

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**March 25, 2004**  
**10:01 AM**

**TAPES**

SFC-04 # 57, Side A  
SFC 04 # 57, Side B  
SFC 04 # 58, Side A

**CALL TO ORDER**

Co-Chair Gary Wilken convened the meeting at approximately 10:01 AM.

**PRESENT**

Senator Gary Wilken, Co-Chair  
Senator Lyda Green, Co-Chair  
Senator Con Bunde, Vice Chair  
Senator Fred Dyson  
Senator Ben Stevens  
Senator Donny Olson

**Also Attending:** SENATOR RALPH SEEKINS; CLYDE JENSEN, PhD, medical educator and researcher; JASON HARMON, Naturopathic Doctor, and Vice President, Alaska Association of Naturopathic Physicians, Inc.;

**Attending via Teleconference:** From Mat-Su: CATHERINE WRIGHT; From Homer: TOM GOODE; From Anchorage: LYNN HORNBEIN, family physician; JEAN BROOKING, patient of Dr. Hornbein; MADELAINE MORRISON-YOUNG, physician

**SUMMARY INFORMATION**

SB 366-STATE SALES TAX

The Committee adopted a committee substitute. The bill was held in Committee.

SB 306-NATUROPATHIC MEDICINE TASK FORCE

The Committee heard from the sponsor, representatives of the medical field and members of the public. An amendment was adopted

and the bill was held in Committee.

SB 35-APPROPRIATIONS: K-12, UNIVERSITY

A committee substitute was adopted and an amendment was amended and adopted. The bill was held in Committee

SB 298-OFF-ROAD VEHICLE USE ON DALTON HIGHWAY

This bill was scheduled but not heard.

SENATE BILL NO. 366

"An Act relating to the levy and collection of sales and use taxes, to the levy and collection of municipal sales and use taxes, and to municipal sales and use taxes on alcoholic beverages; and providing for an effective date."

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

Senator Dyson moved to adopt CS SB 366, 23-LS1051\V as a working document.

Co-Chair Wilken objected for an explanation.

Senator B. Stevens explained this committee substitute addresses some matters discussed at the previous hearing, including an exemption from quarterly remittance deadlines for businesses with less than \$250 tax liability. He explained this language on page 7, lines 13 - 17 would provide that the tax liability could be paid the following tax quarter, or once the liability reaches \$250.

Senator B. Stevens next outlined Section 21 on page 14, following line 17, which would provide a transition period to allow municipalities currently collecting a sales tax of one to 2.9 percent, a one-year period to change ordinances to increase the local sales tax to three percent to qualify for the additional one-percent tax from the State portion.

Senator B. Stevens stated that subsection (d) was added on page 5 line 4 to Sec. 43.44.010. Levy of sales and use tax; tax rate., created in Section 17 that places a \$60 tax limit on each invoice.

Senator B. Stevens noted that subsection (11) to Sec. 43.44.020. Exemptions., in Section 17 on page 6, lines 24 - 26 relates to property and services used for development of natural resources.

Senator B. Stevens also pointed out the addition of diesel fuel used for home heating, and water and sewer utilities held by a private entity, as well as those held by a municipality, would be exempted from the sales tax, as reflected on page 5, line 31, and page 6, line 1, in Sec. 43.44.020(5) in Section 17.

Senator Dyson referenced Sec. 43.44.020 (11) pertaining to natural resources and commented the language is not "exhaustive". He suggested that cultural products and commercial gathering of wild berries should not be excluded from the sales tax.

Senator B. Stevens indicated he would review the matter.

Senator B. Stevens characterized the language added in subsection (f) to Sec. 43.44.030. Collection of sales and use tax., in Section 17 on page 7 lines 18 - 21 as a bundling clause, explaining the maximum tax amount would be based on an invoice total rather than individual items.

Senator B. Stevens suggested the Committee adopt this committee substitute, to allow the Department of Revenue to prepare fiscal notes reflecting the recent version. He informed that he would continue developing this legislation and that another update would be presented the following week.

Co-Chair Wilken removed his objection to the adoption of the committee substitute.

Senator Olson asked the reason that tax liability would be deferred until a business' liability reached \$250.

Senator B. Stevens replied this resulted from discussions held on this proposal during Senate Finance Committee meetings on the Conference of Alaskans proposals. He detailed that if a small vendor does not have significant tax liability, payment would be deferred until the next tax quarter.

Without objection the committee substitute was ADOPTED.

Co-Chair Wilken ordered the bill HELD in Committee.

SENATE BILL NO. 306

"An Act relating to the practice of naturopathic medicine; and providing for an effective date."

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

Co-Chair Wilken stated this bill, "updates current law pertaining to the practice of naturopathic medicine. This legislation allows for the performing of minor surgery and prescribing of drugs and controlled substances previously prohibited."

SENATOR RALPH SEEKINS, Sponsor, read his testimony into the record as follows.

The proposed legislation updates current law pertaining to the practice of naturopathic medicine. In so doing, Alaskans accessibility to safe, comprehensive, high quality health care services would be significantly enhanced.

The key elements of this legislation include one: safeguarding Alaskan's use of naturopathic medicine. By ensuring the highest quality care possible from licensed well-trained and professionally examined naturopathic practitioners. Two: mandating continuing education requirements whereby practitioners are subject to a State and national examination process. Three: establishment of a scope of practice to include the use of natural substances, homeopathic medicine, dietary, nutritional, health counseling, minor surgery and all necessary diagnostic and imaging studies. Four: prescribing prescriptive rights authority to those naturopathic practitioners earning licensure. And five: establishment of a qualified trade association of naturopathic physicians to work with the Division of Occupational Licensing towards the implementation of regulations requiring specific State and federal examinations and licensure requirements.

Like allopathic physicians naturopathic physicians undergo four years of undergraduate, pre-professional training, followed by an intensive four-year doctoral program emphasizing both academic and clinical studies within the scope of primary care. Therefore its important that the laws in Alaska that govern the practice of naturopathic medicine reflect the high quality of education that naturopathic physicians receive.

The practice of naturopathic medicine was licensed in Alaska 17 years ago. It's now time to revisit these statutes and apply a fresh coat of paint where needed, and the proposed legislation neatly accomplishes this necessary purpose.

Finally, it may be of interest to note that similar

legislation currently exists in 14 other states.

Senator Seekins proposed an amendment to the bill to limit prescription rights to those drugs categorized as Schedule III, IV, and V.

Co-Chair Wilken requested the proposed amendment in written form.

Senator Bunde relayed his past experience with the field of naturopathic medicine in which practitioners are often critical of traditional medicine and "artificial treatment". He questioned the desire of these critics now requesting authority to dispense traditional medicine. He asked if utilizing traditional medicines would undermine the naturopathic principle.

Senator Seekins deferred the question to experts in the field. He commented that he never discouraged enlightenment. He disputed that naturopathic medicine has no value, given the thousands of Alaskans who believe in its benefits. However, neither was he willing to stop seeking medical care from his traditional physicians.

Senator Dyson disagreed with the generalization of naturopaths disregarding the necessity of traditional medicines, saying that it, like most generalizations are inaccurate. The naturopaths he knew are enlightened and not disparaging of any medicine that is effective, including prescription medicine.

Amendment #1: This amendment changes language in Section 11 on page 5, lines 16 and 17, adding Sec. 08.45.120. Authorized activities; use of titles. The amended language of subsection (4) reads as follows.

(4) after becoming registered with the federal Drug Enforcement Administration, prescribe only those controlled substances allowed under Schedules III, IV and V;

Senator Dyson moved for adoption.

Co-Chair Wilken objected for an explanation.

Senator Seekins explained the classification of various types of scheduled medicines. He relayed that most objections to the granting of authority to naturopaths to prescribe medications has been related to those medications classified as Schedule I or II. In talking with naturopaths, he learned they are willing to limit their authority to Schedule III, IV and V medications.

Senator Olson further explained that Schedule II drugs are

considered addictive, not only for patients but also for physicians. He stated that Schedule I drugs are not used for their medical benefits, such as heroin. Schedule II medications, he stated, includes other narcotics and stimulants, including cocaine and morphine. He said Schedule III drugs include other narcotics, Schedule IV includes Valium, and Schedule V medications have the lowest abuse potential, usually no more addictive than over the counter drugs might be.

Senator Olson expressed concern about granting prescription authority to naturopathic doctors. He pointed out that in addition to addictive qualities of certain drugs, many drugs could cause severe allergic reactions and must be carefully monitored. He wanted more information on how the naturopaths would be self-regulated to avoid drug addictions and abuse. He recalled abuse and addictions that occurred in the United States during the 1800s and the subsequent adoption of the Harrison Act in 1914, which instituted the federal drug enforcement agency.

Senator Bunde asked the schedule classification of the drug oxycontin, which has been abused.

Senator Olson and Senator Seekins replied it is a Schedule II drug.

Senator Seekins pointed out that a nurse practitioner with less educational background than a naturopathic practitioner has authority to issue Schedule II and higher, prescription drugs. He noted this amendment would grant authority to naturopaths less than that granted to nurse practitioners.

Senator Olson stated that only medical doctors and doctors of allopathy are allowed to prescribe Schedule II and higher drugs. He remarked that only experimental researchers are allowed access to Schedule I drugs.

Senator Seekins reiterated that Schedule I drugs usually have no medical uses.

Without objection and the amendment was ADOPTED.

CATHERINE WRIGHT testified via teleconference from Mat-Su that she and her family utilize naturopathic care. She described the improvement to her personal health in the seven to eight years since she began treatment by a naturopathic doctor with fewer missed workdays, and less need for prescription medicine. She spoke to her trust in naturopathic caregivers.

Senator Olson asked why, since the witness has "lost faith" in

traditional medical providers, she supports granting authority to naturopaths to issue prescription medicine.

Ms. Wright clarified that she has not lost faith in traditional medical care, but rather that her health has improved with the combination of both types of care. She emphasized that she still receives traditional medical care when illness requires treatment with prescription medication.

CLYDE JENSEN, PhD, medical educator and researcher, testified that he has traveled to Juneau from Portland, Oregon at his own expense due to the interest he has in the integration of conventional and complementary medicine. He told of the doctorate of physiology and pharmacology he holds from the University of North Dakota, his positions as a faculty member of a conventional medical school, and a medical school administrator and noted he is the only known medical educator to have served in both traditional and naturopathic fields of medicine.

Dr. Jensen indicated he would address four questions related to this legislation: are all naturopaths the same; how does the training of naturopathic physicians compare to that of medical doctors and doctors of allopathy; are naturopaths adequately trained to prescribe medicines; and, are naturopaths adequately trained to perform minor surgery.

Dr. Jensen remarked that not all naturopaths are trained the same. Many states, he said, allow anyone to use the name "naturopath" and that those who chose to use natural methods to treat illness or disease in these jurisdictions could adopt the title of naturopath. However, he noted that Alaska regulates naturopaths and requires certain training. He surmised that opposition to this legislation could be based on the assumption that untrained caregivers could claim to be naturopaths.

Dr. Jensen then compared the training received by traditional physicians and naturopaths. He noted that Alaska statute prohibits naturopaths to be called physicians, although this is allowed in other states that regulate naturopaths and that he is accustomed to referring to trained naturopaths as doctors. He described four linear steps of naturopathic and traditional medical training. He stated that the premedical education of four years college education and a bachelor degree required for admittance into a naturopathic education program is virtually identical to that required for admittance into a medical doctor education program. He furthered that the first two years of preclinical basic science education is similar for both fields and includes courses in anatomy, physiology, histology, microbiology, biochemistry, and

pharmacology. He assured that the basic sciences courses taught for naturopathic medicine are of the same duration, of the same content and are delivered in the same "intensity". He qualified that he has taught pharmacology in each of the three types of medical schools and that he utilizes the same lecture notes for each course. He also observed that medical institutions employ more professors in each department who are engaged primarily in research activities and therefore, may be more familiar with recent research findings. However, he attested he has experienced some of the finest instruction at naturopathic educational institutions from professors devoted full-time to teaching.

Dr. Jensen continued in detailing the clinical education requirements that usually occur during the third and fourth year of medical school, in which students are exposed to patients and to diagnostic and therapeutic modalities consistent with professional practices. He commented the differences in training for naturopathic and traditional medical students are more significant during this portion of schooling. He explained that traditional medical clinical training mostly occurs in hospitals, which provides students with the benefit of treating a high percentage of sick patients with a broad scope of illnesses and injuries. By contrast, he stated that naturopathy is practiced primarily in outpatient facilities, and subsequently naturopathic clinical education is mostly conducted in outpatient settings. He informed that naturopathic students are supervised by a naturopathic doctor and receive more training in areas of nutrition, botanical medicine and physical medicine, and less training with prescription medicines than traditional medicine students.

Dr. Jensen concluded with the graduate portion of medical education. He stated that medical doctors upon earning a medical degree are required in virtually all jurisdictions to practice at least one year in an internship program. In naturopathic medicine, he noted, this is called a rotation, and is only available for a limited number of graduates. He detailed the federal funding available through Medicare programs to fund internship programs, which is unavailable for naturopathic rotations. He assured that opportunities for rotations are increasing.

Dr. Jensen next addressed the question of whether naturopaths are adequately trained to prescribe drugs. He reported that of the 200 most commonly prescribed medications, 42 percent are of natural origin of compounds naturopaths currently prescribe. He stressed that naturopaths are specifically trained to administer these types of drugs. He stated that naturopathic physicians are likely to have more training with some drugs. He qualified that naturopaths are likely to have less training in administering non-natural drugs,

including controlled substances.

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Dr. Jensen continued that most naturopaths have no application training for controlled substances, although they receive some basic training in the effects of these drugs.

Dr. Jensen spoke to the ability of naturopaths to perform minor surgical procedures. He assured that the procedures proposed in this legislation "easily falls into" the training received by educated naturopaths. He described the training provided to instruct students on suturing superficial lesions, removing warts, and superficial dermatological procedures. He stressed that naturopaths are more than adequately trained to perform minor surgery.

Senator Bunde pointed to limited opportunities for receiving continuing education in the State. He asked whether Alaskan naturopaths would be required to relocate to attend continuing education courses or whether these requirements could be met through long-distance education.

Dr. Jensen clarified between continuing education and graduate education. Continuing education, he noted is required of all three types of physicians. He surmised that if the state of Alaska mandated 45 hours bi-annually of continuing education for naturopath physicians, such education could be received in the form of attending lectures, and shadowing other health care professionals. He was confident that as the naturopath profession continues to emerge, standards for continuing education would mirror that required for other medical professions.

Senator Bunde asked how the continuing education would be monitored, whether by a board of naturopathic practitioners or by the State.

Senator Seekins replied the Division of Occupational Licensing would determine this. He noted that at least 15 hours of education must be in the area of pharmacology instruction.

Senator Olson relayed that continuing education requirements for medical doctors and doctors of allopathy are established in statute and approved. He stated that physicians must meet these requirements every three years, which does not over encumber the Division. He noted this legislation would require a higher number

of required training hours for naturopath physicians.

Senator Bunde commented this legislation is not "breaking new ground" but rather following guidelines established for medical doctors, as the goal is to require naturopaths to meet similar standards required of medical doctors. He surmised that a medical doctor could become qualified and practice naturopathic medicine upon completion of continuing education training.

Senator Seekins clarified that use of the term "naturopathy" would be somewhat harder to justify without some training in the naturopathic medicine. He deferred to the Division of Occupational Licensing to determine how the term would be defined and its use restricted.

Senator Olson pointed out that licensure of medical doctors and doctors of allopathy, specifies the practice of medicine and surgeries and contains no restrictions.

JASON HARMON, Naturopathic Doctor, and Vice President, Alaska Association of Naturopathic Physicians, Inc., testified to medical doctors who have undertaken additional schooling at a naturopathic medical institution to obtain a "duel degree". He informed that the Division of Occupational Licensing requires graduation from both programs as well as passage of examinations for both traditional and naturopathic medicine to be licensed as a medical doctor and naturopathic practitioner.

Senator B. Stevens referenced Appendix D: Comparison of Naturopathic Governance in Licensed States, to the report, "Assuring Safe Naturopathic Medical Practices for Alaskans" by the Alaska Association of Naturopathic Physicians, Inc. He noted that the state of Arizona grants naturopaths full prescriptive rights and that most of the other states that regulate naturopathy grant "drug formulary". He asked for a comparison of these states to the authority this legislation would provide.

Senator Seekins reiterated that naturopaths in Alaska would have full prescription rights for all drugs except those classified as Schedule I or II.

Senator B. Stevens asked the definition of drug formulary. He noted that the scope of practice granted to naturopaths in Alaska would no longer prohibit minor surgery and asked if any other changes would occur.

Senator Seekins replied that the existing stipulation providing no right to laboratory tests and diagnostic tests would likely not

change.

This was verified to be correct.

Senator B. Stevens asked for further explanation of drug formulary.

Dr. Jensen explained that drug formulary is a definitive list of drugs that naturopathic physicians are authorized to prescribe. He noted that the number of drugs included in this list increases as new drugs are developed and the need for existing drugs is justified. He clarified that drug formulas not a contrivance for naturopathic practice, but are instead commonly utilized for managed care providers.

Co-Chair Green asked if statutory change is required each time an additional drug is authorized in the drug formulary.

Dr. Jensen responded that statutory change is not required in the states he is familiar. Instead, he told of the board and public hearing processes utilized.

Co-Chair Wilken understood that statutory change would be required in Alaska.

UNIDENTIFIED SPEAKER clarified that the state of Alaska does not operate with a drug formulary.

Co-Chair Green suggested a drug formulary could be adopted and asked the drugs and corresponding schedules are usually included.

Dr. Jensen replied that the drugs and the schedule levels vary significantly among the different jurisdictions.

Dr. Jensen listed his education and professional credentials at Senator Olson's request as follows: undergraduate degree in zoology, Masters degree in physiology, PhD in pharmacology; his first position was as an assistant professor at the Oklahoma College of Osteopathic Medicine and Surgery, was one of the founding faculty and president of the West Virginia School of Osteopathic Medicine. He noted his position at the West Virginia facility was at a time when that state could not afford to fund all three of its medical schools. He stated he was hired to either identify alternative methods to allow operation of the school to continue or to preside over its closure. He remarked he was able to implement continued operations and subsequently "became known as a turn around person for medical schools." After this position, he held a number of positions at schools offering osteopathic, allopathic, naturopathic, and oriental medicine programs with the

charge of reviving troubled programs.

Senator Olson clarified the witness has no medical doctorate degree.

Dr. Jensen replied that although he was admitted to a medical school, he opted to obtain a PhD to better achieve his goal of becoming a medical researcher and educator. He affirmed he holds no medical doctorate degree.

Senator Olson cited the definition of "naturopathy" and "healing in the use of physical defects" provided in medical dictionaries. He asked that because naturopathy care is primarily based on the use of botanical remedies, why pharmacology courses are included in naturopath education programs.

Dr. Jensen replied that many patients seeking care from naturopath physicians are currently taking prescribed drugs. He furthered that as the pharmaceutical industry has incorporated additional products, many of those products were those in which naturopaths were trained to use as botanicals or nutrients.

Senator Olson surmised that naturopathic students receive pharmacology training was not primarily with the intent of teaching these students how to prescribe the drugs, but rather for exposure to potential effects of drugs their patients could already be taking.

Dr. Jensen agreed this would be the reason in earlier years of the profession. He added that the ability to distinguish between a drug and a botanical herb has become more difficult.

Senator Olson noted that allopathic post-graduate residency programs have an emphasis in prescription medicines. He pointed out that a traditional medical doctor could not become licensed before receiving two years in residency training, but understood that this training is not available for naturopaths.

Dr. Jensen affirmed and explained that because residency training is unavailable, naturopaths could become licensed upon completion of their degree.

Senator Olson told of the standardized medical board examination, of which much of the questioning is related to pharmacology. He remarked that many medical doctors fail to pass the exam on the first attempt, and several are never able to pass. He questioned how a naturopath would perform on the examination, given the absence of residency experience.

Dr. Jensen expressed that he would prefer that "part one" of the United States Medical Licensure Examination be required of naturopaths, however this is not allowed. Instead, he stated, naturopaths are administered the Naturopathic Physician Licensing Examination, which is comparable. He noted that part two of the naturopath board examination differs from the medical board examination counterpart in that it has a greater focus on nutritional and nutrition, botanical medicine and other areas "foreign" to allopathic medicine. He added that this process has begun and informed that the state of Utah passed a Naturopathic Act in 1995, which requires one year of residency training.

TOM GOODE testified via teleconference from Homer in favor of the bill. He cited the 100,000 deaths that occur in hospitals each year as a result of adverse drug reactions, and attested that drugs should not be the only options available to patients. He supported treatment in conjunction with nutrition and other therapy. He spoke to hostility traditional medical doctors demonstrate toward alternative health care practices. He noted this legislation would provide Alaskans with 30 additional primary physicians to choose from.

Senator Olson asked why the witness supports granting prescription authority to additional care providers, suspecting that more deaths would occur.

Mr. Goode disagreed and asserted that sometimes drug therapy is necessary.

LYNN HORNBEIN, family physician, testified via teleconference from Anchorage as a conventional doctor in support of this bill. She told of her experiences working in conjunction with naturopaths during the past five to six years after receiving referrals from naturopathic physicians for their patients requiring prescription medications. She remarked upon the difficulty many patients have in visiting two doctors, including the time, expense, and need to confide personal information to another physician. She stated she has a significant waiting list for new patients and the hardship caused from accepting new patients with an existing care provider for the sole purpose of prescribing medication. She talked about the ability of naturopaths to perform minor surgeries.

JEAN BROOKING, patient of Dr. Hornbein, testified via teleconference from Anchorage that she received naturopathic care before the costs were covered by health insurance. She told how her naturopathic physician earned a nurse practitioner license to obtain the ability to prescribe drugs when necessary. She described

an illness her daughter suffered, which the specialists at Virginia Mason hospital were unable to diagnose. Ms. Brookings reported that a naturopath was able to correctly diagnose and treat the ailment.

MADELAINÉ MORRISON-YOUNG, physician, testified via teleconference from Anchorage on behalf of herself and Dr. Mary Miner in favor of this bill.

Senator Olson noted that anesthesia is required in minor surgery, and are often delivered through fast acting intravenous medications and inhalants. He asked what forms would be permitted under this legislation.

Dr. Jensen informed that naturopath physicians are trained to use anesthesia for local use, and are also trained to administer intravenous vitamin therapy. He expected that training in this area would constantly expand as the "scope of education and scholarliness of practitioners expands." He anticipated the issue would be revisited in 15 years as advances continue.

Senator Olson clarified that naturopathic practitioners are currently allowed to administer naturopathic intravenously.

Mr. Rolfzen affirmed this is permitted in some jurisdictions and training is provided in each of the schools.

Senator Olson posed the scenario of a patient's adverse reaction to anesthesia and the lack of access to emergency medical care. He expressed concern that adequate emergency care may not be available in this situation.

Dr. Jensen indicated he would "share that discomfort as well" if he didn't have access to certain drugs used to treat adverse drug reactions and other prescription drugs. He stated this would be a question for the practitioner to determine.

Senator Olson questioned the reference to homeopath health care providers in the sponsor's testimony on the bill.

Senator Seekins clarified if he did include homeopathic providers in his testimony it was in error and that the intent is this bill only apply to naturopaths.

Dr. Harmon relayed his education experience at the Bastyr University in Seattle, Washington and his four and one-half years of practicing naturopathic medicine in Anchorage. He asserted that creating teams of health care providers is an important accomplishment that provides significant benefits to patients. He

declared that he does not oppose medicine, but rather prefers noninvasive treatment when possible and he informed that he serves as a resource for other medical doctors on these matters. He assured that the issue is allowing naturopaths to better serve their patients, as opposed to expanding practices. He stated naturopathy is a viable option for health care in rural areas unless the provider is unable to dispense prescription medication, such as those needed to treat hypertension. He commented that most medical doctors are unaware of the level of education naturopaths receive. He concluded that both naturopaths and medical doctors have the ability to learn from each other, with Alaskans benefiting from these collaborations.

Co-Chair Wilken noted the need to discuss self-regulation. He asked that other concerns with this legislation be relayed to him.

Co-Chair Wilken ordered the bill HELD in committee.

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 35

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

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

Co-Chair Green moved for adoption of CS SS SB 35, 23-GS1002\X, as a working document.

The committee substitute was ADOPTED as a working document without objection.

Amendment #1: This amendment deletes, "described and in the amounts and order of priority set out in the department's capital improvement projects (FY 2005) major maintenance grant fund final agency decision, dated March 16, 2004." from subsection (b) of Section 4. DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT AND UNIVERSITY OF ALASKA. on page 4, lines 28 - 30 and inserts new language to read as follows.

(b) If, and only if, each of the appropriations made in sec. 3(a), (b), (c), and (d) of this Act pass upon an affirmative vote of at least three-fourths of the members of

each house of the legislature and subject to sec. 5 of this Act, the sum of \$7,400,000 is appropriated from the general fund to the major maintenance grant fund (AS 14.11.007) for payment as grants by the Department of Education and Early Development to the school districts listed for the projects described in the amounts set out:

SCHOOL DISTRICT	PROJECT	ALLOCATION
(1) Iditarod Area	Blackwell School new well, Anvik	\$ 90,179
(2) Copper River	Glennallen Elementary School exterior upgrade	2,053,591
(3) Yukon-Koyukuk	Nulato structural roof repair	812,850
(4) Nenana City	Nenana boiler replacement/heating system upgrade	373,737
(5) Alaska Gateway	Tetlin School site civil improvements	217,794
(6) Yukon-Koyukuk	Allakaket renovate water/sewer facility	297,846
(7) Saint Mary's	Elicavicuar Elementary exterior upgrades	436,769
(8) Kake City	Kake Elementary ventilation system upgrade	354,626
(9) Alaska Gateway	Tetlin School building improvements	855,840
(10) Iditarod Area	David Lewis Memorial School emergency repairs and boiler relocation, Grayling	176,525
(11) Iditarod Area	Top of the Kuskokwim School boiler replacement, Nikolai	170,030
(12) Iditarod Area	Innoko River School tank farm pipeline and remediation, Shageluk	242,091
(13) Iditarod Area	Holy Cross School vocational education shop upgrade	174,205
(14) Yukon-Koyukuk	Allakaket restroom renovation	305,625
(15) Saint Mary's	Andreafski High School code upgrades	170,911
(16) Annette Island	Annette Island schools security/safety and major maintenance	667,381

upgrades

Co-Chair Green moved for adoption.

Co-Chair Wilken objected for an explanation.

Co-Chair Green moved to amend the amendment to correct a spelling error in subsection (10). The amended language reads, "David Louis Memorial School"

Without objection the amendment was AMENDED.

There was no objection and the amended amendment was ADOPTED.

Co-Chair Wilken highlighted the changes included in the amendment and the committee substitute. He noted the title change to include "grants for costs of school major maintenance" and "appropriations for facilities in the Bering Strait School District to provide for bank stabilization at Shishmaref".

Co-Chair Wilken explained that Section 1 of the committee substitute includes the provisions of the Governor's proposed FY 05 K-12 education budget and reflects a change in the per student funding to \$4,576. Section 2, Co-Chair Wilken informed, provides funding for the University of Alaska as proposed by the Governor.

Co-Chair Wilken stated that language in Sections 3 and 4 of the committee substitute allow access to the Constitutional Budget Reserve Fund for FY 04 and FY 05 budgets. He pointed out that Section 4 is comprised of four subsections, the first, subsection (a), providing an increased appropriation of \$82,530,000 million for education, from the Governor's proposal. Subsection (b), he continued, allocates funds for major maintenance grants. He noted that Amendment #1 is included in this subsection and consists of 16 projects as prioritized by the Department of Education and Early Development on March 16, 2004. He continued that subparagraph (c) is a reappropriation of \$450,000 for the school in Shishmaref, which would be leveraged to garner a total of \$1.6 million to provide seawall protection for the school. He then stated that subsection (d) appropriates \$15.8 million to the University of Alaska to fund the Public Employees Retirement System/Teachers Retirement System [PERS/TRS] component, as well as represents "the \$10 million that currently resides in the capital budget.

Co-Chair Wilken then explained that Section 5 of the committee substitute stipulates that the provisions of Sections 1 through 4 are contingent upon passage of an increased per student allocation of at least \$4,576.

AT EASE 11:35 AM / 11:36 AM

Co-Chair Wilken ordered the bill HELD in committee.

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Co-Chair Wilken concluded the meeting.

Senator Dyson provided an update on efforts to compile a proposed committee substitute to SJR 3, a resolution providing for a constitutional spending limit.

**ADJOURNMENT**

Co-Chair Gary Wilken adjourned the meeting at 11:36 AM