds, and in Seward by 170 beds.

Number 1316

MS. KNUTH informed the committee that in the rest of the United States, the trend for the number of people in corrections is decreasing and that, to some extent, relates to the decrease in crime rates. That trend also reflects the decision of other states to reevaluate sentencing practices. She explained that those other states have concluded that incarcerating people is an expensive method. Recently, the trend has been to move away from tough, long sentences and toward treatment. For example, California has mandatory treatment for drug offenders. Although some of Alaska's crime rates are going down, Alaska's number of inmates is increasing. In Alaska, 33,000 people are booked a

year. Most of those are short stays. Alaska is experiencing a phenomena in which there are about 300 more inmates than the year before. Ms. Knuth attributed that increase to the long, tough sentences in Alaska and the trend of fewer [inmates] being released on bail. Alaska has a much higher percentage of people who are pre-trial and awaiting trial and sentencing on felony charges. She estimated that those who are held for pre-trial has risen from 20-35 percent to about 50 percent of all the inmates being held. Therefore, the use of beds for pre-trial people is causing a need for an increase in capacity. In regard to why people aren't being released for pre-trial, Ms. Knuth attributed it partially to the perception of safety issues by both prosecutors' offices and by courts. This is a policy issue that the state will have to deal with at some point, Ms. Knuth speculated. Ms. Knuth said, "We do have the ability to control this growing number of inmates and at some point somebody will have to step up to the plate and take a look at that." Meanwhile, hundreds of inmates need spaces and the only avenue is to increase capacity.

Number 1573

MS. KNUTH pointed out that in Alaska there are also contract jails, which are referred to as municipal jail facilities in HB 497. There are 15 such small facilities that are used to hold those arrested in smaller communities throughout the state. If an individual is arrested on a serious offense, then that individual is shipped to a regional facility. The 15 contract jails haven't received any capital funds for a number of years, and there isn't a good system for addressing these contract jails. The people housed in these contract jails are there because of state charges and thus are the responsibility of the state, although they aren't part of the Department of Corrections' system. The inmates of the contract jails are paid for by contracts the department has with the local governments. This legislation specifies the most heavily used jails and requests authorization for expansion. Those [contract jails] are the Dillingham Community Jail, Kodiak Community Jail, Kotzebue Community Jail, and North Slope Borough Community Jail. These jails are also in the worst condition. Therefore, HB 497 would authorize \$4 million for each of the aforementioned community jails. That \$4 million has to be matched by the local community. She informed the committee that the North Slope Borough [Community Jail] was condemned by the fire marshal. Minor modifications were made to satisfy the fire marshal for a while. However, something has to be done. She also informed the committee that Kotzebue has a \$4 million federal grant that

can be used for their match. Similarly, the North Slope Borough has identified the \$4 million for its match.

MS. KNUTH recognized that the difficulty with HB 497 is that the state is in a time of dwindling revenues. However, HB 497 relates to a public safety need that doesn't go away. In fact, the longer this problem isn't addressed, the more it will cost. She noted that when similar legislation was heard in the Senate, support for that bill was indicated from the communities of Seward, Fairbanks, Kenai, Dillingham, Barrow, Mat-Su Valley, Kenai, and Bethel. "So far, all the testimony has been positive," she remarked.

Number 1899

REPRESENTATIVE HALCRO recalled the December Conference of Mayors' press conference during which there was the threat to either stop accepting prisoners or take some action. Therefore, he inquired as to whether that reaction is related to the lack of funding for community jails.

MS. KNUTH agreed that there has been growing frustration in regard to the lack of new funds for these community jails. [These communities] feel that trying to continue to do business is irresponsible. Although the frustration with operating a condemned facility is obvious, when an arrest is made in the community something has to be done with that person. This creates a no-win situation.

REPRESENTATIVE HALCRO inquired as to whether the greater percentage of prisoners without bail is related to the severity of the crime or recidivism.

MS. KNUTH answered that the decision [of holding prisoners without bail] is made on a case-by-case basis. There is no policy plan with these types of offenses.

Number 2089

REPRESENTATIVE MURKOWSKI referred to the Executive Summary of "Corrections and Community Partnerships: A New Way of Doing Business" which includes the compelling statistic that there has been a 66 percent increase in the prisoner population in Alaska over ten years. She recalled Ms. Knuth's testimony that in other states there has actually been a decrease in their prison population. That 66 percent increase seems incredible. The summary further references the greater use of the half-way house

approach in corrections. Therefore, the approach is to have more space in the prison for the more serious offenders [in medium security]. Representative Murkowski asked for whom the prison space is being built. Is the space being built for those staying 10-15 days or for the more serious offender with a long sentence, she asked.

MS. KNUTH answered that the prison space is being built for all of the populations Representative Murkowski mentioned. However, the greatest need for beds is for the medium security inmates with long sentences. Currently, 600 or so inmates in Arizona fall in the medium security category. Ms. Knuth explained that in 1980 the Alaska Criminal Code was revised to lengthen sentences for most all offenses, in particular those sentences for assaults, robberies, and serious felony offenses. The impact, the "stacking effect," of those lengthy sentences has taken some time to see, but is apparent now. Also, the increase in the state's population has brought with it an increase in the number of criminal offenders. Ms. Knuth informed the committee that the last correctional facility Alaska built was the Spring Creek Correctional Facility in the 1980s. During the 1990s, "we did nothing," she pointed out. However, she noted that the Anchorage replacement jail which will provide about 150 new beds is about to open.

Number 2316

MS. KNUTH informed the committee that the department has done the following two things to deal with the increased inmate population. First, there have been increases in the number of halfway house space for low level offenders. With funding from the legislature, the department was able to contract for more halfway house beds. As a result of that effort, most of the state's minimum custody inmates are in halfway house beds. Second, electronic monitoring and home furlough programs have diverted people from hard beds, when appropriate. However, the department hasn't been able to increase the number of hard beds because of the need for construction money to do so. She turned to Bethel as an example. Bethel has a halfway house as well as a correctional center. She explained that those beds that are needed are for those who are a danger to the community. She pointed out that the aforementioned pre-trial issue is mainly an issue in the Anchorage Bowl area not in areas such as Bethel and Fairbanks. She indicated the need to deal with the pre-trial issue in the Anchorage Bowl area. In summary, Ms. Knuth expressed the need for the medium capacity hard beds to be addressed.

REPRESENTATIVE MURKOWSKI related her understanding that at soon as the Anchorage jail opens it will reach capacity as well, and therefore HB 497 requests expansion of that facility in the future. She questioned why the facility wasn't built larger to begin with. Representative Murkowski inquired as to the number of prisoners that are sent to Arizona, and how many would be accommodated if HB 497 were to pass.

MS. KNUTH answered that there are about 680 inmates in Arizona. With HB 497, all of those inmates would be brought home unless the state's inmate population continues to increase at 300 per year. She explained that it takes about three years from the passage of legislation to the point at which a facility is actually opened. Therefore, there could potentially be 1,000 more inmates if the aforementioned trend continues. She stated her hope that the [national] reduction in the crime rate will begin to happen in Alaska and thus the aforementioned growth rate won't continue. Or, perhaps there will be policy changes in regard to the length of sentences. In further response to Representative Murkowski, Ms. Knuth informed the committee that the possible new private prison in Whittier would have a minimum of 1,200 beds. She mentioned that there are some significant logistical problems with locating a prison in Whittier. It makes the most logistical sense to have a prison in the Anchorage Bowl area since that makes up over half of the state's population and inmate population. A population base needs to be present in order to run a prison, which is a difficulty in more remote areas of the state.

REPRESENTATIVE MURKOWSKI said she supposed that one should anticipate that there would be a softening of the past 10-20 year trend. Therefore, expansion plans should be such that the facility isn't at capacity before the doors are even open.

Number 2636

REPRESENTATIVE HALCRO returned to Ms. Knuth's comment that in the 1990s the state did nothing in regard to prison construction. However, construction of private prisons in Anchorage, Delta, and Kenai have been turned down while the inmate population continues to grow. He indicated that expansion of existing facilities seems to be a more practical way to address this issue because the community opposition wouldn't exist. Representative Halcro inquired as to whether the department opposes the private prison in Whittier.

MS. KNUTH replied that the proposal for a private prison in Whittier is inconsistent with the governor's plan. "We believe that a regional approach makes more sense," she said.

REPRESENTATIVE HALCRO recalled that in the last few years the legislature has done more to lengthen sentences, and therefore he didn't foresee the problem getting better.

MS. KNUTH reiterated that many states adopted tougher, longer sentences. Those states saw what [tougher, longer sentences] did to their education budget and determined that they couldn't do [tougher, longer sentences]. Therefore, some states decided not to use prison beds for certain offenders. Ms. Knuth predicted that Alaska will review where it wants to spend its money and decide that treatment and education for inmates will be more cost-effective than longer sentences.

Number 2778

CO-CHAIR MEYER inquired as to why the cost to construct additional beds at correctional centers [in the state] vary greatly. He questioned whether [the state] should focus on [expansion] in the less expensive areas.

MS. KNUTH said that the need for local jail beds is expensive. A bed in Ketchikan costs more than \$300,000 per bed because that's [the state's] smallest facility. At this small facility there is no economy of scale and such locations usually have increased construction costs. Therefore, it costs less to expand or have new construction in locations such as the Mat-Su Valley. However, there is the need to have beds for prisoners in Ketchikan. She noted that it doesn't make economic sense to ship prisoners with short-term sentences. The department has people who meet every morning for two hours in order to determine where each inmate could go. Therefore, the department has analyzed the population flows and patterns. For example, if Bethel increases its number of beds by 96, then Bethel's pre-trial population can remain in Bethel. In order to keep people who are sentenced in Bethel in Bethel, a 300-400 bed expansion would be required. "We're trying to give you the smallest number for the outlying areas because in the long-run that's most cost-effective. It is a policy call," she said.

CO-CHAIR MEYER asked if it costs about \$40,000 a year to house a prisoner in Alaska.

MS. KNUTH noted that the difference in construction costs across the state is reflected in the operating costs [of the prisons]. Ketchikan has the highest operating expense because it is the smallest facility and thus the costs are spread across the smallest group of people. The average cost of housing an inmate in Alaska is \$115 a day, which she estimated to amount to forty-some thousand dollars per inmate. In further response to Co-Chair Meyer, Ms. Knuth informed the committee that housing a prisoner in Arizona cost approximately \$65 a day. She said that the state does save money by sending inmates to Arizona. However, she expressed the need to consider whether "we" want our inmates that far away and what additional money do "we" want to spend to keep these inmates in Alaska.

TAPE 02-14, SIDE B

Number 2984

CO-CHAIR MEYER asked what the recidivism rate is in Alaska.

MS. KNUTH announced that the department will be implementing an information management system that will allow a closer look at recidivism. However, she noted that most people don't return. Out of 33,000 bookings a year, only about 4,000-5,000 return. There is a small population with a serious alcohol problem that revolve through the corrections system until the problem is addressed. She expressed the desire to obtain information that illustrates the impact of alcohol programs in the facilities in order to reduce recidivism. Ms. Knuth informed the committee of the nationwide discovery that required treatment, even when involuntary, is helpful; although she acknowledged that it may have to be required multiple times. Therefore, the hope is to obtain the information and make a case for increased treatment capacity.

CO-CHAIR MEYER related his belief that the focus on treatment was why the therapeutic courts were funded and supported. He related his understanding that the therapeutic courts are having success, especially with placing DWI offenders in treatment rather than jail. He acknowledged that many of the DWI offenders are being placed in halfway houses. He questioned whether the halfway houses are being fully used.

MS. KNUTH answered that the halfway houses are being more than fully utilized. She pointed out that the statute for DWI offenders specifies that the first choice of placement for first and second DWI offenders is in halfway houses. However, the

department has found that to be restrictive because some inmates are good candidates for electronic monitoring or the home furlough program. She indicated that the home furlough program is a cheap program that allows people to work.

CO-CHAIR MEYER expressed his optimism that the demand for prison space in Alaska will decrease in the future. He echoed earlier sentiment that it seems that the Anchorage jail should've been made larger to begin with.

MS. KNUTH said, "We all do the best we can." She mentioned that she is glad that the Anchorage facility was designed for expansion.

Number 2806

REPRESENTATIVE SCALZI turned to the municipal jail prices and asked if it is correct that [the state contributes] about \$12 a day to the municipalities [that have municipal jails].

MS. KNUTH said that she didn't know, but that figure sounds correct.

REPRESENTATIVE SCALZI inquired as to whether the municipalities contribute to the operating costs of the municipal jail or just the capital costs.

MS. KNUTH responded that the municipalities contribute to the operating costs, and often the municipal jail is the community's law enforcement center and thus houses the local dispatcher and police department. The municipality is making a significant contribution. In further response to Representative Scalzi, Ms. Knuth clarified that the figure entitled "The Anticipated Annual Operating Cost" [for the proposed new beds] refers to the new money from the state for the community, [which the community matches].

Number 2697

MARGARET BRANSON, Member, City Council, City of Seward, testified via teleconference. Ms. Branson said that [the City of Seward] is particularly interested in the Spring Creek Youthful Offender program expansion. This program has been extremely efficient and successful. [The City of Seward] supports the rest of HB 497 as well. She noted that the Spring Creek facility was built with future expansion in mind.

REPRESENTATIVE MURKOWSKI noted that Spring Creek is one of the few maximum security facilities in the state. Therefore, an expansion would increase the potential for having more dangerous individuals in the community. She asked if the City of Seward supports the expansion.

MS. BRANSON replied yes. The experience with the Spring Creek Correctional Facility has been very positive. The only problem has been the difficulty in getting correctional officers to the area.

Number 2538

SCOTT JANKE, Manager, City of Seward, testified via teleconference in support of HB 497. He echoed Ms. Branson's comments regarding the City of Seward's support of HB 497, specifically the Spring Creek Youthful Offender program. The expansion of the Spring Creek Youthful facility has been on the city's legislative agenda for a number years. Mr. Janke informed the committee that the Alaska Vocational Technical Center (AVTEC) is also located in Seward and thus can provide vocational education and training for youthful offenders [to help] reduce the number of offenders returning to prison. Mr. Janke also informed the committee that Spring Creek was built by the city using a bond much like HB 497 anticipates. The bond on Spring Creek will be completely paid in September 2006, which is about the time the expansion would go on line and begin debt service again. He projected that the expansion could be on line in less than three years.

REPRESENTATIVE MURKOWSKI inquired as to whether there are any other facilities in the state that have a similar youthful offender program.

MR. JANKE related his understanding that the Spring Creek Youthful Offender program is the only such program in operation in the state.

REPRESENTATIVE MURKOWSKI related her view that the prison population consists of more and more young men, and furthermore these men seem to be getting younger. Therefore, she indicated the need to emphasize youthful offender programs in order to reduce recidivism. She said that with the youth offenders of the state it seems that there isn't a regional approach because there is only one state facility.

Number 2318

LINDA FREED, Manager, City of Kodiak, testified via teleconference. She noted that she sent a letter expressing the City of Kodiak's support to the committee. Ms. Freed pointed out that the facility in Kodiak is 60 years old and needs to be replaced. The city is willing to partner with the state and commit local resources in order to replace the building. Ms. Freed urged the committee's support of HB 497.

CO-CHAIR MEYER referred to Ms. Freed's letter in the packet and noted it said that the City of Kodiak is willing to match the state's contribution.

MS. FREED replied yes, and informed the committee that the city is also willing to contribute the land on which the building would be located. Ms. Freed explained that the local government subsidizes the operation of the facility. She estimated that the city puts in about \$50-\$100,000 a year to keep the facility open. Ms. Freed said, "We believe that a new building and an upgraded building would provide our community, as well as the state, with a facility that would help deal with corrections on a broad scale." Currently, prisoners in Kodiak can't be held in the facility for longer than ten days due to the current condition of the facility. An upgraded facility would allow prisoners to be held for sentences up to 30 days, which is advantageous due to the elimination of transportation costs. Furthermore, it's advantageous to keep the prisoners close to their homes and families in order to hopefully return them to the community as useful members.

Number 2168

DAVID GERMER, Assistant Borough Manager, Matanuska-Susitna Borough, testified via teleconference. He informed the committee that there are three correctional facilities in the Matanuska-Susitna Borough and there have been few problems associated with these facilities. Furthermore, the Department of Corrections' employees are involved members of the community. [The borough] strongly supports the expansion of existing correctional facilities. Furthermore, expansion of correctional facilities on a regional basis will allow prisoners to be closer to their families and should enhance rehabilitation opportunities. Ms. Germer said, "The economic impact associated with returning prisoners to Alaska or incarcerating prisoners in Alaska should be shared statewide. Both rural as well as urban residents of Alaska should have the opportunity to benefit from the positive economic impacts plus the positive rehabilitation

impacts." He indicated that Alaskan residents and Alaskan contractors would benefit [from expansion projects].

MR. GERMER related the belief that expansion of corrections facilities should be publicly operated and managed. Although HB 497 is good legislation, the prison legislation sponsored by Senator Green is slightly more preferable because it better addresses the needs of Fairbanks, Ketchikan, and the Mat-Su [Valley]. Furthermore, Senator Green's legislation is slightly more preferable because it utilizes the Alaska Industrial Development and Export Authority (AIDEA), which has been involved in similar financing structures and could assist with pre-construction bridge financing.

Number 1989

GARY PAXTON, Interim Manager, Ketchikan Gateway Borough, testified via teleconference in support of Mr. Germer's comments. Mr. Paxton highlighted the fact that Southeast Alaska has been devastated by the loss of the forest industry. Furthermore, Southeast Alaska is, as is the rest of the state, facing difficulties with the fishing industry. Therefore, the economy is in a difficult state and thus the proposed expansion in Ketchikan would provide economic benefits for the area as well as the region because Ketchikan's economy has a direct relationship to the economy of surrounding smaller areas such as Craig and Prince of Wales Island.

CO-CHAIR MORGAN closed public testimony.

Number 1871

CO-CHAIR MEYER related his understanding of the testimony to be that the communities want these expansions, and therefore he would support moving HB 497 along. However, he expressed his belief that all prison-related legislation would have to be reviewed by the House Finance Committee.

REPRESENTATIVE MURKOWSKI recalled the discussions on the private prison proposals for Delta and Kenai. In both cases, the communities rejected the proposals after considerable controversy. Therefore, it's nice to hear communities that are open to expansion of prison facilities in their area. She commented on the need to have an acceptance from the community for these facilities.

REPRESENTATIVE HALCRO said that he is far more supportive of the concept [encompassed in HB 497]. He also recalled the situations with the private prison proposals of recent years. The expansion of regional facilities is a far more cost effective way to keep someone close to their community. Furthermore, it's a more palatable way to expand prison space without turning communities upside down.

CO-CHAIR MORGAN related the situation in Aniak where there is no holding cell. Sometimes, when Bethel doesn't have room, Bethel will ask Aniak to hold the prisoner a day or two. Therefore, someone from the community that doesn't have training is hired as a jail guard. Co-Chair Morgan noted his support of HB 497.

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REPRESENTATIVE GUESS moved to report HB 497 out of committee with individual recommendations and the accompanying fiscal note. There being no objection, HB 497 was reported from the House Community and Regional Affairs Standing Committee.

The committee took a brief at-ease.

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 9:29 a.m.