

COMMITTEE REPORT

3/3/76

SENATE

Mr. President:

Date _____

The Committee on FINANCE has had SB 574 authorizing a study of causes & potential solutions of high cost of living in Ak. under consideration. A Majority of the members of the Committee

- () recommends it DO PASS
- () recommends it DO NOT PASS
- () recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- () recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS
- () "and" recommends it BE REFERRED TO THE _____
COMMITTEE
- () reports it back WITHOUT RECOMMENDATION
- () "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:
 _____ recommends:
 _____ recommends:
 _____ recommends:
 _____ recommends:

_____ Chairman

COMMITTEE REPORT

SENATE

1/23/76

****Finance**

Mr. President:

Date 3-3-76

The Committee on Commerce has had SB 574 authorizing study of causes & potential solutions of ~~high cost of living in Alaska~~ under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS
- "and" recommends it BE REFERRED TO THE Finance
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

[Signature] _____

[Signature] _____

[Signature] _____

Members NOT concurring in the Majority report:

[Signature] recommends: No Rec.

[Signature] recommends: No Rec.

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

Introduced: 1/23/76
Referred: Commerce and Finance

1 IN THE SENATE

BY ORSINI

2 SENATE BILL NO. 574

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing a study of the causes and potential
7 solutions of the high cost of living in Alaska."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. The Department of Commerce and Economic Development shall
10 supervise a study of the causes of the high cost of living in Alaska relative
11 to other states and of potential action which could be taken by the state to
12 alleviate this problem. The study shall consist of three parts. Part one
13 shall examine those economic factors which contribute to the high cost of
14 living in Alaska. Each factor which contributes to the high cost of living
15 shall be identified, and the extent to which it contributes to high living
16 costs shall be determined. Part two shall examine those factors which are not
17 strictly economic, such as psychological and sociological phenomena, which may
18 contribute to high living costs. These factors may include, but are not
19 limited to, expectations of wage earners, management, investors, and consumers.
20 Part three shall consist of identification of various forms of action which
21 could be taken by the state to reduce the cost of living in Alaska. In addi-
22 tion, each form of government action which could potentially reduce living
23 costs in the state shall be evaluated in terms of its effect upon the economic
24 and social well-being of the state. The study shall be completed by Decem-
25 ber 31, 1976 and presented to the First Session of the Tenth Legislature.
26 Copies of the study shall be made available to the general public.
27
28
29

ALASKA STATE LEGISLATURE

NINTH Legislature SECOND Session

SENATE BILL NO. 574...

By ORSINI

"An Act authorizing a study of the causes and potential solutions of the high cost of living in Alaska."

high cost of living in Alaska

Introduced in the Senate 1/23, 19.76

HISTORY IN THE SENATE

19 76

1/ 23

3 3

Read first time and referred to Committee on Commerce and Finance

Reported back with recommendation that *Com. 3-10-76 pass. 2-11-76 to Finance*

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
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Reconsideration

PASS Effective Date
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Excused Excused

Reported correctly engrossed
Signed by Speaker
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

Reported correctly enrolled

Sent to Governor

..... By Governor

Filed with Lt. Governor

Chapter No.

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

SB 573
SB 574

I. REQUEST
Bill No. HB 667 or SB 574
Title: Study of the High Cost of Living in Alaska
Requested by: State Affairs Committee Date: 2/23/76
Return Date Requested:
Agency: Commerce & Econ. Dev. Program: Economic Enterprise - Research and Analysis

II. FISCAL DETAIL
Budget Request Unit(s) Affected: \$110,000
A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	\$110,000					
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	\$110,000					

B. FUNDING: (Thousands of dollars)

GENERAL FUND	\$110,000					
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
The Department of Commerce & Economic Development will reach a written agreement with the authors of the bill and legislative committees as to the intent of the study. The study would be contracted out to a private firm or university group on a competitive bid basis. The Division of Economic Enterprise would negotiate the contract and terms, monitor and co-direct the study effort and give approval on final study report when acceptable as meeting the terms of the contract. The Division of Economic Enterprise will absorb the necessary costs internally for accomplishing the above. Contractual agreement will contain provisions for preparing and publishing the final study report.

IV. ATTACHMENTS

V. DATE: February 23, 1976 PREPARED BY: Richard H. Eakins

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA

FISCAL NOTE

Second Session - Ninth Legislature

SB 573
SB 574

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OTHER					

C. POSITIONS:

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MAN MONTHS (P./T.)	/	/	/	/	/	/

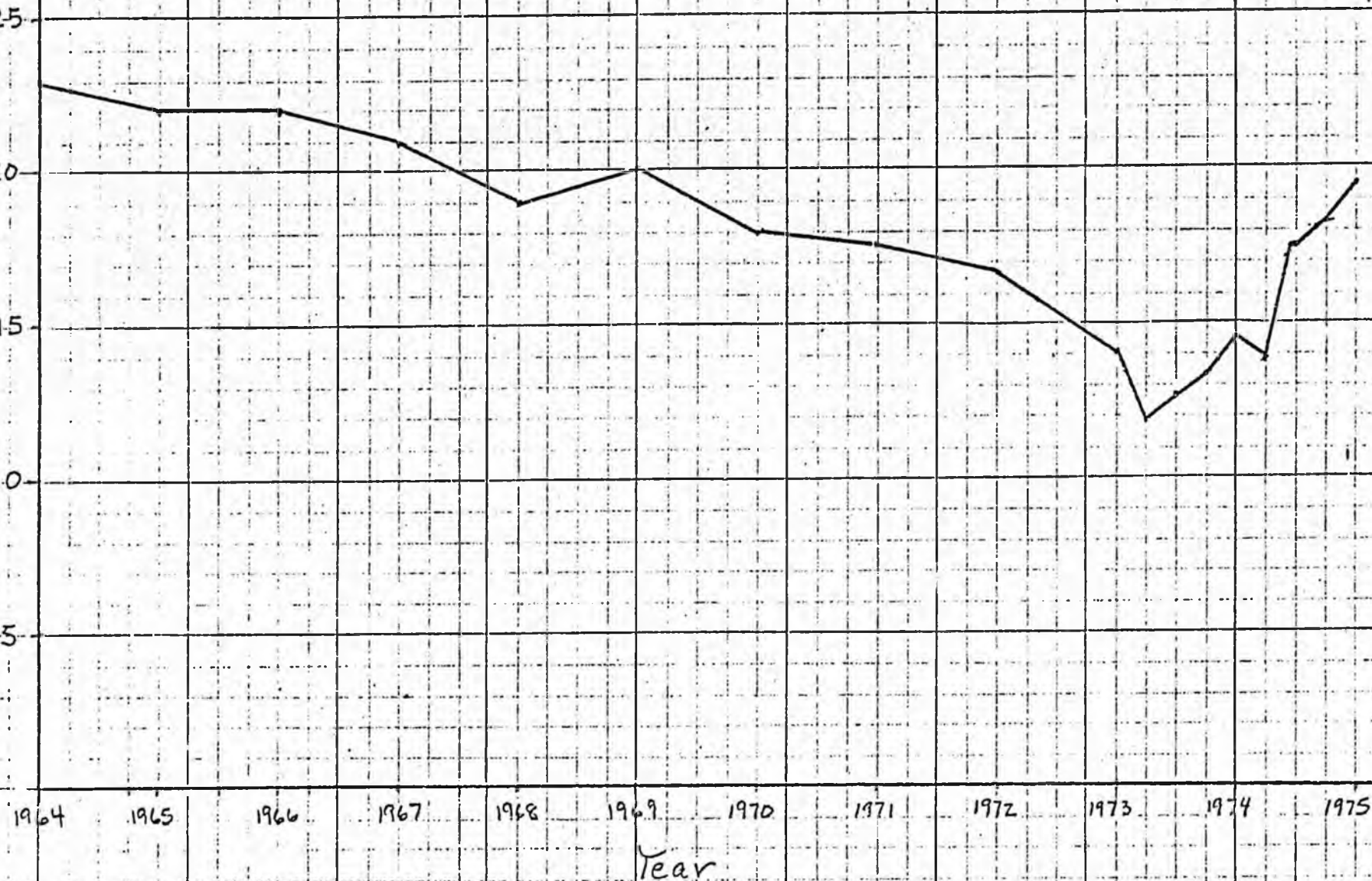
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% Higher for Anchorage over Seattle



Comparison for Cost of Living Between Anchorage and Seattle

derived from data supplied by Alaska Dept. of Labor & U.S. Bureau of Labor Statistics



UNIVERSITY OF ALASKA

FAIRBANKS, ALASKA 99701

February 9, 1976

Mr. Joe Orsini
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Joe:

This is in response to your January 28 letter regarding Senate Bills 573 and 574 dealing with cost of living in Alaska.

First, ISEGR would certainly be interested in undertaking the proposed study. The work would be complementary to a component of Phase II of the Man in the Arctic Program (starting later this month) that will deal with prices, costs, and wages in Alaska. As a result, the state could get a lot of extra mileage for its money, which would be in effect, supplemented by a portion of our National Science Foundation grant. In any case, it is of course my feeling that work of this type should, whenever possible, be done within Alaska, where the longer-range benefits of research remain available to the state.

Second, I would like to comment on the proposed legislation. I certainly think the subject matter needs attention, rather urgently. No real consistent or continuous effort has ever been launched to deal with the high cost-of-living problems in Alaska. What research has been done, mostly by us, has been discontinuous and has not been directed toward any kind of action program. Your proposed program could provide a good point of departure.

While I concur in the three parts of the study, I believe consideration should be given to a different allocation of effort between the components. Parts One and Two should either be allocated more equal amounts, or legislation should be silent on the funding of each part, with allocations to be set out clearly in any proposals for the study.

I would suggest that consideration be given to somehow helping provide a basis to the type of program of cost-of-living surveys as was proposed in H.B. 135 of the current legislature. At this time, cost-of-living information is available only for Anchorage; Congress recently appropriated money to initiate development of a consumer price index for Fairbanks. For the rest of Alaska, we simply have no information. The proposed cost-of-living study

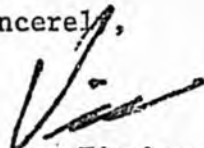
UNIVERSITY OF ALASKA

Mr. Joe Orsini
February 9, 1976
Page 2

will not result in the type of measures of consumer prices and cost-of-living changes over time that are necessary for a whole variety of public and private purposes. It occurs that possibly your bill could provide the basis for a further investigation of establishing annual cost-of-living price surveys throughout Alaska, with conclusions presented to the next legislature.

All in all, I think you're off on a very good tack. Very best wishes and personal regards.

Sincerely,



Victor Fischer, Director
Institute of Social, Economic
and Government Research

VF:jd

cc: Steve Cowper



STANFORD RESEARCH INSTITUTE
MENLO PARK, CALIFORNIA 94025
(415) 326-6200

Executive Offices

February 6, 1976

The Honorable Joe Orsini
The State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Orsini:

Thank you very much for your letter of January 28. We would be pleased to conduct a study on the cost of living in Alaska, as described in the proposed legislation.

in your conversation with Mr. Donald Green of our staff you indicated the study would be initiated by July, when next year's budget is enacted, assuming passage of the bill. The bill calls for completion of the study and reports by December 31. A six-month period appears sufficient to get the study done.

The level of funding proposed appears appropriate as a guideline to the level of effort expected. Assuming that Part Two would involve some additional economic as well as noneconomic analysis and data gathering, and that Part Three requires only a preliminary evaluation of State Government action alternatives, the allocation of funds between parts appears reasonable. We would suggest that the data collection, surveys and analysis work be tied as closely as possible to feasible government policy actions, in order to be most useful to the legislature in evaluating alternatives.

SRI has worked for several years with the Federal Government Council of Living Council in analyzing price trends and cost factors in specific industries. We have also worked extensively with Alaska and several other states on policy studies such as the one proposed.

We would be pleased to discuss the study further and develop a proposal when requested.

Sincerely,

Dennis M. Finnigan, Vice President
Research Operations

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. HB 66705B574
 Title: Study of the High Cost of Living in Alaska
 Requested by: State Affairs Committee Date: 2/23/76
 Return Date Requested: _____
 Agency: Commerce & Econ. Dev. Program: Economic Enterprise - Research and Analysis

II. FISCAL DETAIL

Budget Request Unit(s) Affected: \$110,000

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
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B. FUNDING: (Thousands of dollars)

GENERAL FUND	\$110,000					
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

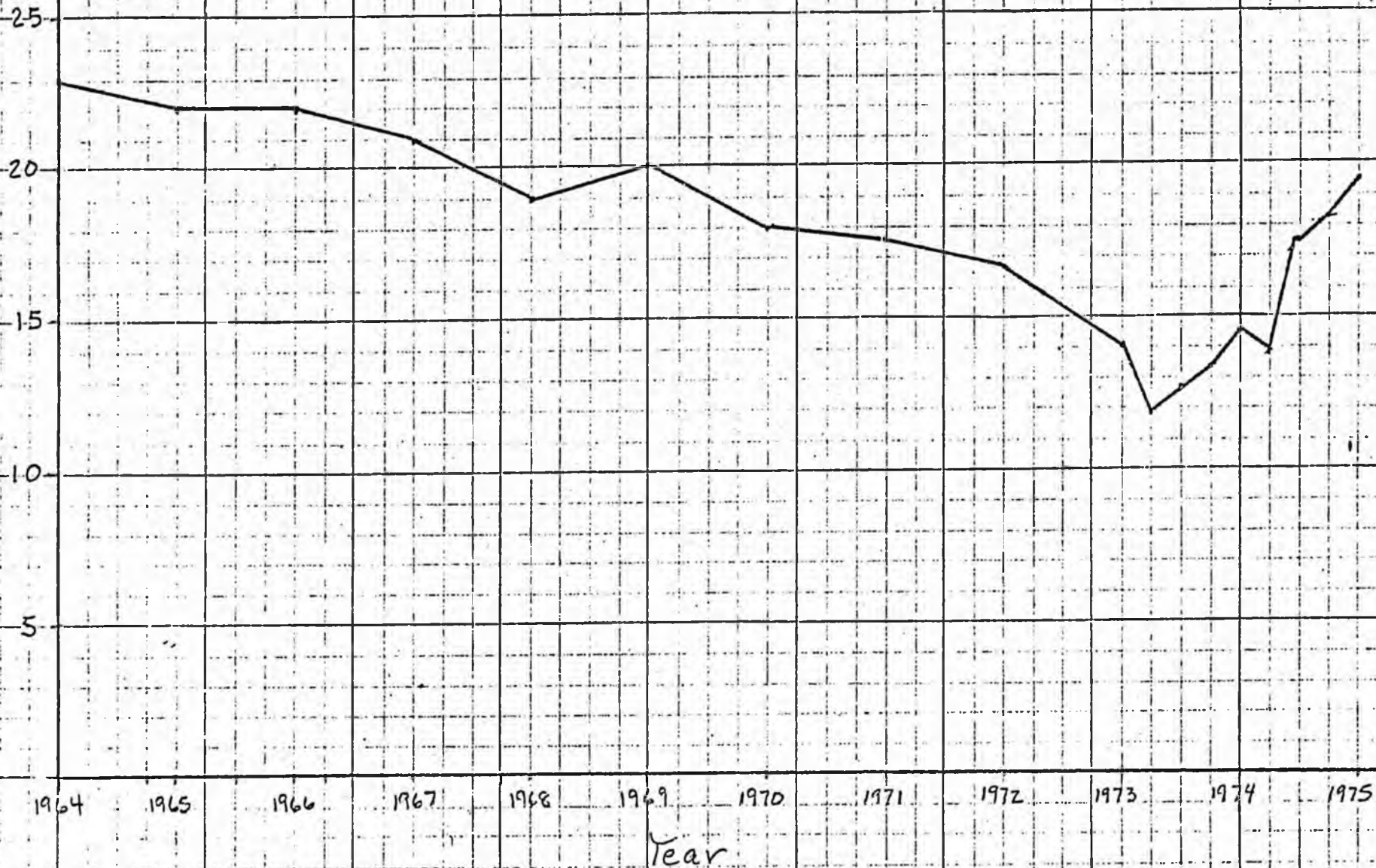
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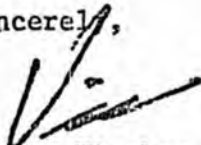
UNIVERSITY OF ALASKA

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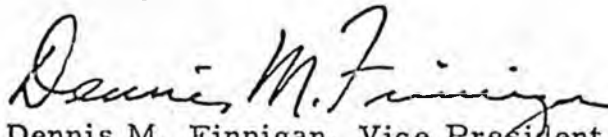
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THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

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PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

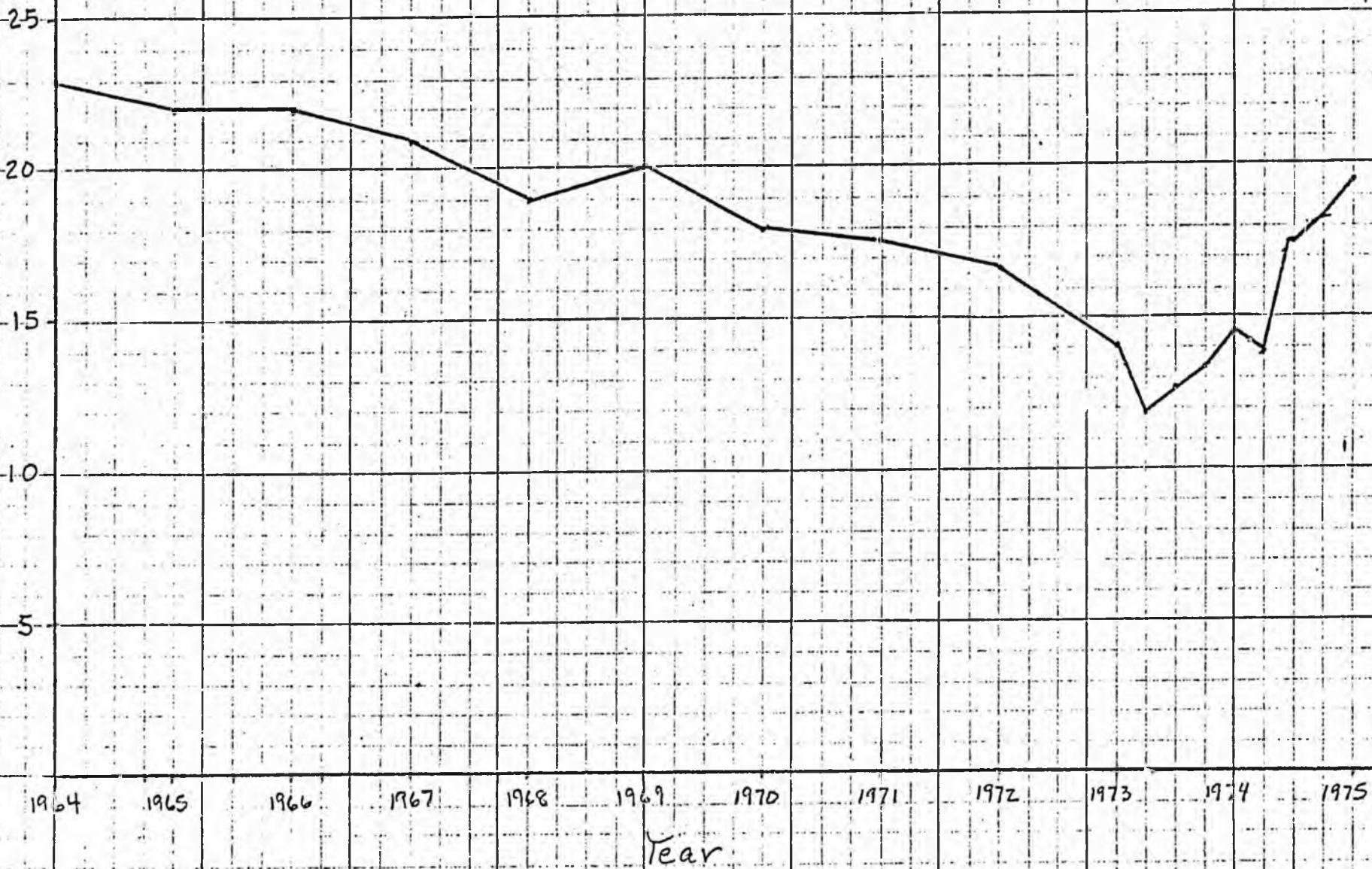
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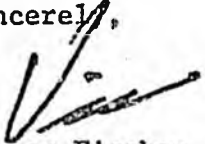
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Referred: Commerce and Finance

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4 NINTH LEGISLATURE - SECOND SESSION

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Referred: Commerce and Finance

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