

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**April 02, 2002**  
**4:14 PM**

**TAPES**

SFC-02 # 45, Side A  
SFC 02 # 45, Side B  
SFC 02 # 46, Side A

**CALL TO ORDER**

Co-Chair Pete Kelly convened the meeting at approximately 4:14 PM.

**PRESENT**

Senator Dave Donley, Co-Chair  
Senator Pete Kelly, Co-Chair  
Senator Jerry Ward, Vice Chair  
Senator Lyda Green  
Senator Gary Wilken  
Senator Lyman Hoffman  
Senator Donald Olson  
Senator Alan Austerman  
Senator Loren Leman

**Also Attending:** SENATOR BEN STEVENS; CANDACE BROWER, Program Coordinator, Office of the Commissioner, Department of Corrections; JANE WINEGAR, Staff to Senator Lyda Green; GORDY WILLIAMS, Legislative Liaison, Office of the Commissioner, Department of Fish and Game; ROBERT BUTTCANE, Legislative & Administrative Liaison and Juvenile Probation Officer, Division of Juvenile Justice, Department of Health and Social Services; MARY JACKSON, Staff to Senator John Torgerson; JEFF OTTESEN, Statewide Planning Chief, Division of Statewide Planning, Department of Transportation and Public Facilities; KRISTY TIBBLES, Staff to Senator Ben Stevens

**Attending via Teleconference:** From Anchorage: BRUCE RICHARDS, Special Assistant, Office of the Commissioner, Department of Corrections; TIM ROGERS, Legislative Program Coordinator, Municipality of Anchorage; From Offnet Sites: WILLIAM GILBODI, President, Gragil Associates, Inc.; LINDA WILSON, Deputy Director, Public Defender Agency, Department of Administration

**SUMMARY INFORMATION**

SB 223-PRISONERS: PAROLE/GOOD TIME

The Committee heard testimony from the Department of Corrections, adopted a new fiscal note, and reported the bill from Committee.

SB 97-PROBATION AND PAROLE FEES

The Committee heard testimony from the sponsor, the Department of Administration, and a private accounts receivable company. A committee substitute was adopted, and the bill reported from Committee.

SB 205-CONTROL OF NUISANCE WILD ANIMALS

The Committee heard testimony from the sponsor and the Department of Fish and Game. The bill reported from Committee.

SB 59-FEDERAL FUNDS TO MUNICIPALITIES FOR ROADS

The Committee heard testimony from the Department of Transportation and Public Facilities and the Municipality of Anchorage. Two amendments and an amendment to an amendment were considered with one amendment being adopted. The bill reported from Committee.

SB 282-ALASKA SEAFOOD MARKETING INSTITUTE/TAX

The Committee heard from the sponsor, considered and adopted one amendment, and reported the bill from Committee.

[NOTE: Portions of this meeting are difficult to hear due to a malfunction in the sound system.]

#sb223

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 223(JUD)

"An Act limiting the award of good time and restricting release on mandatory parole for prisoners serving certain sentences who fail to attain certain minimum educational standards; providing that prisoners having attained or attaining those educational standards receive good time awards and availability of release on mandatory parole of one-third of the term or terms of imprisonment rounded off to the nearest day; and providing for an effective date."

This was the second hearing for this bill in the Senate Finance Committee.

Co-Chair Donley informed the Committee that the Department of Corrections' new fiscal note, dated March 22, 2002, reflects the potential savings and costs associated with this legislation. He stated that the fiscal note's "extensive" fiscal analysis is based on the State's best estimate of the average cost of housing inmates combined with data gathered from similar programs operating in other states. He voiced support "for this conservative" fiscal analysis, and expressed that implementation of the General Education Development (GED) program could produce savings extending beyond the amounts specified in the note, as research indicates that released inmates who have earned their GED commit less crime than those who have not. He stressed that a reduction in the rate of recidivism would produce significant savings to the citizens of the State, and he opined that additional savings would be incurred by the "multiplier effect" whereby inmates who refuse to earn their GED would not be granted the full early release as specified in State statute; and therefore would not be "back out on the streets" committing further criminal activity.

Co-Chair Donley offered a motion to adopt the Department of Corrections \$60,300 fiscal note, dated March 22, 2002.

Co-Chair Kelly objected for fiscal note clarification.

Co-Chair Donley identified the fiscal note for the Committee.

Co-Chair Kelly withdrew the objection.

Senator Hoffman stated that this bill specifies that the full "good time" early release sentence reduction would be applicable to inmates who earn their GED; however, he asked whether additional expenses would be incurred by housing inmates, who refuse or fail to earn their GED, for longer periods of time.

Co-Chair Donley stated that analysis included within the original Executive branch fiscal note provides that information.

Senator Hoffman asked the specifics of the original fiscal note.

Co-Chair Donley explained that the fiscal note calculates that approximately 35 percent, or 70 inmates, of the 200 inmates incarcerated each year would possess a high school diploma; therefore, approximately 130 inmates would be subject to the GED requirement. He elaborated that the analysis estimates that approximately eight percent, or ten inmates, of the 130 would be

incapable of achieving their GED, and therefore, would be exempt from the requirement. He furthered that another nine inmates would be excluded from the requirement because they do not speak English; therefore, he concluded, 111 inmates would be subject to the requirement on an annual basis.

Co-Chair Donley furthered that expenses associated with the program would include: providing for tutors; conducting assessments of incoming inmates; and determining the costs associated with expanding the program to allow other inmates to earn their GED. He stated that, annually, approximately sixteen of the 200 inmates would fail or refuse to earn the GED. He detailed that the new fiscal note incorporates the program expenses with the expected program savings to produce, initially, a net increase of \$60,000 a year. He stated that these projections include the costs associated with housing inmates who do not qualify for early release; however, he reiterated, this increase might be offset by a reduction in crime.

Senator Hoffman specified that, initially, the program would incur additional annual costs of \$60,300; however, the amount would increase to approximately \$107,000 in subsequent years.

Co-Chair Donley concurred. He reminded the Committee that the number of recidivism cases is an average of the data garnered from the states of Florida and Alabama that have similar programs.

Co-Chair Kelly summarized that the net amount of the fiscal note is based on cost estimations from the Department of Corrections and information from the two identified states.

Senator Olson asked whether data is available from other states.

Co-Chair Donley responded that these are the only states that could supply critical data regarding the success rate of the GED program.

Without objection, the fiscal note from the Department of Corrections was ADOPTED.

CANDACE BROWER, Program Coordinator and Legislative Liaison, Office of the Commissioner, Department of Corrections informed the Committee that 147 State inmates voluntarily earned their GED in 2001, which, she expressed, attests that the Department already encourages inmates to continue their education. She argued that the State's recently revised GED test is "normed" against high school graduates, and the fact that 30 percent of those high school graduates failed the exam, is cause for concern as, she countered, this might place inmates at a disadvantage.

Ms. Brower expressed that although the GED requirement is optional, but encouraged, in Florida, earning the GED is mandatory in order for the inmate to qualify for the Florida's "good time" sentence reduction. She asserted that monitoring the requirements of this legislation would place additional burdens on the Department's resources.

BRUCE RICHARDS, Special Assistant, Office of the Commissioner Department of Corrections, testified via teleconference from Anchorage to voice that Alaska's prison population is "at an all-time high" and is continuing to grow. He stressed that basing the fiscal note's recidivism rate on the statistics of Florida and Alabama might not be the best methodology to use in calculating the amount of money that would be required to pay for housing inmates who fail to earn their GED.

Senator Hoffman asked how the State is addressing the rising prison population situation. He noted that, while this bill encourages inmates to further their education in order to qualify for more jobs, the bill could also harm the prison population situation by mandating longer periods of incarceration for inmates who fail to earn their GED.

Mr. Richards affirmed that Alaska is one of five or six states with an increasing prison population, and he noted that although Alaskan inmates historically serve 66 percent of their sentenced time compared to 85 percent of the sentenced time in other states, Alaskan inmates stay in prison longer because of the State's "stiffer sentencing." He stated he could not provide a solution to the situation.

Co-Chair Donley commented that recent United States Department of Justice statistics indicate that Alaska's rate of incarceration is below the national average; therefore, he stated, "even if we had an increase, we're still right in the middle compared to other states as far as the rate of population being incarcerated." He acknowledged; however, that this information does not address the Department's growing prison population concern.

Senator Hoffman commented that Alaska Natives comprise a large segment of the State's prison population, and consequently, he surmised that of those incarcerated, "that a higher percentage of Alaska Natives are going to be the ones that do not have" a high school degree.

Mr. Richards replied that Alaska Natives comprise 37 percent of the total prison population, and he noted that some of them "have the

added difficulty" of such things as English as a second language. However, he noted, the bill contains a provision addressing this concern.

Senator Hoffman argued that this provision is applicable to individuals who do not speak English; however, excludes those for whom English is a second language.

Co-Chair Donley clarified that Section 2(A)(iii) of the bill specifies that individuals for whom English is not their primary language are exempt from the GED requirement.

Senator Hoffman stated that this language addresses his concern.

Ms. Brower reiterated that the growth of the prison population presents a problem to the Department because the State continues to enact laws that perpetuate the population by increasing incarceration sentences. She expressed that insufficient funding prevents the Department from adequately addressing the increase in inmate population, which she contended is reaching "critical mass."

Ms. Brower contended that, while "education is a serious component in the rate of recidivism," the State must address the serious drug and alcohol problem that acts as a counter-measure to the benefits derived from an education.

Co-Chair Kelly interjected that while there are a multitude of issues that this bill does not address, enactment of this legislation would not harm the situation.

Senator Ward asked the number of inmates in the State's prison system.

Mr. Richards responded that the State's current prison population consists of approximately 4,900 people.

Senator Ward remarked that the State spends more money to address the educational needs of small northern rural areas, with minimal results from its investments, than it spends for education in the Kenai Peninsula. He stated that these poor results are not necessarily the government's fault as, he asserted, responsibility starts with parents. He opined that if students do not receive a "proper education," many would end up in prison.

Senator Ward contended that this bill "is a good step" in providing individuals with a tool to start taking responsibility for their own actions, and that a reduction in the rate of recidivism would result in substantial savings for the State. He voiced that providing incarcerated individuals with the ability to achieve a

level of higher education would provide them with an opportunity to become responsible citizens and stay out of jail. He stressed that "the common thread between every inmate" is that they want to get out of jail, and they would do whatever is necessary, including earning their GED, to accomplish that goal. He summarized that "this is a very good bill."

Co-Chair Donley moved to report the "CS for Sponsor Substitute for SB 223, Judiciary, with accompanying adopted Senate Finance fiscal note from Committee with individual recommendations."

Senator Hoffman objected, and stated that this bill's reversal of the current "good time" sentence reduction combined with the requirement that inmates earn their GED appears to be "a punishment." He continued that many people might not be able to earn their GED and this would cause them "to be more frustrated and possibly feel more inferior as they are left behind," and he questioned how this would affect this person when he is "back out on the street." He stated that while this bill might be "well intentioned, it's going the wrong direction," and, he stressed that the focus should be placed on enabling the State's education system to provide the means "along the way, without the loss of the 'good time' sentence reduction."

Co-Chair Donley commented that these concerns are addressed in the newly adopted fiscal note as it includes funding to assess inmate's circumstances. He argued that provisions within the legislation would allow the Department's Commissioner to exempt individuals from the bill's educational requirements, and he asserted that the bill provides safeguards to protect individuals who demonstrate effort, but who are unable to earn their GED as well as those individuals who simply do not have the physical or mental ability to achieve their GED.

Senator Hoffman spoke to the Department of Correction's analysis that the prison population is at critical mass. He stated that he would "be more comfortable" with this legislation if an increase in prison facilities and a reduction in the ratio of correction staff to criminals were being actively pursued by the State.

Senator Ward agreed that the overcrowding situation in the State's prisons must be addressed; however, he stressed that education is the tool to keeping people out of prisons. He reiterated that inmates would exert effort to earn their GED if it enabled them to get out of prison, and that society, in general, would be supportive of this endeavor. He reiterated that the Commissioner would have the authority to exempt individuals from the requirements, and he stressed that this legislation would produce

positive results.

Co-Chair Donley remarked that it would be a minimum of three years before any "potential, possible" increase in the prison population would occur as a result of the enactment of this bill. He furthered that there is sufficient time for the Legislature and the Executive Branch to continue efforts to provide for additional correctional facilities.

Senator Olson asked the percentage of inmates who suffer from learning disabilities caused by such things as Fetal Alcohol Syndrome.

Co-Chair Donley stated that the fiscal note identifies approximately 18 percent of the prison population as having these types of learning disabilities. He reiterated that these individuals would be exempt from the educational requirements.

Senator Olson asked how many of the 147 individuals who voluntarily earned their GED were Alaska Natives.

Ms. Brower responded that this information would be provided to the Committee.

A roll call was taken on the motion.

IN FAVOR: Senator Green, Senator Lemman, Senator Olson, Senator Ward, Senator Wilken, Senator Austerman, Co-Chair Donley, Co-Chair Kelly

OPPOSED: Senator Hoffman

The motion PASSED (8-1)

CS for SS SB 223 (JUD) was REPORTED from Committee with a new \$60,300 fiscal note, dated March 22, 2002 from the Department of Corrections.

#sb97

SENATE BILL NO. 97

"An Act relating to fees for probation and parole."

This was the second hearing for this bill in the Senate Finance Committee.

Senator Ward, the bill's sponsor, explained that this legislation was initially heard by the Committee during the first session of the Twenty-Second Legislature; however, he stated, the bill was held in Committee in order to determine how many states charge fees to individuals on probation or parole; to determine fee collection methods; and to determine the cost of administering the program.

Senator Ward informed the Committee that Alaska is the lone state not charging probation and parole fees, and he commented that the proposed committee substitute contains a provision that would allow the State to contract with a private business to manage the fee collection process.

WILLIAM GILBODI, President, Gragil Associates, Inc. testified from an offnet site and informed the Committee that the company, which is an accounts-receivable management firm located in Rockland, Massachusetts, has been managing the billing and collecting of fees for the state of Vermont, Department of Corrections, since 1997. He explained that the company's contract with Vermont provides for such things as: supervision fees; victim assistance and compensation; victim restitution; transportation; and general fund fines. He stated that the contract includes a 13.3 percent contingency fee that is charged to the individuals on probation rather than to the state. He explained that the contingency fee is added to the monthly fees of the probationer, and if the monthly fee is paid within 30 days of receipt, the contingency fee is waived. He stated that the actual fee cost to probationers averages approximately nine percent.

Senator Ward asked the testifier to explain the process whereby the company is authorized to attach probationers' tax refunds for non-payment of fees.

Mr. Gilbodi informed the Committee that this is the first year that authorization was granted to attach probationer's tax refunds, and he attested the process has been successful.

Senator Ward avowed that, were this legislation enacted, the State's delinquent balances could be collected through attaching probationers' Permanent Fund Dividends.

Senator Ward asked the testifier whether the collection process is working well in the state of Vermont.

Mr. Gilbodi informed the Committee that Vermont's 2001 recovery rate was 70 percent, and he reported that the recovery rate should increase as a result of the authorization to attach Income Tax Refunds for delinquent balances. He furthered that the company has

recently implemented a credit bureau reporting system that should provide additional recovery rate increases.

Senator Ward informed the Committee that the Alaska Department of Corrections has a current successful collection rate of ten percent.

Co-Chair Donley reminded the Committee that representatives of the Executive Branch recently testified to the Committee that the State's collection rate is approximately 30 percent. He declared that he considers this number to be "extremely low" as the Department is authorized to attach individuals' Permanent Fund Dividends. He asserted that the successful collection rate demonstrated by the testifier's company affirms that the collection rate should be higher, and he suggested that perhaps a private institution rather than the Department of Corrections could provide better collection management.

Senator Ward stated that the testifier's company, and others, would submit proposals were this legislation enacted.

Co-Chair Kelly reminded the Committee that the Version "C" committee substitute has not yet been adopted as a working draft.

SFC 02 # 45, Side B 05:02 PM

AT EASE 5:02 PM /5:06 PM

LINDA WILSON, Deputy Director, Public Defender Agency, Department of Administration, testified from an offnet site to express that the bill mandates the establishment of separate parole and probation fees, and she stressed that this would require an individual, on parole and probation at the same time, to incur duplicate fees. She asked the Committee to address whether the intent of the legislation is to collect dual fees, and she detailed situations wherein a person could be simultaneously on parole and probation, yet report to a single probation officer. She stressed that the proposed language would result in duplication of efforts that would negatively affect the Courts, the individual, and the Parole Board. She urged the Committee to revise the language to specify that a single fee would apply to individuals in this situation.

Senator Ward stated that the bill currently contains mechanisms to safeguard against the testifier's valid concern; however, the Court could decide that dual fees were necessary. He added that some

states charge up to 26 different fees to individuals on probation or parole, primarily, he continued, as a means to offset the cost of providing parole and probationary programs.

AT EASE 5:10 PM / 5:17 PM

Co-Chair Kelly announced that this bill would be SET ASIDE and re-addressed later in the meeting.

#sb205

CS FOR SENATE BILL NO. 205(RES)

"An Act relating to control of nuisance wild animals; and providing for an effective date."

JANE WINEGAR, Legislative Aide to Senator Lyda Green, explained to the Committee that this bill authorizes the Alaska Board of Game to adopt regulations allowing for the issuance of permits and licenses to commercial and non-commercial entities to control nuisance small birds and mammals. She explained that this legislation would allow a homeowner who is having a problem with, for example, a porcupine, to either personally remove the animal or hire a commercial entity to remove it. She continued that the bill would also provide the Department of Transportation and Public Facilities with the means to remove such things as nuisance beavers from culverts during road construction projects.

Senator Austerman asked whether this bill would provide protection from seagulls that present problems around airports.

Ms. Winegar stated that endangerment from birds is addressed in other statutes such as the Migratory Act.

GORDY WILLIAMS, Legislative Liaison, Office of the Commissioner, Department of Fish and Game, explained that public safety authorizations currently address situations pertaining to birds and other wildlife at airports, as the issue is a public safety issue rather than a nuisance issue.

Mr. Williams explained that the original version of the bill authorized the Department of Fish and Game to issue permits to commercial entities for dealing with nuisance animals and birds; however, he clarified, the proposed committee substitute expands the authorization to allow the issuance of permits to private, non-commercial entities.

Senator Austerman asked for clarification regarding who authorizes the permits.

Mr. Williams stated that Section 4 of the proposed committee substitute specifies that the Commissioner of the Department of Fish and Game could issue permits, without cost, to non-commercial entities such as individuals or the State Department of Transportation and Public Facilities.

Senator Austerman asked if the Department of Transportation and Public Facilities currently applies for permits to handle the issue of bird control at airports.

Mr. Williams responded that this is correct; however, he reiterated that bird control at airports is considered to be a matter of public safety rather than nuisance control. He continued that this procedure would also apply to public safety issues on the State's road system.

Senator Hoffman surmised, therefore, that moose along the highway is a public safety issue rather than a nuisance issue.

Senator Green stated that this bill was drafted in response to constituents who had arranged to hire a local trapper to remove nuisance animals from their property. She explained that, in the process, it was determined that single permits must be acquired for each incident. She stated that this legislation would allow an individual to acquire the necessary permits for a "longer-term basis." She detailed the requirements that would apply to entities applying for a permit.

Senator Olson asked whether musk oxen are considered small mammals as, he voiced concern that they oftentimes damage airport runway lights in rural villages.

Mr. Williams responded that this situation is also considered a public safety issue rather than a small mammal issue.

Senator Green moved to report "SB 205 from Committee with individual recommendations and very, very minor fiscal note."

There being no objection, CS SB 205(RES) was REPORTED from Committee with a new zero fiscal note, dated March 13, 2002 from the Department of Fish and Game.

AT EASE 5:26 PM /5:31 PM

#sb97

SENATE BILL NO. 97

"An Act relating to fees for probation and parole."

[This bill was heard earlier in the meeting.]

Senator Ward moved to adopt committee substitute Version "C" as a working draft.

There being no objection, CS SB 97(FIN), Version 22-LS0338\C was adopted as a working draft.

ROBERT BUTTCANE, Legislative & Administrative Liaison and Juvenile Probation Officer, Division of Juvenile Justice, Department of Health and Social Services, voiced that the Department is opposed to probation fees that would affect individuals served by the Department.

Ms. Wilson commented that the Version "C" committee substitute is not available at the off-net site; however, she noted that Section 7 of Version "A" "indicates that the Parole Board shall revoke the parole of a parolee who defaults on a payment." She asked the Committee to consider an amendment to change the word "shall" to "may" in order for the Parole Board to have an option in the situation.

Senator Ward asserted his intent that the Parole Board should not have the option of eliminating fees.

Ms. Wilson explained that if the Court has the ability to impose a probation fee as specified in Section 6 of Version "A," then provisions should be included to allow the Court the discretion to revoke probation. She stated that Section 7 of Version "A" limits this ability to the discretion of the Parole Board. She reiterated that she does not have access to a copy of Version "C" and apologizes if she is reading outdated language.

Co-Chair Kelly stated that Section 4(a) of Version "C" contains language that states, "A Court granting probation, as defined in AS 33.05.080, shall require a periodic probation fee to be paid to the Department of Corrections as a condition of probation based on ability to pay." He surmised that this language allows the Court to regulate whether it would be appropriate to "double up" on the fines of the parolee.

Ms. Wilson agreed, but clarified that the bill contains two different provisions: one that concerns probation and another that concerns parole. She stressed that "the Court does not get involved in parole, and Section 7 refers to the Parole Board."

Senator Ward moved to report the "Committee Substitute for Senate Bill Number 97, Version 'C' out of Committee with individual recommendations and accompanying note."

Senator Hoffman objected, and asked whether the adoption of Version "C" would have any affect on the accompanying fiscal notes.

Senator Ward responded that while he does not agree with the accompanying fiscal notes, they are applicable to Version "C."

A roll call was taken on the motion.

IN FAVOR: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley, Co-Chair Kelly

OPPOSED: Senator Hoffman, Senator Olson

The motion to report the bill from Committee PASSED (7-2)

CS SB 97(FIN) was REPORTED from Committee with a Department of Health and Social Services fiscal note in the amount of \$214,400 dated February 22, 2002, a Department of Corrections fiscal note, dated March 1, 2002 in the amount of \$16,600, and a Department of Administration zero fiscal note dated April 1, 2002.

#sb59

CS FOR SENATE BILL NO. 59(CRA)

"An Act relating to awards of federal funds to municipalities for road projects; and providing for an effective date."

This was the second hearing for this bill in the Senate Finance Committee.

MARY JACKSON, Staff to Senator John Torgerson, the bill's sponsor, informed the Committee that this bill would establish a new program that would direct approximately \$20 million in non-National Highway System (NHS) federal transportation funds annually to municipalities rather than to State agencies. She continued that the proposal specifies an annual limit of \$3 million be allotted per municipality; that the recipient municipality must possess the

power and authority to use the funds to construct roads; and that the municipality must provide matching funds as detailed in the bill's fiscal note. She explained that the focus of the bill is to provide municipalities with the ability to expedite road construction projects within their boundaries, and furthermore, she stressed, the State would save approximately \$1.5 million in general funds because the municipality, rather than the State, would provide the required matching funds.

TIM ROGERS, Legislative Program Coordinator, Municipality of Anchorage, testified via teleconference from Anchorage to voice support for this legislation as it would enable the City to undertake ownership of seven identified road projects. He noted that only one of these projects is under the current program threshold of \$350,000 and that the average project ranges between \$4 million and \$5 million with a total cost for all seven projects being \$30 million. He urged the Committee to consider elevating the threshold level to allow Anchorage the ability to assume responsibility for these road projects.

JEFF OTTESEN, Statewide Planning Chief, Division of Statewide Planning, Department of Transportation and Public Facilities asserted that current practice allows funding to be appropriated to local governments through the Statewide Transportation Improvement Program (STIP) that annually provides approximately \$75 million to local road projects.

Mr. Ottesen continued that while the alternate funding process proposed in this bill would allow local governments to execute road projects and administer funds on a local level, he contended that the technicalities of the federal aid process are extremely complex. He declared that Department "staff have spent their entire careers learning how to work within those rules, they undergo constant training and re-training to stay abreast of the changes in those rules. It is not a trivial body of knowledge they that have to work within and to assume that local officials, already immersed in their day-to-day routines and responsibilities of local government, can automatically just step in and learn all this is our worry." He showed the Committee a large manual that contains overviews of the federal program, and he stated that a multitude of similar manuals would be required reading.

Mr. Ottesen stressed that this federal aid is a reimbursement program rather than a grant program as incorrectly perceived by many people. He expressed that communities would be required to "float the cash" for a project in adherence to federal rules and regulations, and then request reimbursement for the expenditures. He asserted that, if the project were determined to be non-compliant with the federal regulations, the money would not be forthcoming. He reiterated the difficulties associated with the process.

Mr. Ottesen informed the Committee that, in addition to receiving regular STIP funding, some communities, including Anchorage, receive additional STIP funding that is available to support administrative expenses.

Mr. Ottesen stressed that, were this legislation enacted, the local community projects would continually require State involvement. He stressed that in a situation where a local project fails to comply with federal rules and "gets into financial trouble," the State would be required "to bail them out" because the State is "obligated under the relationship with the Federal Highways Administration (FHA) to take that responsibility."

Mr. Ottesen furthered that because the Department is ultimately responsible for this funding, the "management of these projects would require a high level of oversight by DOT staff." He detailed the multitude of procedures and documentation mandated by the FHA that the communities would be required to perform in order to receive the federal aid. He stated, "that the technical realities of the legislation are sobering."

Mr. Ottesen pointed out that, although it is separate federal legislation, the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21), identified many transportation projects for communities in the State; however because of the complexity of the federal guidelines, the risks that would be assumed, and the multitude of procedural requirements, only one has been pursued by local governments. He commented that the federal requirements of this legislation would be similar.

Co-Chair Kelly asked the Municipality of Anchorage representative to respond to the Department's position that the technicalities of this endeavor are too much for a local government to undertake.

Mr. Rogers informed the Committee that the program proposed by this legislation is optional rather than mandatory, and he reiterated that this legislation would provide communities with the ability to further their priority road projects. He countered that the Municipality of Anchorage does not perceive the federal regulations and requirements to be an issue, and he attested that Anchorage and other municipalities in the State are capable of handling the projects independently from the State.

Amendment #2: This amendment raises the maximum amount of federal highway funds awarded to a single municipality from \$3 million to \$7 million per year.

Co-Chair Donley moved for adoption of Amendment #2.

Senator Austerman objected. He voiced concern that raising the

award level might be beneficial to large communities such as Anchorage that have big projects; however, because the funds are limited, raising the level would reduce the funding amount available for other communities' projects.

Senator Green voiced that, to address Senator Austerman's concern, the Committee should consider increasing the total amount of available funding.

Ms. Jackson verified that federal funds could be available to provide for an elevated level.

Senator Green asserted that increasing the total amount of funding awarded would be beneficial because there are multiple levels of funding needs in the State.

Senator Green moved to amend the amendment to increase the total amount awarded in a fiscal year from \$20 million to \$40 million, and increases the maximum amount of federal highway funds awarded to a single municipality to \$6 million per year.

Co-Chair Kelly objected then removed his objection.

Senator Hoffman asked the sponsor's representative to comment on what he (Senator Hoffman) characterized as "double-dipping;" whereby some municipalities, such as Anchorage with its AMATS Anchorage Metropolitan Area Transportation Study (AMATS) program, receive transportation funding from multiple sources.

Ms. Jackson responded that she "heard that and noted it, and frankly I was a little surprised to hear it because the Department would have the authority to establish the regulations for the program" to ensure against such double-dipping.

Senator Hoffman asked whether this "would be the intent of the sponsor."

Ms. Jackson replied, "Certainly."

A roll call was taken on the motion to amend the amendment.

IN FAVOR: Senator Ward, Senator Green

OPPOSED: Senator Wilken, Senator Austerman, Senator Hoffman, Senator Leman, Senator Olson, Co-Chair Donley, Co-Chair Kelly

The motion FAILED (7-2)

The amendment FAILED to be amended.

Co-Chair Kelly announced that Amendment #2 is before the Committee.

Co-Chair Donley avowed that the AMATS program that was incorporated under the Municipal Planning Organizations (MPOs) program initiated by TEA-21 "has been a curse" to Anchorage and other nation-wide metropolitan areas nationwide that have populations exceeding 200,000, because completion of the various components required by the study, particularly the major investment study, is tedious. He stated that because of AMATS, the federal STIP program has "intentionally discriminated" against Anchorage for many years and has resulted in less funding being provided to the City because roads could not be constructed without a completed study.

Co-Chair Donley stated that because most of the projects in Anchorage exceed \$7 million, this amendment would allow Anchorage to participate in receiving some of the funding proposed in this legislation. He contended that with 42 percent of the State's population, Anchorage would be entitled to \$8.4 million if the distribution of funds were determined on a per capita basis. He asserted that the Municipality of Anchorage expends "more per capita for road maintenance than any other community in the State." He argued that to limit the allotment per community to \$3 million would be "really unfair to the people of the Anchorage community," as it makes it difficult for the community to access the money.

Senator Wilken reminded the Committee that in previous hearings, a \$10 million maximum per community was discussed, and he asked the witness how the sponsor views that level of funding.

Ms. Jackson advised that Senator Torgerson would not support an amendment that would substantially increase the funding level. She contended that numerous communities in the State might have projects in the \$7 million range; however, she stressed, the goal is to distribute the money around the State. She stated that, "the practical application would be to break a project into components" to fit within the specified levels of the bill.

A roll call was taken on the motion.

IN FAVOR: Senator Lemman, Senator Ward, Co-Chair Donley, Co-Chair Kelly

OPPOSED: Senator Wilken, Senator Austerman, Senator Green, Senator Hoffman, Senator Olson

The motion FAILED (4-5)

Amendment #2 FAILED to be adopted.

Amendment #3: This amendment changes the bill's effective date to July 1, 2002.

Senator Lemman moved for adoption of Amendment #3.

Without objection, Amendment #3 was ADOPTED.

Senator Ward made a motion to report "committee substitute for Senate Bill Number 59 out of committee with individual recommendations, as amended, and accompanying notes."

Co-Chair Donley objected. He stated that this bill "perpetuates a decade of unfair, unreasonable discrimination against the road needs of the Anchorage Bowl, and that the rest of the State has benefited by the shortchanging of the Anchorage community through the STIP and the unreasonable redistribution of that money to the rest of the State, with promise after promise that eventually the money would be coming to our community to deal with the problems that we have with just basic traffic." He continued that the State receives most of its revenue from motor fuel taxes and licensing fees from Anchorage's residents, who comprise 42 percent of the State's population, and he contended that Anchorage residents are entitled to some funding. He stated that the criteria for this distribution is biased against any urban area and has resulted in "severe discrimination" against the Anchorage community.

Senator Hoffman also objected. He stated that although this bill might be well-intentioned, the problems that communities would have in adhering to the federal regulations and guidelines, as identified by the Department of Transportation and Public Facilities, would prevent the majority of small rural areas from accessing this funding because they do not have the necessary expertise or capability to participate in this program.

A roll call was taken on the motion.

IN FAVOR: Senator Green, Senator Austerman, Senator Olson, Senator Wilken, Senator Ward, Senator Lemman, Co-Chair Kelly

OPPOSED: Co-Chair Donley, Senator Hoffman

The motion PASSED (7-2)

CS SB 59(FIN) was REPORTED from Committee with a new Department of Transportation and Public Facilities zero fiscal note, dated April 23, 2002.

At EASE 6:02 PM / 6:05 PM

#sb282

CS FOR SENATE BILL NO. 282(L&C)

"An Act extending the termination dates of certain activities and salmon marketing programs of the Alaska Seafood Marketing Institute and of the salmon marketing tax; expanding the allowable use of that tax for the salmon marketing programs of the Alaska Seafood Marketing Institute; relating to the Alaska Seafood Marketing Institute's salmon marketing committee; and providing for an effective date."

This was the second hearing for this bill in the Senate Finance Committee.

KRISTY TIBBLES, staff to Senator Ben Stevens, the bill's sponsor, noted that she is available to answer questions pertaining to the bill.

AT EASE 6:07 PM / 6:13 PM

Amendment #1: This amendment changes the title of the bill to read as follows.

An Act delaying the repeal of the salmon marketing tax; expanding the allowable use of that tax for the salmon marketing programs of the Alaska Seafood Marketing Institute; relating to the Alaska Seafood Marketing Institute's salmon marketing committee; and providing for an effective date.

This amendment additionally deletes Section 4 of the bill that pertains to clarifications regarding the uncodified law of the State.

Senator Austerman moved for adoption of Amendment #1.

SENATOR BEN STEVENS stated that the removal of Section 4 eliminates confusion in the bill regarding the re-authorization of the one percent domestic salmon marketing tax that is required to be reinstated every five years.

Without objection, Amendment #1 was ADOPTED.

Senator Austerman moved to report the "CS for Senate Bill 282, as

amended, with accompanying fiscal note with individual recommendations out of Committee."

Without objection, CS SB 282(FIN) was REPORTED from Committee with a \$1,800,000 fiscal note, dated March 1, 2002 from the Department of Community and Economic Development.

SFC 02 # 46, Side A 06:15 PM

AT EASE 6:15 PM / 6:16 PM

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adjournment

Co-Chair Pete Kelly adjourned the meeting at 06:17 PM