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STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date \_\_\_\_\_

**REQUEST**

Bill/Resolution No: SB 308  
 Title: \$350,000,000 Transportation  
General Obligation Bonds  
 Sponsor: Rodey  
 Requestor: Senate Transportation  
 Date of Request: May 6, 1985

**FISCAL DETAIL**

Agency Affected: State Bond Committee  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program of Subprogram(s) Affected:  
General Obligation Bond Debt Service

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	17,500	56,960	56,960	56,960	56,960
<b>TOTAL OPERATING</b>	-	17,500	56,960	56,960	56,960	56,960
<b>CAPITAL</b>	-	-	-	-	-	-
<b>REVENUE</b>	-	-	-	-	-	-

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-	17,500	56,960	56,960	56,960	56,960
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<b>TOTAL</b>	-	17,500	56,960	56,960	56,960	56,960

**POSITIONS:**

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

**ANALYSIS:** Debt Service on \$350 million of bonds at 10% interest with 10 year maturity.  
 FY 86 amount is interest only on one semi-annual payment.

Prepared By: Milt Barker *MB*  
 Division: Treasury

Phone: 465-2350  
 Date: May 7, 1985

Approved by Commissioner: *[Signature]*  
 Agency: Department of Revenue

Date: 5/7/85

**Distribution (by Agency preparing fiscal note):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Introduced: 5/3/85  
Referred: Transportation  
and Finance

1 IN THE SENATE

BY RODEY AND FERGUSON

2

SENATE BILL NO. 308

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-  
7 tion bonds in the amount of \$350,000,000 for the  
8 purpose of paying the cost of transportation pro-  
9 jects; calling for a special election on the ques-  
10 tion; and providing for an effective date."

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

12 \* Section 1. For the purpose of paying the cost of transportation  
13 projects, general obligation bonds of the state in the principal amount of  
14 not more than \$350,000,000 shall be issued and sold. The full faith,  
15 credit, and resources of the state are pledged to the payment of the prin-  
16 cipal of and interest and redemption premium, if any, on these bonds.  
17 These bonds shall be issued under the provisions of AS 37.15 as those  
18 provisions read at the time of issuance.

19 \* Sec. 2. If the issuance of these bonds is authorized by the qualified  
20 voters of the state, a special fund of the state to be known as the "1985  
21 Transportation Projects Fund" shall be established, to which shall be  
22 credited the proceeds of the sale of the bonds described in sec. 1 of this  
23 Act except for the accrued interest and premiums.

24 \* Sec. 3. (a) The amount of \$350,000,000 is appropriated from the  
25 "1985 Transportation Projects Fund" to the Department of Transportation and  
26 Public Facilities to be allocated in accordance with the following projects  
27 and estimates:

28 (1) transportation projects within the Municipality of  
29 Anchorage:

1	West Northern Lights	21,000,000
2	Eklutna Transportation Project	28,000,000
3	Lake Otis Drive	15,500,000
4	Boniface Parkway and interchanges	26,300,000
5	C St., Tudor to ARR	2,000,000
6	100th and Minnesota interchange	3,500,000
7	C St., - Klatt Road	2,600,000
8	Spenard Road	12,600,000
9	36th Avenue	3,100,000
10	Dimond Blvd	5,600,000
11	Arctic Blvd	5,600,000
12	Pedestrian improvements	1,700,000
13	Traffic circulation improvements	2,000,000
14	Anchorage road district service areas	3,500,000
15	Limited road service areas	2,000,000
16	Eagle River Hiland Road bridge	3,000,000
17	Chugiak-E.R.-Birchwood road improvements	1,400,000
18	Old and New Seward Highway Intersections	
19	improvements	5,600,000
20	Eagle River-Birchwood-Chugiak State	
21	Road improvements	5,000,000
22	Total	\$150,000,000
23	(2) transportation projects in the following house election	
24	districts, in the respective amounts:	
25	District 1	17,392,439
26	District 2	8,695,565
27	District 3	8,695,565
28	District 4	17,391,304
29	District 5	17,391,304

1	District 6	8,695,565
2	District 16	17,391,304
3	District 17	8,695,565
4	District 18	8,695,565
5	District 19	8,695,565
6	District 20	17,391,304
7	District 21	8,695,565
8	District 22	8,695,565
9	District 23	8,695,565
10	District 24	8,695,565
11	District 25	8,695,565
12	District 26	8,695,565
13	District 27	8,695,565
14	Total	\$200,000,000

15 (b) The proceeds of the bond issue may be reallocated among the  
16 listed projects as provided by law.

17 \* Sec. 4. If the issuance of these bonds is authorized by the qualified  
18 voters of the state, the amount of \$1,225,000 or as much of that amount as  
19 is found necessary is appropriated from the general fund of the state to  
20 the state bond committee to carry out the provisions of this Act and to pay  
21 expenses incident to the sale and issuance of the bonds authorized in this  
22 Act. The amounts expended from the appropriation authorized by this sec-  
23 tion shall be reimbursed to the general fund from the proceeds of the sale  
24 of the bonds authorized by this Act.

25 \* Sec. 5. The amount withdrawn from the public facility planning fund  
26 for the purpose of advance planning for the improvements financed under  
27 this Act shall be reimbursed to the fund from the proceeds of the sale of  
28 bonds authorized by this Act.

29 \* Sec. 6. The question whether the bonds authorized in this Act are to



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mpaign, page B-7

Michael Dinneen of The Times

Onlookers grieve at the scene of the accident Wednesday in which a car struck and critically injured 9-year-old Tal Lee Biksen

# Bond issue proposed in House

by Bruce Scandling  
Associated Press

Juneau — Legislation to put a \$350 million bond issue before Alaska voters was introduced in the House Wednesday, but opponents said the measure is a disguised attempt to give Anchorage more money to spend on roads.

The proposal — sponsored by Reps. H.A. "Red" Boucher of Anchorage and Sam Cotten of Eagle River — would set up a special election in November.

If the bond issue was approved, Anchorage would get \$150 million for road and highway projects.

The remaining \$200 million would be portioned out by election district for transportation projects in the rest of Alaska.

"This bill might be less than perfect, but it's the first step in realizing that Mother Alaska can't do everything for everyone," Boucher said.

He said the bond vote would let Alaska's citizens — not its lawmakers — decide whether more money should be spent on roads and highways as state revenues plummet.

"At the moment, I'm not sure if I would vote yes or no in the ballot box on these projects," Boucher said.

The bond sale is backed strongly by Anchorage Mayor

## Lawmakers, Knowles call for bond proposal testimony

by Larry Persily  
Times Juneau Bureau

Juneau — It's become a battle of bond market and government debt experts as legislators consider a proposal to place a \$350 million statewide bond issue before the voters this fall.

Mayor Tony Knowles is in Juneau today with his national bond market experts, lobbying for support for his proposal to fund transportation and utility projects with a statewide bond issue.

The Senate Finance Committee countered with an announcement Wednesday that it has invited state and municipal debt consultants from Princeton, N.J., to come to Juneau next week to discuss the bond sale proposal with lawmakers.

Senate Finance Co-Chair Jan Faiks, R-Anchorage, said she and Co-Chair John Sackett, R-Ruby "have invited them (the consultants) to come and present firsthand their analysis of the finances of Alaska."

The Senate committee has invited representatives of Government Finance Associates, of Princeton, N.J., to address a joint

See \$350 million, page B-7

Tony Knowles and the Anchorage Assembly.

Knowles and a cadre of bond experts were expected to arrive in Juneau Wednesday, trying to rally support by lawmakers.

"Our accelerated road (construction) program is on track today, and we need to find a way to keep it on track,"

said Chip Dennerlein, a Knowles aide.

"We're suggesting a vote of the people to resolve the issue," he said. "We must have a solution to our basic transportation problems."

Boucher said Wednesday he and Cotten have support from about 25 members of the 40-member House.

Some lawmakers, however, took little time to come out against the idea.

"This is being put on the table because Anchorage wants another \$150 million in capital projects," said Rep. Mike Navarre, D-Kenai.

He said every Alaska town would like more money to spend on construction projects, but state government must cut back its spending.

Navarre said the bonding proposal promotes "fiscal irresponsibility."

With the value of North Slope crude oil on the decline, lawmakers this year have been wrestling to reduce state spending. The legislature earmarked \$1.2 billion for public construction in the current fiscal year.

By all accounts, however, the fiscal 1986 capital budget now being built will total no more than \$500 million, with half of that destined for development of hydroelectric power.

Knowles and the assembly have drafted a priority list of road and highway projects totaling \$160 million.

Rep. Steve Rieger, R-Anchorage, said the bonding proposal is a bad idea because it commits the state to pay off bond debts when economists

See Bond, page B-7

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session sometime next week of the House and Senate finance committees, Faiks said.

Until they meet with the consultants, Faiks said, Senate finance "will leave the option of the bond proposal open."

Legislators are divided on the bond proposal, with many supporting the issue but others opposing it as being fiscally irresponsible at a time of declining oil revenues.

Government Finance Associates specializes in advising state and local governments on bond issues, said Milt Barker, deputy commissioner for the Alaska Department of Revenue. The company has served as financial adviser to the state bond committee since last fall, Barker said.

Faiks reported the consultants will address lawmakers on:  
-The possibility of selling \$350 million in state general obligation bonds, to be paid off by future general fund revenues.

-The effects the bond sale could have on state and municipal bond ratings, including any effects it might have on school district bond sales.

-The cost of "back-loading," a proposal to lower bond payments by paying only interest in the early years and then paying the principal in later years, stretching the debt over a longer period of time.

The advisers will be asked to explain how Alaska earned its high bond rating, what must be done to maintain that rating, and how much a drop in the rating could cost the state, Faiks said.

A bill authorizing a \$350 million bond issue special election this fall was introduced Wednesday in the House. The bill allocates \$150 million for priority road projects in Anchorage, with the remaining \$200 million divided between other areas of the state.

Knowles has been pushing for a statewide bond issue to fund Anchorage road projects left out of this session's state capital projects budget.

The mayor said his group of bond market experts, scheduled to come to Juneau today from Seattle, San Francisco and New York, will explain to lawmakers how the bonds can be sold without harming Alaska's financial rating and without putting unreasonable burdens on the state treasury.

# Bond issue given

Continued from page B-1

aren't yet sure how low the price of oil will sink in the future.

In the wake of declining oil wealth, Rieger said, legislators this year have talked about statesmanship in tackling tough budget problems.

"And the statesmanship in the this case is not to cave in," he said.

According to the Boucher-Cotten plan, Anchorage would get \$150 million for 19 specific road and highway projects — if the bond issue was approved by voters.

Each election district outside of Anchorage would get \$8.7 million for transportation projects, according to the plan.

With 11 days to go in what's supposed to be a 120-day legislative session, the proposal will have to speed through the committee process in time to be approved by both house of the legis-

One veteran senator said Wednesday there's probably not enough time for that to happen, especially since the Boucher-Cotten bill has generated little enthusiasm in the Senate.

"There's no open support for it," said Sen. Bill Ray, D-Juneau.

"It would be the pork-barrel of all pork-barrels, when you're going to kill the pig now and be paying for it over the next 10 years with money you don't even know you're going to have," Ray said.

Sen. Jan Faiks, an Anchorage Republican who co-chairs the Senate Finance Committee, has said a bond issue would be irresponsible when falling revenues leave the state's future financial picture in doubt.

Meanwhile, Senate President Don Bennett, R-Fairbanks, has called the idea "ridiculous."

State officials said Wednesday it would cost between \$800,000 and \$1 million to hold a special



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WIRE FISH



Wendi K. Brown of The Times

Maria Hendrix, 7, plays with her dog while her mother, Carla, an Alaska Cab driver, takes part in an attempted citywide taxi strike on Third Avenue Tuesday.

# Citywide taxi strike falls through

by Chriss Swaney  
Times Business Writer

## 23 drivers assemble to discuss fare regulation

Alaska Cab drivers Tuesday were unsuccessful in a bid to foster a citywide taxi strike.

About 17 Alaska Cab drivers — far fewer than organizers expected — gathered at a vacant Third Avenue parking lot near the Holiday Inn in Anchorage Tuesday evening to debate the hotly contested cab fares. They were later joined by four Checker Cab drivers and two Yellow Cab drivers.

The drivers mingled around the parking lot for about an hour talking with other drivers and the press.

Peter Kautsky, an Alaska Cab driver, said he came to protest the disparity in cab fares. "I think they should all be regulated," he said. "We can't make a living out here the way it is now."

Alaska Cab driver Alex Olah, who helped organize the protest, said the meeting was organized to draft opinions from all cab drivers. "We want to know where everyone stands on the issue," Olah said.

Most of the Alaska Cab

drivers who supported the protest said they favored the \$1.50 a mile rate and a \$1.50 flag drop used by Checker Cab. At present, Alaska Cab charges \$1.20 a mile and \$1.40 for a flag drop. Yellow Cab recently cut its fares to \$1 a mile and 80 cents for a flag drop.

Yellow Cab officials said business is booming because of the lower fares. "Cab calls have jumped from 1,200 a day to 2,000 a day," said Hugh Brown, Yellow Cab manager.

"Our cabbies are busy all day.

Because Yellow Cab is monopolizing most of the business, drivers with other companies say they can't make a decent living now.

Marci Denison, a Checker Cab driver, said she also agrees with a blanket fare of \$1.50. "We need some order in this business," she said.

But John Carlson, a Yellow Cab driver, said Alaska Cab is simply experiencing the pressures of competition. "I sym-

pathize with their problems but we were hurt a bit year when Alaska Cab refused to raise its prices," he said. "They were the low fares and our business hurt; now the shoe is on the other foot."

Officials at Alaska Cab said drivers never tried to negotiate with them about their problems. "I think we can solve the problems internally without bringing the public into it," said Karen Johnson, a manager at Alaska Cab.

She said Alaska Cab owners are scheduling a meeting later this week between management and drivers.

check the ice and, right along the bank, it's starting to get a little slushy," Ekstedt said Tuesday.

See Tanana, page B-3

# Panel kills pay raises

by Larry Persly  
Times Juneau Bureau

Juneau — The Senate Finance Committee this morning deleted about \$39 million for state employee pay raises from the fiscal year 1986 budget, settling the table for a heated family argument with the House.

The House Finance Committee last week passed its version of the \$1.9 billion state general fund operating budget, sending the bill to the Senate with the employee pay raise money included in the total.

The Senate majority caucus met last week and pledged to delete the pay raise funding from the budget, and this morning Senate finance by unanimous vote sliced about \$39 million from the House budget.

After deletion of the pay raise funding and half a dozen other minor amendments, the finance

See Pay fight, page B-7

# Lawmakers plan state \$350 million bond bill

by Larry Persly  
Times Juneau Bureau

Juneau — Legislation to set a special election this fall for approval of a \$350 million statewide bond issue was to be introduced today on the House floor.

The bill, sponsored by Anchorage Democratic Reps. Red Boucher and Sam Cotten, would allocate \$150 million of the bond funds for Anchorage road projects, with the remaining \$200 million divided equally between other areas of the state.

Governor hints at low capital budget — page B-7

The \$200 million would be divided with \$8.7 million going to each of the 13 single-member House districts outside Anchorage, and \$17.4 million for each of the five two-member districts.

Boucher said he's optimistic of the bill's chances in the final two weeks of the legislative session. As of Tuesday, he said, he had "25 people (out of 40 House members) who have given me their yes vote."

He said of the \$350 million total, "It's

## Chamber throws support behind bond issue

Times Business Staff

The second business group in as many days today endorsed Mayor Tony Knowles' proposal for a \$350 million statewide bond issue ballot that would include about \$150 million for 19 Anchorage projects.

The Anchorage Chamber of Commerce board of directors this morning voted 11-2, with two abstentions, in support of the ballot bond issue. The Downtown Development Corp. on Tuesday endorsed the proposal.

"It was a significant move by the chamber and shows that they are concerned about continued real growth in Anchorage," Knowles said.

In a message to legislators, chamber president-elect Elaine Atwood said

the bond issue was endorsed "if that is the only way for the Municipality of Anchorage to obtain funding for its essential transportation projects."

"After extensive discussion," she said in a telegram to lawmakers, "the chamber board voted for the bonds as a last resort to meet our critical needs. The board strongly urges the legislature to appropriate the needed monies from available revenues — but if that is not possible, a bond issue is the alternative."

Without the bond money, Knowles said, Anchorage would be unable to keep its accelerated road program on schedule because this year's state capital projects' budget is expected to fall far short of meeting the community's

\$145 million priority list. Anchorage foresees only \$50 million in state grants.

Besides road improvements, money raised through the bond issue and designated for Anchorage would be go towards the Eklutna Water Project and the Fifth Avenue and C Street parking garage.

The bond sale proposal, first advanced by the mayor a couple of weeks ago, has been endorsed by the Anchorage Assembly, the Associated General Contractors of Alaska, Anchorage Parking Authority, Fairbanks mayor Bebe Allen, Kivalina mayor Stan Thompson and Matanuska-Susitna Valley mayor Dorothy Jones and 23 community council presidents.

would be allocated on a fair basis," and he hopes for statewide support for placing the bond issue on a special election ballot this fall.

The bill, as drafted by Boucher,

would limit the bond sale to only transportation projects.

Previous discussions had listed school and utility projects for possible inclusion in the bond issue, and Boucher

said he would have no objection to adding those categories.

"There'll be no fluff in it, in other words only the basics," the legislator said, pledging to prevent the bond issue

from becoming a dumping ground for frivolous projects.

Mayor Tony Knowles, who a couple of weeks ago started the push for a state bond sale to fund community priority projects, will arrive in Juneau tonight to renew his lobbying effort for the legislation.

He plans to meet with House and Senate leaders, the governor, Department of Revenue commissioner and the Anchorage caucus during his stay in the capital, calling this week's visit, "Probably the most important trip" of his bond issue campaign.

Bond market experts from Seattle, San Francisco and New York City will join the mayor in Juneau this week to offer their opinions as to how the state can sell the bonds without harming its financial rating or causing unreasonable strains on its already tight budget.

Gov. Bill Sheffield "would prefer not to see a special election this year," said Molly McCammon, deputy press secretary. "He still believes there is adequate funding for a capital budget."

This year's capital projects budget appears likely to fall within the range of

See Bonding, page B-3

## The blotter

### Three paintings stolen

A Downtown art gallery lost three paintings with a total value of \$600 early Monday, when an unidentified man broke into the business' hotel lobby showroom.

Anchorage police said a white man in his 20s broke a sliding-glass door lock to enter The Art Gallery, a private art firm located in the Sheraton Anchorage Hotel, shortly after 1 a.m. Monday.

The suspect, who reportedly sported shoulder-length brown hair, grabbed a gold-framed painting of polar bears by Annette Hartzell, a metal-framed painting of swans, and a John Van Zyle painting of Mount Sitsna before fleeing the scene in a small red sedan, police said.

A hotel employee spotted the suspect fleeing, police added.

Police are still investigating the incident.

### Vandal rams van

City police were seeking a 22-year-old local man today in connection with his alleged attack on an acquaintance's parked van Monday.

Police said the man allegedly steered his car into a driveway in the 3400 block of Arcturus Circle about 5:45 p.m. Monday, then spun his tires until they had carved holes in the driveway's asphalt surface.

Police said the home's 25-year-old owner told investigators the man — whom his wife had met while undergoing treatment at the Alaska Psychiatric Institute — then used the car to ram a van parked in the driveway, causing an estimated \$1,200 in damage to the vehicle.

When the owner ran out to stop the visitor, the man fled.

said. After that, guaras will remain posted on the river's banks until the ice goes out.

Ekstedt said he is keeping his eye on the still-frozen Nenana River, which runs south of town. He said the Nenana typically breaks up five days before the Tanana.

Half of the 190,644 entries in this year's contest will have been eliminated by noon Thursday, Ekstedt said. He said many people mistakenly submitted the \$2 tickets for a non-existent April 31 date.

## Bonding

Continued from page B-1

\$200 million to \$250 million in state general fund money, in addition to \$250 million for the Sitsna and Bradley Lake hydro power projects.

Referring to the drop from last year's \$1.25 billion capital projects budget, Boucher said, "We jumped out of the plane without a parachute."

He supports offering the bond issue to the voters as a means of funding essential road projects that otherwise would be delayed until state funds become available.

# SEARS

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# City/State

Weather / Alaska Life / Business

Section **B**

## Capital projects bond issue divides legislature

by Larry Persly  
Times Juneau Bureau

Juneau — Mayor Tony Knowles has gathered much support in the past week for a statewide capital projects bond issue, but he has failed to convince the Senate President or House Speaker to join his side of the debate.

Knowles wants the legislature to put a \$350 million bond issue on a special election ballot this fall, with Anchorage to receive \$140 million of the money for road work and the Eklutna water project.

The remaining \$210 million in state bond funds would go for projects in other communities.

"I think it's ridiculous," said Senate President Don Bennett, R-Fairbanks, adding, "It's fiscally irresponsible."

House Speaker Ben Grussendorf, D-Sitka, said it would be premature to put together a bond issue this year.

Without the bond money, according to Knowles, Anchorage would be unable to keep its accelerated road program on schedule since this year's state capital projects budget is expected to fall far short of meeting the community's \$160 million priority list.

The mayor does have his backers, however, with one of them — Rep. Red Boucher, D-Anchorage — very close to signing up a majority of the House behind the bond issue proposal.

Boucher worked over the weekend to gather support for legislation he hopes to introduce this week. "The minute I've got 21 or 22 votes, I intend to introduce bond issue legislation," Boucher said.

### Knowles battles for bond issue

Times staff

Juneau — Anchorage is taking its bond issue fight down to the wire in the last two weeks of the legislative session, and to improve his odds Mayor Tony Knowles has sent 500 telegrams to community and business leaders statewide, asking for their support.

Knowles will return to Juneau this week for more meetings with lawmakers as he tries to enlist support for a special election this fall to vote on \$350 million in statewide capital improvement bonds.

He is also taking his plea directly to the people of Anchorage. Today and later this week, Knowles is scheduled to plant himself at busy intersections, where he will hand out letters asking the people of Anchorage to rally behind the bond issue and call their legislators urging its support.

Knowles warns that without bonding, there

will not be enough money in the state's capital budget to fund the city's top priority projects.

"Our accelerated road plan and Eklutna water project are hanging in the balance. Your help will make the difference," his letter states. "Nineteen projects including West Northern Lights, Lake Otis, Boniface, Eagle River Hilland Road Bridge, Spenard Road and the Eklutna Water Project — all will only be partially funded or entirely left out unless we let our legislators and governor know that these needs are now."

"It's time for us to stand up for Anchorage. Send your message to Juneau today — or by Wednesday at the latest — expressing your support for our back-to-basics bond package to be voted on this fall. Legislative Information Office, 278-3668, will send your message free."

The telegrams ask community leaders "to join in the effort to get the bond issue," said Chip See Bond, page B-4

As of Sunday, he had 20 representatives committed in support of a bill, he said.

Boucher claims strong support in the Railbelt area, but, "In the rural areas, it's less than warm."

House Finance Committee Chairman Al Adams, D-Kotzebue, said Sunday, "I have no comment at this time until I have had a chance to look at the whole picture."

House Minority Leader Terry Martin, R-Anchorage, opposes a bond issue this year.

"I really don't believe in it," he said of the need to sell bonds. Martin said issuing loans from the Alaska Permanent Fund's undistributed income account, or from the Permanent Fund itself, would be preferable to selling bonds. The state's savings account should be invested in Alaska, the Anchorage

age Republican said.

Grussendorf said time is working against Knowles — the session is scheduled to end May 13 — though he would be inclined to support a bond issue next year.

"Small communities are not prepared to move that rapidly," the House speaker said of putting together a list of local projects in two weeks. "If we're going to go to a bond issue," he said, "It should be developed for next year," giving communities more time to select and plan their projects.

Senate Finance Committee co-chairman John Sackett, R-Ruby, is leaning toward supporting a bond issue this year.

"Generally, my feelings would be positive toward it," he said, depending on two conditions: If it's proven the additional debt would not lower the state's bond rating, and depending on what projects are proposed for bond funding.

Sen. Jan Faiks, R-Anchorage, the other co-chair of the committee, is perhaps the strongest voice in the Anchorage delegation against a bond issue. "We're in a very precarious financial position right now, with 85 percent of our income based on the price of oil," she said.

"People have accused the legislature for the past seven years of living only for today," Faiks said. "We have to look to tomorrow." She said she is convinced bonding would be irresponsible at a time of falling oil prices.

Bennett's opposition also is based on the reality of declining oil revenues. "We are in the midst of declining revenues, and to bond and to get further into debt is ridiculous."

Continued from page B-1

Dennerlein, intergovernmental affairs director for Anchorage.

Dennerlein said the mayor will join forces in Juneau this week with bond market experts from Alaska and the Lower 48, invited to the Capitol by the city, and will attempt to prove to lawmakers that the state can afford to sell more bonds without harming Alaska's bond rating or its future economy.

Rep. Red Boucher, D-Anchorage, a leading booster for a special bond issue election this fall, said he believes holding the vote in a non-election year would "raise the level of debate" above politics.

Boucher believes a vote this fall would provide legislators with an indication of public opinion on future financial management of the state.

"Let those who want to break open the Permanent Fund (instead of selling bonds) bring it to the people," Boucher said.