

SB

74

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

First Committee of Referral

DATE: 2/3/97

FURTHER: REPORTED OUT OF
SFC 2/10/97

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 2/10/97

Finance Committee considered

SENATE BILL NO. 74

"An Act extending lapse dates for certain prior year appropriations; making supplemental, capital, and special appropriations; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 74 (FIN)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical change
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Sean R. Duwell</i>	<input checked="" type="checkbox"/>	<i>Ul Cados</i>		<input checked="" type="checkbox"/>	
<i>John Ferguson</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>					
<i>[Signature]</i>					
Co-Chair: <i>[Signature]</i>	<input checked="" type="checkbox"/>	Co-Chair:			
Co-Chair: <i>[Signature]</i>		Co-Chair:			

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

Sharp moved working
Sen. Adams object
passed Pearce.
Sharp,
Torgerson
Parnell
0-GS0053E
moved & adopted

CS FOR SENATE BILL NO. 74(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Introduced:

Referred:

Funding Information:	General Fund	\$1,000,000
	Other Funds	<u>-0-</u>
		\$1,000,000

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act making appropriations concerning the state's position on the sovereign
 2 powers of Native tribal governments in the state; and providing for an effective
 3 date."

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

5 * Section 1. (a) The sum of ^{150,000} \$500,000 is appropriated from the general fund to the
 6 Department of Law for the purpose of advocating the state's legal position on the sovereign
 7 powers of Native tribal governments in the state, including representation and advocacy before
 8 federal and state courts, ^{and} federal administrative agencies; and the United States Congress.

9 (b) The sum of ^{150,000} \$500,000 is appropriated from the general fund to the legislative
 10 operating budget for the purpose of supporting the state's interest, including litigation, on the
 11 issue of the sovereign powers of Native tribal governments in the state in light of the decision
 12 of the federal Ninth Circuit Court of Appeals in State of Alaska v. Native Village of Venetie
 13 Tribal Government (9th Cir. Case No. 96-35042, decided November 20, 1996).

14 * Sec. 2. The appropriations made by this Act lapse June 30, 1998.

Sen Adams
amend # 3
failed

Torgerson
amend # 2

L

1 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

TONY KNOWLES
GOVERNOR



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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

74
February 3, 1997

The Honorable Mike Miller:
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Mike
Dear President Miller:

Last February my transmittal letter for the FY96 supplemental budget bill began:

In the first two weeks of my administration, I made a public commitment not to play the supplemental game. The FY96 supplemental request I am submitting to you now makes good on that promise. It falls within the \$20 million level anticipated in the FY96 budget plan... This is the lowest supplemental request in nearly ten years, a far cry from the \$37 million to \$168 million requests of recent years.

I am pleased to report even further progress on budget discipline with this year's supplemental request of just under \$16 million in general funds. It is well under the amount set aside in the budget plan approved by the Legislature last June.

There are three major categories of supplemental needs. The first is for programs that were acknowledged in the last session to require supplemental appropriations in order to fulfill state responsibilities. Examples are disaster relief, fire suppression, leasing, and adult public assistance. These total just under \$8.6 million of the attached supplemental bill.

A second category is judgments and claims which have traditionally been handled in the supplemental budget. So far this year, these total \$2.8 million, of which \$2.3 million is the estimated cumulative total through the end of FY97 for court-ordered fines under the final order in *Cleary*. Rather than simply appropriate that

The Honorable Mike Miller

February 3, 1997

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amount from the operating budget to the general fund, I propose that it be held aside in a capital appropriation as part of the state's overall funding for the construction of new prison beds. Since the fines are for prison overcrowding, construction of new beds would directly address the underlying problem. We particularly need to provide space for women because there are inequities between facilities now available for men and women. As we all know, prisons are a critical part of the work ahead of us to repair and build essential state facilities.

The third category is unanticipated shortfalls or problems that have arisen since the budget was passed last June. Due to strong agency management of their budgets, only \$4.5 million is in this category. The needs range from emergency deferred maintenance to coping with severe overcrowding and security dangers at our juvenile detention facilities to statehood defense.

In cooperation with the legislative leadership, I am requesting an appropriation of \$485,000 to the Department of Law for the state's appeal to the United States Supreme Court in the *Venetie* Indian country case, including related advocacy before the federal courts, Congress, and federal agencies. We must ensure state authority over taxation, fish and game management, and environmental regulation. I suggest appropriating these funds with a lapse date of June 30, 1998, to make it very clear the state is committed to the entire process of appeal to the U.S. Supreme Court, not just to the preliminary phase taking place in the current fiscal year. (An alternative approach would be to make this a capital appropriation.)

Another request could immediately improve the earnings of the Constitutional Budget Reserve Fund (CBR). Revenue Commissioner Condon recently presented to the Senate Finance Committee a proposal to diversify the CBR investment allocation. Investment of the CBR for higher returns was encouraged last year in legislation authorizing the commissioner to determine if financial management by the Permanent Fund Corporation would be advantageous to the state. Although he has determined this would not be the most beneficial arrangement to the CBR or the Permanent Fund, he is recommending the state invest a portion of the CBR in equities. Since it would not be wise to change the allocation policy after only five months, this supplemental should be funded with the intention of annualizing the management fees in the FY98 budget.

The Honorable Mike Miller
February 3, 1997
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Some costs of providing a few basic state services have been much higher than anticipated last spring. More youths have been sent to detention facilities than predicted last year and there have been drive-by shootings and other security breaches. We must increase staffing immediately to handle the overcrowding safely. We do not think it wise to wait until passage of the FY98 budget to begin the procurement process for fences and other security protections. I urge you to appropriate \$2 million in operating and capital supplementals to deal with these critical juvenile crime problems.

Other emergency maintenance items are replacing the Fairbanks correctional facility boiler which is no longer safe, demolishing the Old Eagle school so contaminated soils can be cleaned up with Oil and Hazardous Response Funds (this will help resolve pending litigation), and replacing badly outdated emergency communications equipment. Finally, a young man died tragically this winter on the Perseverance Trail, one of the state's most heavily used by Alaskans and visitors alike. Heavy rains washed out portions of the trail beside a deadly ravine. Since it is virtually impossible to blockade the trail, repairs must be done within the next few months, before the heavy spring/summer use begins again. These emergency maintenance needs total \$1.2 million.

Budget discipline includes taking action on supplemental budget requests early in the session so agencies know up front whether they have the necessary expenditure authority. I urge you to take action as soon as possible.

Sincerely,



Tony Knowles
Governor

Facsimile Transmittal

Alaska Court System

820 West 4th Avenue, Anchorage, AK 99501
Phone: (907) 264-8228 FAX: (907) 264-8291

TO: Senate Finance Secretary

DATE: February 9, 1997

FROM: C. S. Christensen III
Staff Counsel

2 Pages (including this sheet)

(If you do not receive all of the pages,
please call Bobbie at 907/264-8232)

NOTES: Attached you will find backup detailing a revised supplemental request for the court system. Please provide this to the committee for the Monday meeting. Thanks.

The information contained in this facsimile transmittal is confidential, may be subject to the attorney-client privilege and is intended only for the use of the recipient named above. If the reader of this information is not the intended recipient, or the employee or agent responsible for delivery of this information to the intended recipient, you are hereby notified that this is not a waiver of privilege and any dissemination, distribution or copying of this information is strictly prohibited. If you have received this information in error, please notify the sender immediately by telephone and return the original information to the sender, by U.S. mail, at the above address.

Alaska Court System
Supplemental Budget Request
Impact of SB 98 - License Revocation if Delinquent in Child Support Payments
Fiscal Year 1997

Background Information

This supplemental budget request for \$32,200 addresses the unfunded impact of Senate Bill 98 on the Trial Courts during fiscal year 1997. The court system is requesting four months funding of personal services costs and certain one-time contractual and equipment costs. The trial courts are expecting significant impact from this legislation.

During the last session, legislation was passed which requires license revocation in the event that an individual is not in "substantial compliance with orders, judgments, or payment schedules for child support". The Court System's funding needs were not considered when this legislation passed. The law applies to individuals who apply for a new license or a renewal of certain occupational licenses and to all holders of a driver's license. The Child Support Enforcement Agency (CSED) will notify each licensing entity of those persons with arrearages greater than 4 months. The licensing entity will issue a temporary license for 150 days and a notice of intent to withhold a permanent license until CSED issues a release. The licensee or potential licensee (obligor) has 30 days from the date of the notice in which to request a review by CSED. CSED has 30 days from the receipt of the request to issue findings or a release. The obligor has 30 days from the receipt of the findings in which to request a judicial review. The courts must hold an evidentiary hearing within 20 days after the filing of service on the opposing party. In 1995, CSED estimated that it had over 43,000 active cases of which 50% involved some arrearage. In its 1995 fiscal note, the court system assumed that 15,000 persons may not be in substantial compliance and that all of these individuals possessed a driver's license or one of the targeted occupational licenses. The court system further assumed that 10% of these persons will request a judicial review. The courts anticipate a significant impact. The Trial Courts are requesting three permanent part-time positions: (1) a Standing Master, (2) an In-court Clerk, and (3) a Court Clerk II. This request mirrors the fiscal note request for staffing, except the adjustment for 4 months funding. For budgetary purposes all of the positions are assigned to the Anchorage Trial Courts, but may be utilized elsewhere as the need arises.

The court system's FY 98 operating budget submission requests full year funding for personal services costs for future fiscal years.

Budget Request

	<u>Amount</u>
<u>Personal Services</u> <i>4 months funding: 3/1 through 6/30/97 only</i>	
Standing Master, 24A, PPT, Anchorage, (2-1/2 months of full-time equivalent)	\$12,267
In-Court Clerk, 12A, PPT, Anchorage, (2-1/2 months of full-time equivalent)	5,967
Court Clerk II, 10A, PPT, Anchorage, (3 months of full-time equivalent)	<u>6,267</u>
Total	<u>24,500</u>
 <u>Contractual Services</u> <i>One-time cost</i>	
Modification of case management computer programs to accommodate the processing of these cases	5,000
 <u>Equipment</u> <i>One-time cost</i>	
Desk, chair and filing cabinet for new positions	<u>2,700</u>
Estimated Total Costs	<u><u>\$32,200</u></u>

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 7, 1997

RECEIVED
FEB 10 1997

The Honorable Drue Pearce
The Honorable Bert Sharp
Senate Finance Co-Chairs
State Capitol
Juneau, Alaska 99811

The Honorable Mark Hanley
The Honorable Gene Therriault
House Finance Co-Chairs
State Capitol
Juneau, Alaska 99811

Dear Finance Committee Co-chairs:

I understand that the legislature plans to expedite approval of the appeal costs in *Venetie* which was an item in the governor's FY97 supplemental bills you received last Friday (SB 74 and HB 113). I also understand that you would like to use one of our bills as the vehicle for *Venetie* rather than initiate another bill. Since we introduced bills in both the House and Senate, I assume that one bill can serve for *Venetie* and the other can serve as the vehicle for the remaining items.

As you review the expedited bill in committee, please consider the following amendment to the language for the *Venetie* appeal. By deleting the second sentence, we should prevent any concerns or views that funds will be used to seek an inappropriate legislative solution that would undercut the state's position on the issue of Indian country before the US Supreme Court.

Amend the language now listed as Section 6(c) as follows:

The sum of \$485,000 is appropriated from the general fund to the Department of Law for the purpose of advocating the state's legal position on the sovereign powers of Native tribal governments in the state. [AMOUNTS FROM THIS APPROPRIATION MAY BE EXPENDED BY THE DEPARTMENT OF LAW FOR THE COST OF REPRESENTATION AND ADVOCACY BEFORE FEDERAL AND STATE COURTS, FEDERAL ADMINISTRATIVE AGENCIES, AND THE UNITED STATES CONGRESS].

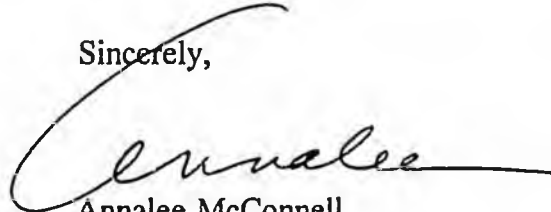
February 7, 1997

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As I indicated to Senator Pearce and Representative Hanley last Friday, I will bring to your attention any additional judgments or other supplemental needs as we learn of them. Once such item is Power Cost Equalization. Due to higher oil prices, the amount appropriated from the PCE fund last year may cover only about 67% of the cost of the program for February through June instead of the 85% anticipated when the \$17 million PCE appropriation was made last spring. We are already looking into the nature of these price increases and alternative solutions to address the problem. However, a supplemental of \$1.5 million appears necessary to avoid severe financial hardships for those who depend on PCE to bring their rural electric rates closer to the level paid by urban residents. We will bring detailed information to you as soon as possible.

Thank you for your immediate consideration of the *Venetie* amendment. Please call me if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Annalee", with a long horizontal flourish extending to the right.

Annalee McConnell
Director