

**S C R**

**10**

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER SCR 10

SPONSOR Kelly

BILL TITLE Promote Col. Johnson to major general

DATE REFERRED 1-19-89

HEARING SCHEDULED 1-23-89

FISCAL NOTE PREPARED ~~not reqd. no monetary transaction~~

SPONSOR CONTACTED Dave Gray 3822

INTERESTED PARTIES CONTACTED

✓ OMVA, Jeff Morrison 4600

General Schaeffer (FROM ANCH.)  
direct dial  
teleconf 249-1565

↓  
Colonel  
\* Jerry  
Gillman

SO DO  
THIS BILL  
AS

OTHER

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 1-19-89  
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER

\*\*FISCAL NOTE(S) MUST BE ATTACHED  
IN ACCORDANCE WITH AS 24.08.035

DATE TURNED INTO OFFICE 1-23-89

1/19/89

Mr. President:

STATE AFFAIRS

Committee considered

SCR 10

promotion of Colonel Lars L. Johnson to major general in the Alaska National Guard

and recommended:

replace with CS \_\_\_\_\_  same title

attached amendment(s) and  new title

\_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

FISCAL NOTE(S) attached  zero

fiscal impact

appropriation no FN attached

Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Carl Adams  
John Fife  
Tim Kelly

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Pat Sanchez do pass

Chairman signature and recommendation

Committee backup attached



Official Business

# Alaska State Legislature

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

## MEMORANDUM

TO: Senate State Affairs Committee Members  
FROM: Senator Pat Pourchot, Chairman *Pat*  
RE: January 23 Committee Hearing  
DATE: January 20, 1989

On Monday, January 23 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

SCR 10, Relating to the promotion of Colonel Lars L. Johnson to major general in the Alaska National Guard.

SCR 10 requests that the Governor appoint Colonel Johnson as a major general in the Alaska National Guard. Johnson is now retired. The promotion would be honorary, in recognition of his service and achievements. Johnson was the first Adjutant General of the Alaska National Guard and organizer of the Alaska Air National Guard. The Guard would like to honor Johnson with this promotion at its annual awards ceremony on February 12. The appointment would be subject to legislative confirmation.

SCR 10 has a zero fiscal note. A biographical sketch of Colonel Johnson is attached.

SB 48, An Act extending the termination date of the Older Alaskans Commission.

SB 48 would continue the Older Alaskans Commission through June 30, 1993.

The Older Americans Act of 1965 (PL 100-175) provides grants to the states for programs for senior citizens, and requires that a state agency be designated to administer the grant programs. The Older Alaskans Commission was established in 1981 to perform this function. In addition, the commission is charged with developing a statewide plan for senior needs and advocating for the elderly within the state.

The commission, located within the Department of Administration, consists of seven senior citizens appointed by the Governor and representatives of DHSS, DOA, DCRA, and the Pioneers Homes Advisory Board.

SB 48 has a zero fiscal note, with funding being continued in the Governor's proposed FY 90 operating budget. A copy of the recently performed sunset audit of the Older Alaskans Commission, which recommends continuation, is attached.

SB 91, Relating to methods of appointment to the Alaska Public Offices Commission.

SB 91 clarifies that all members of APOC shall be appointed by the Governor and confirmed by the legislature.

APOC has five members. Current law provides that four of the members shall be appointed by the Governor from nominees made by political parties, and that these four members shall then appoint one public member. The legality of this provision has been questioned on the grounds that it conflicts with Article III, Section 26 of the State Constitution which requires that the Governor appoint members of boards and commissions.

SB 91 would clear up the legal question by providing for the Governor to appoint the fifth APOC member from nominees made by the other four members. The Alaska Public Offices Commission supports the bill. SB 91 has a zero fiscal note.

SB 94, Limiting liability for activities of the Alaska National Guard.

SB 94 will prevent suits against the State for injuries or damage resulting from federally mandated and controlled National Guard activities. Federal law was amended in 1981 to permit such suits against the United States. Alaska is one of the few states that has not enacted protective legislation to ensure that the state is not held liable in such cases. SB 91 would not affect the liability of the State during periods of state active duty (i.e. duty called by the Governor).

Because SB 94 would reduce the civil liability exposure of the state, the Department estimates an annual savings of \$50,000 in insurance costs charged by the Division of Risk Management.

SCR 10 PROMOTION OF COLONEL LARS L. JOHNSON TO MAJOR GENERAL IN  
THE ALASKA NATIONAL GUARD

TO TESTIFY:

SENATOR KELLY, SPONSOR (DAVE GRAY)

GENERAL SCHAEFFER, D.M.V.A. (TELECONFERENCE)

~~COLONEL JERRY GILLEAN, D.M.V.A. (TELECONFERENCE)~~

~~OTHERS (SEE WITNESS LIST)~~

FYI:

PER CONSTITUTION (ARTICLE III, SECTION 19) GOVERNOR APPOINTS  
"ALL GENERAL AND FLAG OFFICERS OF THE ARMED FORCES OF THE STATE,  
SUBJECT TO CONFIRMATION BY A MAJORITY OF THE MEMBERS OF THE  
LEGISLATURE IN JOINT SESSION. HE SHALL APPOINT AND COMMISSION  
ALL OTHER OFFICERS."

NATIONAL GUARD ANNUAL AWARDS CEREMONY IS FEB. 12 -- KELLY  
AND SCHAEFFER HOPE FOR PASSAGE OF SCR 10 BEFORE THEN, BUT DO NOT  
EXPECT LEGISLATIVE CONFIRMATION BEFORE THEN. EXPECT GENERAL'S  
CONFIRMATION TO OCCUR ALONG WITH ALL OTHER CONFIRMATIONS DONE BY  
LEGISLATURE THIS SESSION.

## FISCAL NOTE

**REQUEST:**

Revision Date: January 20, 1989  
 Title: Relating to the promotion of  
COL Lars Johnson to Major General  
 Sponsor: Kelly  
 Requestor: Senate State Affairs Committee

Agency Affected: Military & Veterans Affairs  
 BkU: \_\_\_\_\_  
 Components: \_\_\_\_\_

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

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING:** (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

Prepared by: Jeff Morrison, Director Phone: 465-4600  
 Division: Administrative & Support Services, DMVA Date: January 20, 1989  
 Approved by Commissioner MG John Schaeffer Date: January 20, 1989  
 Agency: Department of Military & Veterans Affairs

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)



**Colonel Lars L. Johnson,** First Adjutant General of the Alaska National Guard, 1951.

Colonel Lars L. Johnson, first Adjutant General of the Alaska National Guard, organized the Alaska Air Guard in 1952 during the territorial administration of Governor Ernest Gruening. Lars Johnson, born 5 January 1918 in Kloten, North Dakota, came to Alaska in 1938, was called to active duty in 1941, and was assigned to Alaska and the Philippines during World War II. After the war he was assigned to Bogota, Colombia as a flight instructor. He returned to Alaska in 1949 to do some commercial fishing and hard rock mining. Territorial Governor Gruening appointed him as Adjutant General for the Alaska National Guard effective 1 August 1951. Shortly thereafter Col. Johnson began organizing an Air National Guard unit. After almost a year of hard work organizing, promoting, and coordinating requirements to start a new Air Guard unit in the Territory, the Alaska Air National Guard was organized officially on 15 September 1952 as the 8144 Air Base Squadron. In November of that year, Col. Johnson separated from the Army National Guard to accept a commission in the Air National Guard and simultaneous appointment as Adjutant General and Commander, Alaska Air National Guard. Col. Johnson was credited almost entirely with the allocation and organization of the 144th Fighter-Bomber Squadron at Anchorage. He was selected for inclusion in *Who's Who in America* in 1952. When the new governor took office in July 1953, Col. Johnson resigned as Adjutant General but remained acting Adjutant General until September when the new AG took office. Col. Johnson was then assigned as Chief of Staff, Alaska Air National Guard from 1953 to 1955, a position in which he was responsible for the administration and operational supervision of AKANG and Kulis ANG base. He was placed on the Reserve Retired List as a Colonel effective 1 June 1958.

STATE OF ALASKA

MEMBER

TENTH ALASKA LEGISLATURE  
ELEVENTH ALASKA LEGISLATURE  
TWELFTH ALASKA LEGISLATURE  
THIRTEENTH ALASKA LEGISLATURE  
FOURTEENTH ALASKA LEGISLATURE  
FIFTEENTH ALASKA LEGISLATURE



SENATOR TIM KELLY

P. O. BOX V  
JUNEAU, ALASKA 99811  
(907) 485-3822

P. O. BOX 210001  
ANCHORAGE, ALASKA 99521  
(907) 581-7812

January 19, 1989

Senator Pat Pourchot, Chairman  
State Affairs Committee  
Box V  
Juneau, Ak 99811

Re: SCR 10, Promoting Col. Johnson to Major General.

Dear Senator Pourchot,

I introduced SCR 10 in response to the attached letter I recieved from General John Schaeffer. Col. Johnson is 70 years old and retired in Oregon. He has kept in close touch with the state, visiting old friends and acquaintenances during frequent summer trips.

The Alaska National Guard would like to promote Col. Johnson to honor his past years of service and achievements in the state. There is no cost to the state for such a promotion and the Guard's annual awards ceremony on February 12 is a most appropriate time for the honor to be conferred.

I believe SCR 10 is a worthy legislative request. Col. Johnson established and built the Air National Guard. It is this unit that the citizens of this state have been served enumerable times and today depend on for search and rescue missions. It is this unit that has played a major role in disaster relief for many communities throughout the state.

I appreciate your scheduling of the resolution and thank the committee for its consideration.

Sincerely,

A handwritten signature in cursive script that reads "Tim".

TIM KELLY  
State Senator

# Article III, Sec. 19 - State Constitution

## Title and Authority

SECTION 14. When the lieutenant governor succeeds to the office of governor, he shall have the title, powers, duties and emoluments of that office.

(The amendment to this section was approved by the voters of the state August 25, 1970 and became effective October 10, 1970. The words "secretary of state" were changed to "lieutenant governor".)

## Compensation

SECTION 15. The compensation of the governor and the lieutenant governor shall be prescribed by law and shall not be diminished during their term of office, unless by general law applying to all salaried officers of the State.

(The amendment to this section was approved by the voters of the state August 25, 1970 and became effective October 10, 1970. The words "secretary of state" were changed to "lieutenant governor".)

## Governor: Authority

SECTION 16. The governor shall be responsible for the faithful execution of the laws. He may, by appropriate court action or proceeding brought in the name of the State, enforce compliance with any constitutional or legislative mandate, or restrain violation of any constitutional or legislative power, duty, or right by any officer, department, or agency of the State or any of its political subdivisions. This authority shall not be construed to authorize any action or proceeding against the legislature.

## Convening Legislature

SECTION 17. Whenever the governor considers it in the public interest, he may convene the legislature, either house, or the two houses in joint session.

## Message to Legislature

SECTION 18. The governor shall, at the beginning of each session, and may at other times, give the legislature information concerning the affairs of the State and recommend the measures he considers necessary.

## Military Authority

SECTION 19. The governor is commander-in-chief of the armed forces of the State. He may call out these forces to execute the laws, suppress or prevent insurrection or lawless violence, or repel

invasion. The governor, as provided by law, shall appoint all general and flag officers of the armed forces of the State, subject to confirmation by a majority of the members of the legislature in joint session. He shall appoint and commission all other officers.

## Martial Law

SECTION 20. The governor may proclaim martial law when the public safety requires it in case of rebellion or actual or imminent invasion. Martial law shall not continue for longer than twenty days without the approval of a majority of the members of the legislature in joint session.

## Executive Clemency

SECTION 21. Subject to procedure prescribed by law, the governor may grant pardons, commutations, and reprieves, and may suspend and remit fines and forfeitures. This power shall not extend to impeachment. A parole system shall be provided by law.

## Executive Branch

SECTION 22. All executive and administrative offices, departments, and agencies of the state government and their respective functions, powers and duties shall be allocated by law among and within not more than twenty principal departments, so as to group them as far as practicable according to major purposes. Regulatory, quasi-judicial, and temporary agencies may be established by law and need not be allocated within a principal department.

## Reorganization

SECTION 23. The governor may make changes in the organization of the executive branch or in the assignment of functions among its units which he considers necessary for efficient administration. Where these changes require the force of law, they shall be set forth in executive orders. The legislature shall have sixty days of a regular session, or a full session if of shorter duration, to disapprove these executive orders. Unless disapproved by resolution concurred in by a majority of the members

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

OFFICE OF THE ADJUTANT GENERAL

FRONTIER BUILDING  
SUITE 620  
3601 C STREET  
ANCHORAGE ALASKA 99503 5989  
PHONE: (907) 243 0656  
AUTOVON: 626 1444

# RECEIVED

January 3, 1989

JAN 9 1989

SENATOR TIM KELLY  
SENATE PRESIDENT

Senator Tim Kelly  
P.O. Box 21-0001  
Chugiak, Alaska 99521

*Dave  
call.*

Dear Senator Kelly,

Some time ago your office was contacted concerning the introduction of a resolution promoting Colonel "Lars" Larry Johnson to the state rank of Major General. I feel this would be an appropriate way of rewarding Lars for his many years of service to the state.

I have attached a short biography of Lars for your consideration. He was the first Adjutant General of the Alaska National Guard and served in this capacity from August 1, 1951 through August 31, 1953. During this time Lars also founded the Alaska Air National Guard. He is retired and living in Medford, Oregon but returns to Alaska nearly every year. Should you need additional information feel free to contact my Public Affairs Officer at the following address:

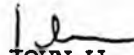
1Lt Mike Haller  
3601 C Street, Suite 620  
Anchorage, Alaska 99503-5989  
(907) 249-1253

Senator Rick Halford has also been contacted and seems interested in co-sponsoring this resolution. It would be especially nice to have two former Guardsmen introduce this resolution.

Thank you for your help.

Sincerely,

encl

  
JOHN W. SCHAEFFER  
Major General, (AK) NG  
The Adjutant General

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

TREASURY DIVISION

STEVE COWPER, GOVERNOR

ELEVENTH FLOOR  
STATE OFFICE BUILDING  
P.O. BOX SB  
JUNEAU, ALASKA 99811-0400

April 18, 1989

The Honorable Pat Pourchot  
Chairman  
Senate State Affairs Committee  
Alaska State Legislature  
P. O. Box V  
Juneau, Alaska 99811

Dear Senator Pourchot:

At a Senate State Affairs Committee hearing on Senate Bill 154, relating to equipment lease-financing, committee members expressed concern that authorization of master lease-financing would either

1. increase State equipment purchases; or,
2. produce budget savings for State agencies that would be spent on other agency budget items rather than used to reduce agency budgets.

If agencies don't lapse any savings, certainly one of the above results must occur. However, I would like to dispel any illusion that may remain that lease-financing somehow opens the door to unlimited or significantly greater means for agencies to acquire equipment. It does not.

Equipment acquired under the proposed master lease-financing program must be paid for out of state agency budgets and is limited as a result. In fact, payment of interest means that agencies would be acquiring less equipment over time than if they pay cash. Lease-financing allows purchase of more equipment now, but less later on by spreading the cost of purchase over time.

Equipment purchasing does not run amok. It is controlled by the generally small amounts available for discretionary spending in agency budgets. For example, there would be no prohibition on the State acquiring a new ferry vessel under the master-lease authorization in SB 154. However, no agency has the money in their budget to make the lease payments that would be required. This is the control point for lease-financing. The legislature holds the purse strings for equipment purchases, be they for cash or over time, just as it does for every other item of expenditure.

As you know, lease-financing is currently available to and used by State agencies from vendors or other parties. Agencies expend money from their operating budgets for interest on equipment lease-financing all the time. Master lease-financing does not change this item on the menu of possible State purchases, it just makes it a little cheaper.

Back to the ferry example. If appropriations were to be made to a State agency to purchase a ferry through lease-financing, the State would most assuredly want the master lease option available. The higher interest on financing from other sources would otherwise cost the State dearly.

Aside from outside legislative and budgetary control, equipment purchase decisions in most cases are probably determined by program needs, not the cost of financing.

Master lease-financing would reduce that cost of financing. I suspect the overall result would be that a small portion of the savings would be lapsed, a small portion would be spent on additional equipment, and most of the savings would be spent on other agency items. I think this is particularly likely given the squeeze agencies are facing on their budgets in order to bring State spending into balance with State revenues. This pressure is more likely to intensify than abate.

If the control of the disposition of the savings to assure that they lapse is of concern, the following amendment to SB 154 would address that concern:

Page 5, line 5: insert a new section to read:

"\* Sec. 12. AS 36.30.080 is amended by adding a new subsection to read:

'(d) If the department enters into a lease-financing agreement with the Alaska State Building Authority for the financing or refinancing of equipment purchases by the State under a master lease program, the department shall report to the legislature by January 30 of each year the amount of interest to be saved by each State agency during the next fiscal year as a result of participation in the master lease program. The savings shall be calculated as the difference between the total payments to be made to the department by the agency under the program during the fiscal year and the total lease payments that would be required if the equipment were purchased under the same terms except at a true interest cost equal to

- (1) the rate charged by the vendor for financing purchase of the equipment; or,
- (2) if no vendor financing is available, the prime rate charged by banks on short-term business loans at the time of purchase."

and renumber succeeding sections.

With this information, the legislature could reduce agency budgets by the amount of the savings. This would prevent any increase in agency expenditures for equipment purchases or any other budgetary item over what would otherwise occur and would provide funds for the legislature to appropriate for other programs or priorities. There would be a danger with this amendment of losing the incentive for agencies to avail themselves of master lease-financing if there's nothing in it for them. If it is felt to be necessary to deal with the incentive problem, use of the master lease program for any agency lease-financing could be made mandatory. The following amendment to SB 154 would do that:

Page 5, line 5: insert a new section to read:

"\*Sec. 13. AS 36.30.080 is amended by adding a new section to read:

'(e) An agency may finance or refinance the purchase of equipment only through a master lease program if the department has entered into a lease-financing agreement that provides financing or refinancing under a master lease program for such equipment."

and renumber succeeding sections.

The Honorable Pat Pourchot  
April 18, 1989  
page 3

In cases where an agency only had enough funds to pay for a master lease but not a vendor lease, reduction of the agency budget by the amount of the calculated savings could bite into the agency's program and altogether deter lease-financing that might be desirable. Such situations could probably be addressed in budget hearings on the agency's program.

One other suggestion. If the committee desires, it could authorize master lease-financing only for refinancing existing leases. In fact, it could conduct an ongoing program on this basis, each year authorizing refinancing of prior year lease-purchases. However, an ongoing refinance program would diminish the savings, due to payment of vendor rates for some period of time before the refinancing takes place and due to paying twice for some costs of financing -- legal, administrative, etc.

The following amendment to SB 154 would limit the bill to authorizing refinancing of estimated current equipment leases:

Page 5, line 5: amend section 12 to read:

"\*Sec. 12. The Alaska State Housing Authority may acquire equipment on lease to the State at the time of its acquisition by the authority, for lease to the State under a master lease program, and may provide refinancing up to a total of \$50,000,000, for such acquisitions."

Page 5, line 12: amend section 14 to read:

"\*Sec. 14. The Department of Administration may enter into one or more lease-financing agreements with the Alaska State Housing Authority for the refinancing, up to a total of \$50,000,000, under a master lease program, of equipment purchased by the State."

The estimated amount of possible refinancing contained in the amendments is based on information from the State's accounting system (AKSAS) that indicates lease payments on equipment are running at approximately \$10 million during FY 89 (\$6,597,319 through March 23, 1989). Equipment lease payments totaled \$9,702,709 during FY 88. Assuming an average term of five years and an interest rate of 10 percent, \$10 million in annual lease payments would be the payment on \$48,780,000 of equipment purchases.

Yours truly



Milton B. Barker  
Deputy Commissioner

MBB/ph

cc: State Bond Committee  
Alaska State Housing Authority  
Department of Transportation and Public Facilities  
Alison Elgee, Director, Division of Budget Review

89-117