

**ALASKA LEGISLATURE**

**2364**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 2001 - 2002**

Comparison of Key Provisions in Legislation Addressing  
High School Graduation Qualifying Exam

Sponsor	Transition	Endorsements	Special Ed	Other provisions
Sen. Ward SB 120	None.  Repeals and reenacts current law.  Students who do not pass the HSGQE may still be eligible to receive a diploma if they meet local requirements.	On the pupil's <i>diploma</i> identifying the areas of the exam successfully passed.  Endorsement consisting of the Alaska flag symbol for those who do not pass.	NA	
Sen. Leman SB 128	2 year transition (until 2004)  ...at which time current law again takes effect: students who do not pass the HSGQE do not receive a diploma (but do receive a certificate of attendance)  Students who do not pass may still graduate if they meet local requirements, until 2004.	On the pupil's <i>diploma and transcript</i> identifying the areas of the exam successfully passed.  No endorsement or designation for those who do not pass.	NA	
SB 133 S. HESS (Sen. Groan, chair)	2 year transition (until 2004)  ...at which time students who do not pass a "High School Essential Skills Exam" do not receive a diploma  Adds a provision allowing DEED to grant waivers to the HSESE.  Language is deleted offering a certificate of attendance in lieu of a diploma for those who do not pass the exam.  Students who do not pass may still graduate if they meet local requirements, until 2004.	On the pupil's <i>diploma and transcript</i> identifying the areas of the exam successfully passed  After the transition period, exam results are to be recorded on a pupil's <i>transcripts</i> .	Special Ed students who fail the exam are eligible to receive a diploma if the student completes an alternative assessment required by the IEP (Individualized Educational Plan) team or required in the education plan for the student under 29.U.S.C. 794, and meets local requirements.	Includes Intent language describing essential skills necessary for students to have upon graduation.  Requires DEED to establish uniform standards for pre-exam study materials, procedures to administer the exam, and award waivers for student transfers, etc.  DEED to report to Legislature by Jan. 2003 on waiver criteria and procedure. Include number of waivers in annual school reports.  The exam may not be administered during a day in session.
Sen. Davis SB 129	Staggered implementation: Reading, English effective 2004 Math effective 2005  Students who do not pass may still graduate if they meet local requirements, until the transition dates.	On the pupil's <i>diploma</i> identifying the areas of the exam successfully passed.	NA	
Rep. Bunda (conceptual at this time)	Staggered implementation: Reading effective 2002 Writing effective 2003 Math effective 2004  Students who do not pass may still graduate if they meet local requirements, until the transition dates.		Reopen the issue back to the State Board for remedy.	
Rep Stevens HB 166	2 year transition (until 2004)	NA	NA	
Gov. Knowlus HB94 & SB56	4 year transition (until 2006)  ...at which time current law again takes effect: students who do not pass the HSGQE do not receive a diploma (but do receive a certificate of attendance)  Students who do not pass may still graduate if they meet local requirements, until 2006.	On the pupil's <i>transcript</i> identifying the results of the exam (areas both successfully passed and not passed)	The board shall determine the requirements for a pupil with a disability who is receiving educational services through an IEP	Requires progress report of each school by Jan. 15 of each year.

**SENATE COMMITTEE REPORT  
First Committee of Referral**

DATE: 3/9/01

FURTHER: Finance

Date of 5-Day Notice: 3-9-01  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 3-19-01

Health, Education and Social Services Committee considered

SENATE BILL NO. 133

*PUBLIC SCHOOL EXIT EXAM*

"An Act relating to a two-year transition for implementation of the public high school competency examination and to establishing an essential skills examination as a high school graduation requirement; and providing for an effective date."

and recommends:

- be replaced with CS SB 133 (HES)
- adopt previous CS (        )
- attached amendment(s)
- adopt Letter of Intent by          Committee
- further referral to          Committee

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

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
SED	3/16/01	✓		1

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Chris D. Brown</i>	✓			
<i>Gene White</i>	✓			
<i>John Walsh</i>	✓			
<i>Betty Daniel</i>	✓			
CHAIR: <i>Sybil P. Mees</i>	✓			

SENATE FINANCE COMMITTEE

SIGN-IN

SB 133-PUBLIC SCHOOL EXIT EXAM

NAME: Carol Comeau Subject/Bill No: 133  
Co./Dept./Title: Supt/Anch. Sch. Dist Phone: 742-4312  
Address: PO Box 196614, Anch, AK Zip: 99519  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: PATRICIA CHESBRO Subject/Bill No: 133  
Co./Dept./Title: Supt/ MAT. SU SCHOOLS Phone: 746-9255  
Address: Box 1093 PALMER Zip: 99645  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: ERIC GERHART Subject/Bill No: 133  
Co./Dept./Title: SUPT. KAKE CITY SCHOOLS Phone: 785-3741  
Address: PO BOX 450 KAKE Zip: 99830  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: Betty Walters Subject/Bill No: 133  
Co./Dept./Title: Supt/Kodiak Island Borough Sch. Dist Phone: 486-9220  
Address: 722 Mill Bay Road Kodiak, Ak Zip: 99615  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: Bruce Johns Subject/Bill No: CS 133

Co./Dept./Title: CEO Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

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Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions



**SB**

**136**

SFIN

FILE

SB 136

was referred to the  
Senate Finance  
Committee

Hearing(s) were held

The bill did not move  
from Committee

Adopted

WORK DRAFT

WORK DRAFT

WORK DRAFT

22-LS00831S  
Chenoweth  
4/4/01

CS FOR SENATE BILL NO. 136( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATE RESOURCES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to resource development, to the new business incentive program, and  
2 to matching grants for the purpose of promoting resource development from  
3 appropriations of a portion of the revenue derived from the extraction of certain state  
4 natural resources."

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

6 \* Section 1. AS 39.50.200(b) is amended by adding a new paragraph to read:

7 (57) Resource Development Board (AS 44.33.913).

8 \* Sec. 2. AS 44.33 is amended by adding new sections to read:

9 Article 14. Resource Development.

10 Sec. 44.33.911. Resource development fund. (a) The resource development  
11 fund is established in the Department of Community and Economic Development.

12 (b) From the money received in the administration of the resources of the state  
13 under AS 38.05, the legislature may appropriate an amount equal to one-quarter of one  
14 percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral

1 revenue sharing payments, and bonuses received by the state as follows:

2 (1) for expenses associated with costs of administration of the work of  
3 the Resource Development Board under AS 44.33.913 - 44.33.917;

4 (2) after allowance for the expenses described in (1) of this subsection,  
5 not more than 20 percent of the remaining estimated balance of the amount authorized  
6 for appropriation under this subsection to the new business incentive fund for purposes  
7 authorized by AS 45.81.010 - 45.81.050; and

8 (3) the remaining estimated balance of the amount authorized for  
9 appropriation under this subsection to the resource development fund.

10 **Sec. 44.33.913. Resource Development Board.** (a) The Resource  
11 Development Board is established in the Department of Community and Economic  
12 Development. The board is composed of five members, one of whom is the  
13 commissioner of community and economic development, and four persons appointed  
14 by the governor, of whom

15 (1) one member shall be appointed from a list of three persons  
16 submitted by the oil industry through its state trade association;

17 (2) one member shall be appointed from a list of three persons  
18 submitted by the gas industry through its state trade association;

19 (3) one member shall be appointed from a list of three persons  
20 submitted by the forest industry through its state trade association; and

21 (4) one member shall be appointed from a list of three persons  
22 submitted by the mining industry through its state trade association.

23 (b) Except for the commissioner of community and economic development,  
24 the board members appointed under (a) of this section serve at the pleasure of the  
25 governor for a four-year term. Each board member appointed under (a)(1) - (4) of this  
26 section

27 (1) shall be a state resident and qualified voter at the time of  
28 appointment and shall comply with the requirements of AS 39.50 (public official  
29 financial disclosure);

30 (2) holds office for the term of appointment and until a successor has  
31 been appointed and complies with the requirements of AS 39.50; and

1 (3) is eligible for reappointment.

2 (c) A vacancy in a board membership appointed under (a)(1) - (4) of this  
3 section occurring other than by expiration of term shall be filled in the same manner as  
4 the original appointment but for the unexpired term only.

5 (d) Members of the board do not receive compensation but are entitled to per  
6 diem and travel expenses authorized for boards and commissions under AS 39.20.180.

7 **Sec. 44.33.915. Board organization and operation.** (a) The board shall

8 (1) establish procedures for scheduling and organizing board meetings;

9 (2) annually elect one of its members as board chair and one of its  
10 members as vice-chair; a member may be reelected to serve additional terms as chair  
11 or vice-chair; and

12 (3) subject to appropriation for the purpose, employ persons to serve as  
13 staff to the board in the exercise of its responsibilities.

14 (b) Three members of the board constitute a quorum. Each decision of the  
15 board requires the affirmative vote of a majority of the board members.

16 (c) The Departments of Community and Economic Development, Fish and  
17 Game, Environmental Conservation, and Natural Resources shall provide technical  
18 staffing and information as needed by the board.

19 **Sec. 44.33.917. Duties of the Resource Development Board.** (a) The  
20 Resource Development Board shall facilitate the commercial development of the  
21 state's natural resources by authorizing matching grants from the resource  
22 development fund established under AS 44.33.911 to private nonprofit corporations to  
23 assist in the promotion of the development of resources having commercial promise  
24 using methods of responsible resource extraction. To that end, the board shall review  
25 proposals for projects and, if the project is found feasible under standards for  
26 evaluation of proposed projects approved by the board, may, after setting out the terms  
27 and conditions for use of the grant, award a matching grant for conducting market  
28 research, advertising, promotion, education, establishing and operating a system for  
29 responding to inquiries, and publishing and distributing information, including  
30 establishing and maintaining Internet sites. To qualify for a grant under this section, a  
31 private nonprofit corporation shall provide from other sources at least that percent of

1 the estimated total cost of the project for which the financial assistance is sought that  
2 the board requires. The board shall set out the terms and conditions of the use of the  
3 grant in a contract.

4 (b) In the award of matching grants under (a) of this section, the Resource  
5 Development Board shall give preference to a private nonprofit corporation organized  
6 under AS 10.20.

7 (c) The amount of a grant from the resource development fund provided to a  
8 private nonprofit corporation under (a) of this section may not exceed \$500,000.

9 (d) A grant or portion of a grant made under (a) of this section may not be  
10 used for the purpose of influencing the outcome of an election on a ballot proposition  
11 or question or influencing issue-specific legislation at the state or local government  
12 level.

13 \* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to  
14 read:

15 TRANSITIONAL PROVISION. Notwithstanding AS 44.33.913(b), added by sec. 2  
16 of this Act, the persons first appointed by the governor to the Resources Development Board  
17 serve initial terms as follows:

- 18 (1) one member appointed under AS 44.33.913(a) serves a one-year term;  
19 (2) one member appointed under AS 44.33.913(a) serves a two-year term; and  
20 (3) one member appointed under AS 44.33.913(a) serves a three-year term.

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CSSB 136 (FIN) work draft  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): 04/05/2001 8:15a.m. Dept. Affected: DCED  
 Title: An act relating to resource development and to BRU: Comm.Asst & Econ.Dev  
grants for the purpose of promoting resource development Component: Community and Business  
 Sponsor: Senate Resources Committee Development  
 Requester: Senate Finance Component Number: 2486

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	55.6	55.6	55.6	55.6	55.6	55.6
Travel	6.0	6.0	6.0	6.0	6.0	6.0
Contractual	19.0	19.0	19.0	19.0	19.0	19.0
Supplies	0.8	0.8	0.8	0.8	0.8	0.8
Equipment	5.0					
Land & Structures						
Grants & Claims	2,013.6	2,018.6	2,018.6	2,018.6	2,018.6	2,018.6
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
New: Res. Dev. Fund	2,100.0	2,100.0	2,100.0	2,100.0	2,100.0	2,100.0
<b>TOTAL.</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

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

This bill allows for establishment of and appropriation to a Resource Development Fund, and creation of a Resource Development Board. The appropriation amount can be equal to 1/4 of 1% of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the state under AS 38.05. DNR estimates this amount to be \$2.6 million annually, calculated on the total amount of all those revenue sources before distributions are made to the Permanent Fund, School Fund, and Constitutional Budget Reserve Fund. DCED assumes those three funds receive their full share of revenues under statute, and the amount appropriated to the Resource Development Fund is made from the general fund. Up to 20% of the funding may be appropriated to a separate Business Incentive Fund, leaving \$2.1 million for the Resource Development Fund. (continued on additional sheet)

Prepared by: Pat Poland, Director Phone 907-269-4580  
 Division: Community and Business Development Date/Time 04/05/2001 8:15a.m.  
 Approved by: Commissioner Deborah B. Sedwick Date 4/5/2001  
 Agency: Department of Community and Economic Development

For distribution information, call the Governor's Legislative Office

**Fiscal Note: SB 136 -- Additional Notes**

**ANALYSIS: (continued)**

\*Change in Revenue: The amount the legislature appropriates to the new Resource Development Fund results in an equal amount of reduction to the state general fund.

**Fiscal Impact**

Factors which will influence the actual cost of this legislation include:

1. The actual annual appropriation amount made to the Resource Development Fund.
2. The number of grants awarded by the Board annually. The cost of administering and processing the grants will vary substantially depending on the number of grants the Board elects to award.

Costs may be significantly different based on decisions made by the Board which are not quantifiable at this time.

The following assumptions are used in calculating the costs identified on this fiscal note:

1. All costs of operating the Board are paid out of the newly established Resource Development Fund.
2. The Board may hire staff. Assumption is that one Grants Administrator II (R17A) position will be created in Juneau to provide for general grant administration support. Annual cost estimated at \$55.6
3. Travel and per diem costs assume 4 annual meetings, for 5 board members and staff. Depending on number of board positions actually filled, location of board members, location and duration of meetings, this number will vary. Estimate is \$6.0 annually.
4. Contractual costs of Board and staff include office space for staff; and operational costs such as telephone/network charges, meeting location rentals, postage/copiers, advertisement costs for grant proposals, indirect administrative costs etc. Estimate is \$19.0 annually.
5. Annual basic operating supplies for the Board staff estimated at \$0.8/year.
6. One-time equipment purchases necessary to set up the new grants administrator position office space are estimated at \$5.0. This includes computers, phones, and office accessories.

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CSSB 136 (FIN) work draft  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): 04/05/2001 8:15a.m. Dept. Affected: DCED  
 Title: An act relating to resource development and to BRU: Comm.Asst & Econ.Dev  
grants for the purpose of promoting resource development Component: ITMD  
 Sponsor: Senate Resource Committee  
 Requester: Senate Finance Component Number: 405

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	500.0	500.0	500.0	500.0	500.0	500.0
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill allows for establishment of and appropriation to a Resource Development Fund, the creation of a Resource Development Board, and the appropriation of funds to the new Business Incentive Fund for purposes authorized by AS.45.81.010 - 45.81.050. The appropriation amount can be equal to 1/4 of 1% of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the state under AS 38.05. DNR estimates this amount to be \$2.6 million annually, calculated on the total amount of all those revenue sources before distributions are made to the Permanent Fund, School Fund, and Constitutional Budget Reserve Fund. DCED assumes those three funds receive their full share of revenues under statute, and the amount appropriated to the Resource Development Fund is made from the general fund from the money appropriated. Up to 20% of the amount, after accounting for expenses associated with the administration of work of the Resource Development Board, is authorized for appropriation to the new Business Incentive fund, to fund new business incentive grants to encourage businesses to locate and operate in Alaska.

Prepared by: Greg Wolf, Director  
 Division: International Trade and Market Development  
 Approved by: Commissioner Deborah B. Sedwick  
 Agency: Department of Community and Economic Development

Phone 907-269-8110  
 Date/Time 04/05/2001 8:15a.m.  
 Date 4/5/2001

For distribution information, call the Governor's Legislative Office

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

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grants for the purpose of promoting resource development Component: Community and Business  
 Sponsor: Senate Resources Committee Development  
 Requester: Senate Finance Component Number: 2486

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	55.6	55.6	55.6	55.6	55.6	55.6
Travel	6.0	6.0	6.0	6.0	6.0	6.0
Contractual	19.0	19.0	19.0	19.0	19.0	19.0
Supplies	0.8	0.8	0.8	0.8	0.8	0.8
Equipment	5.0					
Land & Structures						
Grants & Claims	2,013.6	2,018.6	2,018.6	2,018.6	2,018.6	2,018.6
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
New: Res. Dev. Fund	2,100.0	2,100.0	2,100.0	2,100.0	2,100.0	2,100.0
<b>TOTAL</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

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

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(additional sheet)

Prepared by: Pat Poland, Director Phone 907-269-4580  
 Division: Community and Business Development Date/Time 04/05/2001 8:15a.m.  
 Approved by: SAV. DR. Commissioner Deborah B. Sedwick Date 4/5/2001  
 Agency: Department of Community and Economic Development

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**Fiscal Note: SB 136 -- Additional Notes**

**ANALYSIS: (continued)**

\*Change in Revenue: The amount the legislature appropriates to the new Resource Development Fund results in an equal amount of reduction to the state general fund.

**Fiscal Impact**

Factors which will influence the actual cost of this legislation include:

1. The actual annual appropriation amount made to the Resource Development Fund.
2. The number of grants awarded by the Board annually. The cost of administering and processing the grants will vary substantially depending on the number of grants the Board elects to award.

Costs may be significantly different based on decisions made by the Board which are not quantifiable at this time.

The following assumptions are used in calculating the costs identified on this fiscal note:

1. All costs of operating the Board are paid out of the newly established Resource Development Fund.
2. The Board may hire staff. Assumption is that one Grants Administrator II (R17A) position will be created in Juneau to provide for general grant administration support. Annual cost estimated at \$55.6.
3. Travel and per diem costs assume 4 annual meetings, for 5 board members and staff. Depending on number of board positions actually filled, location of board members, location and duration of meetings, this number will vary. Estimate is \$6.0 annually.
4. Contractual costs of Board and staff include office space for staff; and operational costs such as telephone/network charges, meeting location rentals, postage/copiers, advertisement costs for grant proposals, indirect administrative costs etc. Estimate is \$19.0 annually.
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**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

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Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	500.0	500.0	500.0	500.0	500.0	500.0
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill allows for establishment of and appropriation to a Resource Development Fund, the creation of a Resource Development Board, and the appropriation of funds to the new Business Incentive Fund for purposes authorized by AS 45.81.010 - 45.81.050. The appropriation amount can be equal to 1/4 of 1% of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the state under AS 38.05. DNR estimates this amount to be \$2.8 million annually, calculated on the total amount of all those revenue sources before distributions are made to the Permanent Fund, School Fund, and Constitutional Budget Reserve Fund. DCED assumes those three funds receive their full share of revenues under statute, and the amount appropriated to the Resource Development Fund is made from the general fund from the money appropriated. Up to 20% of the amount, after accounting for expenses associated with the administration of work of the Resource Development Board, is authorized for appropriation to the new Business Incentive fund, to fund new business incentive grants to encourage businesses to locate and operate in Alaska.

Prepared by: Gleg Wolf, Director Phone 907-269-8110  
Division International Trade and Market Development Date/Time 04/05/2001 8:15a.m.  
Approved by: Commissioner Deborah B. Sedwick Date 4/5/2001  
Agency Department of Community and Economic Development

For distribution information, call the Governor's Legislative Office

# ALASKA STATE LEGISLATURE



Senator John Torgerson, Chair  
Senator Drue Pearce, Vice Chair  
Senator Rick Halford  
Senator Pete Kelly  
Senator Robin Taylor  
Senator Kim Elton  
Senator Georgianna Lincoln

STATE CAPITOL, Room 427  
JUNEAU, AK 99801-1182  
Phone: (907) 465-4907  
FAX: (907) 465-4779

35477 Kenai Spur Hwy.  
Suite 101B  
Soldotna, Ak 99669  
Phone: (907) 260-3041  
Fax: (907) 260-3044

## SENATE RESOURCES COMMITTEE

### Sponsor Statement

#### Senate Bill 136 - Resource Development Board

SB 136 will establish the Resource Development Board, which will be tasked with the primary duties of facilitating public education and promoting responsible resource development. The board will have the authority to award grants to private nonprofit corporations for projects such as conducting marketing research, advertising, publishing, and distributing information related to responsible resource extraction. The Board will establish standards for reviewing proposals and setting terms and conditions for the use of the grants. Grants will be awarded from the Resource Development Fund, which will be created within the general fund and will be subject to legislative appropriation from revenues received from the extraction of the state's natural resources.

In his annual address to the Legislature, Senator Frank Murkowski advised that "The state must do its part to promote economic development of its own lands, irrespective of the prevailing federal attitude and political landscape at the federal level."

SB 136 represents an investment in Alaska's future. Alaska has been, and will be, dependent on natural resource extraction to fuel our economic engine for the foreseeable future. We need to continue to promote responsible development of our resources while protecting the environment. The best way to protect Alaska's environment is to have a strong, diversified economy. The majority of the environmental groups, apparently, do not agree with this concept as they continue to oppose nearly all development while offering no alternative economic plan. Alaska's environmental protection laws are among the strongest in the world, yet, by opposing development of Alaska's natural resources, environmentalists push development offshore to third world countries assuring exploitative development in the absence of adequate environmental protection laws.

There are now more than 90 environmental groups with offices in Alaska and the vast majority of their money comes from the lower 48. These organizations spend millions of dollars in Alaska attempting to sway public opinion, drive public policy, and inhibit the development of our natural resources. Because of the virtually unlimited funds available to these environmental groups, Alaska based resource development advocates are unable to compete effectively in presenting a balanced message to the public and are overwhelmed by a one-sided message. SB 136 will provide assistance in disseminating a balanced message regarding responsible resource development.

Alaska invests in marketing our tourism and seafood industries and in supporting the opening of ANWR to petroleum exploration in order to benefit our economy. We also need to invest in the promotion of our diverse mineral resources, timber, and oil and gas development.

Creating the Resource Development Board will promote responsible resource development in Alaska and assist us in meeting our constitutional mandate of developing our resources by making them available for maximum use consistent with the public interest.

# ALASKA STATE LEGISLATURE

Senator John Torgerson, Chair  
Senator Drue Pearce, Vice Chair  
Senator Rick Halford  
Senator Pete Kelly  
Senator Robin Taylor  
Senator Kim Elton  
Senator Georgianna Lincoln



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## SENATE RESOURCES COMMITTEE

### Sectional Analysis

### Senate Bill 136: Resource Development Board

**Section 1:** Establishes the Resource Development Fund in the Department of Natural Resources. The legislature may appropriate one quarter of one percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the state.

**Section 2:** Amends AS 39.50.200(b) to add the Resource Development Board to the list of boards and commissions defined under and Title 39, Public Official Financial Disclosure.

**Section 3:** Establishes the Resource Development Board within the Department of Natural Resources and describes its organization and duties.

**Resource Development Board:** The board will be composed of seven members who will serve staggered, four-year terms. Members will be appointed by the governor, selected from names submitted by the forest, mining, oil, and gas industries' state trade associations, the Speaker of the House, the Senate President, and the governor. Board members will not receive compensation but will be entitled to per diem and travel expenses. Board members will also be subject to the public official financial disclosure requirements of AS 39.50.

**Board Organization and Operation:** The board shall establish procedures for board scheduling and organizing meetings, shall elect members as board chair and vice-chair, and employ staff subject to appropriation. Technical staff may be provided to the board by DEC, F&G, and DNR.

**Duties of the Resource Development Board:** The board shall facilitate the commercial development of the state's natural resources by authorizing grants from the Resource Development Fund to private nonprofit corporations to assist in the promotion of the development of resources. The board may award grants for projects such as conducting market research, advertising, promotion, education, responding to inquiries, and publishing and distributing information. The board shall set the terms and conditions of the use of the grant in a contract.

**Section 4:** Establishes the staggered terms served by the Resource Development Board members.

# ALASKA STATE LEGISLATURE



Senator John Torgerson, Chair  
Senator Drue Pearce, Vice Chair  
Senator Rick Halford  
Senator Pete Kelly  
Senator Robin Taylor  
Senator Kim Elton  
Senator Georgianna Lincoln

## SENATE RESOURCES COMMITTEE

STATE CAPITOL, Room 427  
JUNEAU, AK 99801-1182  
Phone: (907) 465-4907  
FAX: (907) 465-4779

35477 Kenai Spur Hwy.  
Suite 101B  
Soldotna, Ak 99669  
Phone: (907) 260-3041  
Fax: (907) 260-3044

### CSSB 136 (Resource Development Board) Proposed Changes to SB 136

- The Resource Development Fund and Board have been placed under the Department of Community and Economic Development to reduce the costs associated with administering and processing the grants.
- Twenty percent of the balance of the Resource Development Fund, after administrative costs, will be appropriated to the New Business Incentive Fund authorized under AS 45.811.010 – 050. The New Business Incentive Program was an economic development grant program established by the legislature in 1998 to attract companies to Alaska that build on our resource base.
- The Resource Development Board members have been reduced from seven members to five to improve the efficiency of the board. Four of the board members to be appointed by the Governor will be submitted by the forest, mining, oil, and gas industries' state trade associations and the fifth member will be the Commissioner of the Department of Community and Economic Development.
- The Resource Development Board will authorize matching grants and will determine the matching percentage for each grant.
- Each grant authorized by the Resource Development Board will be limited to \$500,000.
- Nonprofit corporations organized under the Alaska Nonprofit Corporation Act, AS 10.20., will be given preference for receiving grants from the Resource Development Board.
- Grants may not be used for influencing the outcome of an election or a ballot proposition or influencing issue-specific legislation at the state or local government level.



750 W. 2nd Ave. #109, Anchorage AK 99501 / Ph. 907-258-6171 / Fax 907-258-6177

P.O. Box 22151, Juneau AK 99802 / Ph. 907-463-3366 / Fax 907-463-3312 / unite@akvoice.org

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## SB 136 ~ Resource Development: Board, Grants and Funds

TO: Senate Finance Committee  
DATE: March 27, 2001

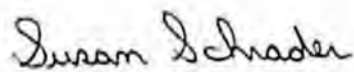
Alaska Conservation Alliance and Alaska Conservation Voters are sister nonprofit organizations dedicated to protecting Alaska's environment through public education and advocacy. Our 44 member organizations and businesses represent over 35,000 registered Alaskan voters, who, as most Alaskans, work hard to support their families. Conservationists throughout the state are committed to maintaining a healthy economy for the benefits it provides all Alaskans. We agree with Senator Torgerson, the bill's sponsor, that we can promote responsible development of our resources while protecting the environment. And we believe resource development industries can prosper and meet shareholders' expectations while complying with state and federal environmental laws.

The concept of the state using general funds for grants to non-profits to promote for-profit industries, many of whom are huge, trans-national corporations that employ significant numbers of nonresidents\*, is nonsensical. We believe most Alaskans will not endorse the idea of taking state revenues that could go to improving education, social services, road maintenance, or any number of other significant needs and using those monies to do the promotion and advertising work that the resource industry can easily accomplish themselves.

Instead, we would encourage the legislature to fully fund the outreach activities of existing state agencies and programs that facilitate responsible resource development, such as the Division of Community and Business Development at DCED. Further, we would encourage resource industries and businesses to enhance their financial support of local and regional economic development councils and similar organizations. The large corporations doing the business of extracting Alaska's resources are clearly able to contribute to the promotion of development that will benefit the smaller players in our state economy.

The mining industry in Alaska was valued at \$1.12 billion in 1999, while 30.7% of their workforce in Alaska was non-resident. Should Alaskan families be helping to pay this industry's advertising and marketing bill? Should the legislature be diverting public funds to trade organizations that should be funded by the private sector?

Alaska Conservation Voters urges legislators to oppose SB 136.

  
Susan Schrader, Conservation Advocate

\* The AK Dept. of Labor and Workforce Development paper: "Nonresidents working in Alaska - 1999," published February 1, 2001, shows 24.7% of total oil industry workers are nonresidents, 30.7% in timber, 30.6% in mining.

Conserve Alaska. It's Only Natural.

Headquarters:  
217 2nd Street, Suite 201  
Juneau, Alaska 99801  
(907) 586-2323 FAX 463-5515  
asccjuno@ptialaska.net



Regional Office:  
P.O. Box 91896  
Anchorage, Alaska 99509  
(907) 278-2722 FAX 278-6643  
asccanch@ptialaska.net

March 19, 2001

Senator John Torgerson  
Chairman, Senate Resource Committee  
Alaska State Senate  
Juneau, Alaska

RE: Senate Bill 136, Resource Development Fund

Dear Senator Torgerson and Members of the Committee:

The Alaska State Chamber of Commerce has reviewed Senate Bill 136 and supports this proposal to establish a Resource Development Board and a Resource Development Fund for the purpose of promoting responsible development of Alaska's natural resources.

The State of Alaska and its people rely on the development and marketing of its resources to drive the economic engine of the state. Senate Bill 136 represents a responsible step toward assuring that Alaska has a basis upon which to support its government, provide jobs for its citizens, and hold a place of its own in the economy of the nation and the world.

Senate Bill 136 is consistent with our strategy for responsible resource development in Alaska and with our position on fiscal responsibility. We fully support the concept of contracting with private nonprofit organizations to educate and market resource development.

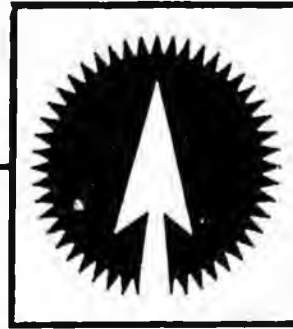
The Alaska State Chamber of Commerce was created for the purpose of promoting economic development statewide and has been a driving force in such efforts for the past five decades. For this reason, we would like to request that we have a named seat on the Resource Development Board. Our interests include the interests of each of the resource industries and we believe we could provide an overall balance and support to the entire effort.

We thank you and the Senate Resource Committee for your vision and leadership in proposing SB 136, and we look forward to working with you on this legislation.

Sincerely,

Pamela La Bolle  
President

# Alaska Forest Association, Inc.



111 STEDMAN STREET, SUITE 200  
KETCHIKAN, ALASKA 99901-6599  
Phone 907-225-6114  
FAX 907-225-5920  
Web Site [www.akforest.org](http://www.akforest.org)

March 13, 2001

The Honorable Drue Pearce  
Alaska State Senate  
State Capitol, Room 119  
Juneau, AK 99801-1182

Re: Senate Bill 136 establishing the Resource Development Board

Dear Senator Pearce,

Thank you for introducing Senate Bill 136 which creates a Resource Development Board facilitating promotion of responsible resource development in Alaska. The Alaska Forest Association (AFA) is the non-profit trade association for the forest products industry in Alaska. AFA represents more than 200 companies directly and indirectly involved in the timber industry.

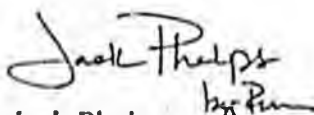
Whether timber, mining, oil, or tourism, a healthy Alaska economy depends on careful use of its natural resources. Investing a portion of the revenue from resource activity in Alaska to educate and advocate environmentally sound resource use makes good sense. The AFA fully supports SB 136.

The environmental industry, which increasingly makes its money by creating and maintaining conflicts, finds Alaska easy prey. Millions of dollars spent annually by the 'conflict' industry plead with the world to "save Alaska" because it's the "last best place on earth." Alaska has much more to offer the United States and the world than just being, "the last best place on earth." The problem is further exacerbated by Alaska's unprecedented land status which creates a unique situation in which non-resident U.S. citizens have a say in the management or mismanagement of Alaska.

The Resource Development Board, set up by SB 136, will help Alaskans educate the world about its abundant natural resources. Projects funded through this Board will also demonstrate that we extract our natural resources in a responsible and earth-friendly manner allowing Alaska to remain "the best place on earth" while providing the valuable resources used to make products we all use daily.

The AFA strongly supports SB 136 which represents a positive investment in Alaska's economic future. Thank you for introducing this important legislation. Should you have any questions concerning any of these comments, please contact me at (907) 225-6114.

Sincerely,

  
Jack Phelps  
Executive Director



# ALASKA MINERS ASSOCIATION, INC.

3305 Arctic #202, Anchorage, Alaska 99503 • (907) 563-9229 • FAX: (907) 563-9225 • [www.alaskaminers.org](http://www.alaskaminers.org)

The Honorable Drue Pearce  
Alaska State Senate  
State Capitol, Mailstop 3100  
Juneau, Alaska 99801

Re: **SB - 136**

Dear Senator Pearce:

The Alaska Miners Association appreciates the opportunity to comment on SB-136. We support this bill and the efforts by the senate to promote responsible resource development in the State of Alaska.

The formation of a Natural Resource board to award grants for promoting resource development is an innovative concept. Funding this effort with a small portion of the mineral revenues garnered by the State is appropriate. This concept has the potential to bring benefits to all Alaskans.

Having technical support provided by DNK, DF&G and DEC appears to be an important aspect of this bill and adequate funding will have to be provided to allow the agencies to participate in an effective manner.

Once again, we appreciate this opportunity to comment on SB 136.

Should you have any comments or questions, please do not hesitate to contact me.

Sincerely,  
Alaska Miners Association

Stanley T. Foo  
(Acting) Executive Director

**Subject:** [Fwd: SB 136]

**Date:** Wed, 28 Mar 2001 09:35:24 -0900

**From:** Pete Kelly <Senator\_Pete\_Kelly@Legis.state.ak.us>

**Organization:** Alaska State Legislature

**To:** Kristopher Knauss <Kristopher\_Knauss@Legis.state.ak.us>

---

**Subject:** SB 136

**Date:** Tue, 27 Mar 2001 14:50:08 -0900

**From:** "JohnConnie Quinley" <quinley@alaska.net>

**To:** <Senator\_John\_Torgerson@legis.state.ak.us>, <Senator\_Drue\_Pearce@legis.state.ak.us>, <:Senator\_Rick\_Halford@legis.state.ak.us>, <Senator\_Pete\_Kelly@legis.state.ak.us>, <Senator\_Robin\_Taylor@legis.state.ak.us>, <Senator\_Georgianna\_Lincoln@legis.state.ak.us>

Dear Members of the Senate Resources Committee:

I am writing to express my extreme displeasure with the proposal to spend state money to help non-profit companies lobby and advertise for oil and gas development, and to promote other natural resource industries (SB 136).

I can't believe the committee would spend state money--my money--to increase the presence and power of some of the world's largest and richest companies. I am appalled.

I'm appalled that there somehow isn't enough money in our state budget to keep our state parks open, to pay our Pioneer Home nurses a decent wage, to properly fund our public schools, and to support basic needs throughout Alaska. But we've got enough money to help wealthy, *private* oil, gas and mineral companies? To the tune of \$2.6? It makes me wonder whose interests the committee has most at heart.

I will be watching this bill closely and hope it dies a quick death.

Sincerely,

Constance Quinley

1812 Bowdoin Circle

Anchorage, AK 99508

(907) 563-8569

**SENATE COMMITTEE REPORT  
First Committee of Referral**

DATE: 3/12/01

FURTHER: Finance

Date of 5-Day Notice: 3-15-01  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 3-19-01

Resources Committee considered SENATE BILL NO. 136

RESOURCE DEVELOPMENT:BOARD/GRANTS/FUND

"An Act relating to resource development and to grants for the purpose of promoting resource development from appropriations of a portion of the revenue derived from the extraction of certain state natural resources."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

- Senate Bill:**  
 same title  
 new title
- House Bill:**  
 same title  
 technical title  
 new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
DNR	3-19-01	Yes		1

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>Chris Taylor</i>	✓			
<i>Irue [unclear]</i>	✓			
<i>[unclear]</i>	✓			
<i>[unclear]</i>		✓		
CHAIR: <i>[unclear]</i>	✓			

SENATE FINANCE COMMITTEE

SIGN-IN

SJR 22-CONST. AM: JUDICIAL OFFICERS' TERMS

NAME: Bruce Weyhrauch Subject/Bill No: SJR 22  
Co./Dept./Title: \_\_\_\_\_ Phone: 413-3566  
Address: 114 S Franklin Suite 200 Zip: JUNEAU 99801  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions



SENATE FINANCE COMMITTEE

SIGN-IN

SB 136-RESOURCE DEVELOPMENT: BD./GRANTS/FUND

NAME: HUGH BROWN III Subject/Bill No: SB 136  
Co./Dept./Title: AK CONSERVATION VOTERS Phone: 463-3366  
Address: Box 22151 Zip: 99802  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: Sue Schrader Subject/Bill No: SB 136  
Co./Dept./Title: AK Conservation Voters Phone: 463-3366  
Address: Box 22151 Juneau Zip: 99802  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: Canall Subject/Bill No: SB 136  
Co./Dept./Title: DNR Phone: 4730  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

**SB**

**137**

HAFIN

FILE



FISCAL NOTE

No. 2

Bill Version: CSSB 137(FIN)

(S) Publish Date: 3/20/01

STATE OF ALASKA  
2001 LEGISLATIVE SESSION

Revision Date: 03/20/01  
Title: Alaska Human Resource Investment Council

Dept. Affected Multi-agency (U of A; E&ED)  
BRU Various  
Component Various

Sponsor: Senator John Torgerson  
Requester: Senate FIN

Component Serial No. \_\_\_\_\_

Expenditures/Revenues		(Thousands of Dollars)				
OPERATING EXPENDITURES	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	4,553.8	4,553.8				
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>4,553.8</b>	<b>4,553.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES [ ]						
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FUND SOURCE		(Thousands of Dollars)				
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1151 VoTech Ed	4,553.8	4,553.8				
<b>TOTAL</b>	<b>4,553.8</b>	<b>4,553.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY01) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

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

Provisions for Second and Third-Year (FY02 and FY 03) Operation (sec. 1 of this legislation) are outlined below. FY04-07 will be addressed by the administrative board for the new program, Technical Vocational Education Program (TVEP).

The funds collected under AS 23.15.835, as technical vocational education program receipts are estimated to total \$4,553,800. The appropriation breakout of this amount is noted as follows: University of Alaska (67%) - \$3,051,046; Education & Early Development-Kotzebue Technical Center (11%) - \$500,918; Education & Early Development-Alaska Vocational Technical Center (22%)-\$1,001,836.

The Unemployment Insurance (UI) program has an existing UI tax unit which collects UI tax from Alaska employers and workers. This tax unit, and the infrastructure that currently exists to collect taxes from employers, was utilized to collect the TVEP funds. The collection process is identical to the existing system required for the State Training and Employment Program (STEP). The estimated cost related to collection and accounting for STEP and TVEP monies is \$300,000. Since STEP and TVEP each collect 1/10% from wages, the total UI collection and accounting cost of \$300,000 will be split 50/50. The total TVEP amount of \$152,000 is already shown as inter-agency receipts in the FY 2002 UI component budget. This TVEP amount is split between UA \$100,500, AVTEC \$33,000 and KTC \$16,500.

Prepared by

SENATE FINANCE COMMITTEE  
*(Signature)*  
SENATOR DAVE DONLEY, Co-Chair  
*(Signature)*  
SENATOR PETE KELLY, Co-Chair

Date 3/20/2001  
Phone 465-3892  
Phone 465-2327

# FISCAL NOTE

STATE OF ALASKA  
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: SB 137  
(S) Publish Date: 3/20/01

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor and Workforce Development  
Title: Alaska Human Resource BRU: Office of the Commissioner  
Investment Council Component: Alaska Human Resource  
Sponsor: Senator Torgerson Investment Council  
Requester: Senate FIN Component Number: 2473

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1007 Inter-Agency Receipts						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: None

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

See Attached.

Prepared by: Jim Sanders, Executive Director Phone: 465-5937  
Division: Alaska Human Resource Investment Council Date/Time: 3/19/01 8:56 AM  
Approved by: Ed Flanagan, Commissioner Date: 03/19/01  
Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

## ANALYSIS: (continued)

This bill appropriates approximately \$4,553.8 of Technical Vocational Education Program (TVEP) funds for the next two fiscal years to the following entities: 52 % to University of Alaska (appx. \$2,369.0), 32 % to Department of Education (DOE) Alaska Vocational Technical Education Center (AVTEC) (appx. \$1,457.2) and 16% to DOE Kotzebue Technical Center (KTC) (appx. \$728.6). This bill is related to new legislation passed last year (CH. 132 SLA 00, SB289, AS 23.15 Article 7) which established the TVEP account, expanded the duties of the Alaska Resource Human Investment Council (AHRIC), and appropriated \$3,425.0 of TVEP monies directly to the same three designated entities with the same percentages. The FY2001 fiscal notes appropriated \$3,425.0 to cover the initial startup year of the program (1/3 of a state fiscal year).

SB 289 (AS 23.15.835) identifies the Department of Labor and Workforce Development as the entity that will collect from each employer an amount equal to one-tenth of one percent of the employee wages as set out in AS 23.20.175. The collection of TVEP funds first occurred in FY2001. There is a time lag on collections as revenues come in 30 days after the end of the calendar quarter. In FY2002 and subsequent years, we expect \$4,553,800 in revenues on an annual basis.

The Unemployment Insurance (UI) program has an existing UI tax unit which collects UI tax from Alaska employers and workers. This tax unit, and the infrastructure that currently exists to collect taxes from employers, was utilized to collect the TVEP funds under this bill. The collection process has been identical to the existing system required for the State Training and Employment Program (STEP). The STEP and TVEP funds are collected from workers through employers in addition to those collected for UI. The STEP currently pays for their fair and reasonable share of the process costs as established by a federally negotiated shared cost agreement. This is required since the UI program operations are exclusively funded by federal dollars and cannot contribute to non-federal program activities. In FY2001, we have applied the same requirements to the TVEP collections.

The estimated cost related to collection and accounting for STEP and TVEP monies is \$300,000. Since STEP and TVEP each collect 1/10% from employee wages, the total UI collection and accounting cost of \$300,000 will be split 50/50 between STEP and TVEP. This is the same UI tax collection cost and methodology used in FY2001. The total TVEP amount of \$150,000 is already shown as inter-agency receipts in the FY2002 UI component budget. This TVEP amount is split between UA \$78,000, AVTEC \$48,000 and KTC \$24,000.

The department does not anticipate an increase in operating costs as a result of this legislation.

22-LS0719\F  
Cramer  
5/3/01

Adopted w/amendment  
pg 1 lines 12  
14

HOUSE CS FOR CS FOR SENATE BILL NO. 137(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): SENATORS TORGERSON, Olson, Wilken

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the allocation of money appropriated to the Alaska Human  
2 Resource Investment Council; and providing for an effective date."

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

4 \* Section 1. The uncodified law of the State of Alaska is amended by adding a new section  
5 to read:

6 ALLOCATION OF APPROPRIATIONS FOR FISCAL YEARS ENDING JUNE 30,  
7 2002, AND JUNE 30, 2003. Notwithstanding AS 23.15.840(a), for the fiscal years ending  
8 June 30, 2002, and June 30, 2003, the money collected under AS 23.15.835 or otherwise  
9 appropriated to the Alaska Human Resource Investment Council shall be allocated directly in  
10 the following percentages to the following institutions for programs consistent with  
11 AS 23.15.820 - 23.15.850 and capital improvements:

- 12 University of Alaska 63 ~~48~~ percent
- 13 Galena Project Education Vocational Training Center 4 percent
- 14 Kotzebue Technical Center 11 ~~7~~ percent

1

Alaska Vocational Technical Center

22 percent.

2

\* Sec. 2. This Act takes effect July 1, 2001.



# ALASKA STATE LEGISLATURE

## SENATOR JOHN TORGERSON

- ◆ CHAIR, SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
- ◆ CHAIR, SENATE RESOURCES COMMITTEE

Session:

State Capitol, Room 427, Juneau, AK 99801  
Telephone 907/465-2828 Fax 907/465-4779

District:

45457 Kenai Spur Hwy.: Suite 101B, Soldotna, AK 99669  
Telephone 907/260-3042 Fax 907/260-3044

### **SB 137 – Alaska Human Resource Investment Council Sponsor Statement**

SB 137 extends the first year allocation provisions of a new program enacted in the 21<sup>st</sup> Legislature via SB 289 (CHAPTER 132 SLA 00).

Because the program established in 2000 was new and time consuming development of regulations regarding its administration were necessary, funds collected the first year of the program were directly allocated to the University of Alaska, the Alaska Vocational and Technical Center, and the Kotzebue Technical Center.

These publicly funded institutions provide technical and vocational programs for Alaskans in urban and rural areas. A review of the uses of the first year funds by these public institutions clearly shows how necessary those funds were.

For example, AVTC used some of the funds to replace 1970's welders, clearly a much needed equipment replacement to bring the facility to date with industry practices. Basic equipment needs for the Automotive, Diesel and Heavy Equipment programs were met with the funds and efforts are underway for student housing.

The University of Alaska Fairbanks serves the rural area via branch campuses in Bristol Bay, Chukchi, Interior Aleutians, Kuskokwim, Northwest and Tanana Valley. University of Alaska Southeast serves Juneau, Ketichkan and Sitka. The University of Alaska Anchorage serves the Kenai Peninsula, Kodiak, Matanuska-Susitna, and Prince William Sound.

After review of the expenditures of the first year's collection, SB 137 extends the date of direct allocation to the named public institutions for two more years. The purpose of the extension is to allow those institutions to properly prepare their respective facilities for the influx of new students into the system.

JT/mj: SB 137 (H-FIN) 4-02-01

#### REPRESENTING THE KENAI PENINSULA

Anchor Point Bear Creek Clam Gulch Cooper Landing Crown Point Fritz Creek Happy Valley Halibut Cove Homer Hope Kachemak City Kachemak Selo  
Kasilof Lowell Point Moose Pass Nanwalek Nikolaevsk Ninilchik Port Graham Soldotna Seward Seldovia Soldotna Starukin Sterling Voznesenka

## UNIVERSITY OF ALASKA

**Workforce Development Projects**  
**Funded from SB 289 - One-Time Job Training Funds**

SB 289 established a new program in 2000 to fund statewide workforce training projects. The funding for this program comes from 1/10th of 1% of unemployment wages. In its first year, direct appropriations were made to the University of Alaska, AvTec and Kotzebue Tech Center. It is anticipated that in subsequent years, the Alaska Human Resource Investment Council (AHRIC) will develop a grant-type program for distribution of funds for this program.

The following breakdown describes the use of SB 289 funds:

### Information Technology/Knowledge Workers

	<i>(in thousands)</i>
Integrated Information Technology (UAA Anchorage)	\$ 61.0
Microcomputer Support Specialist Program (MSSF), Integrated Information Technology & Electronics Technology programs equipment upgrade	
CADD Software and Hardware (UAA Anchorage)	17.0
Upgrade monitors in computer aided drafting and design (CADD) Lab.	
Geomatics Equipment (UAA Anchorage)	103.0
Smart cart, digital stereo photogrammetry workstations and Geomatics field laboratory equipment to enhance the 2-year and 4-year programs in surveying & mapping.	
CIOS/OMT Lab Equipment (UAA Anchorage)	90.0
Development of new computer lab at Adult Learning Center to teach office management & information technology skills to students in Welfare to Work Program.	
OMT Skill Center Equipment (UAA-MatSu)	44.5
Upgrade equipment in Office Mgmt. Technology Program	
Information Technology Program Equipment (UAA-Kodiak)	50.0
Upgrade computer equipment for delivery of the MSSP.	
Mobile Classroom (UAS-Sitka) (UAS-Ketchikan)	58.8
Mobile computer classrooms allow campuses to expand number of classes using technology; combined with wireless data networks will allow users easier collaboration with peers at other campuses.	
Vocational Classroom Remodel (UAS-Sitka)	30.0
Match for city & federal funds to complete the vocational classroom necessary to meet program demand.	

### Nursing & Allied Health

Laboratory Renovations for Health Programs (UAS Juneau)	123.4
Juneau campus is delivering the LOP program and preparing to offer the 2-year RN program in collaboration with UAA. Required renovation of lab space to accommodate necessary coursework in anatomy and physiology.	
Allied Health Distance Delivery Program (UAA-Kuskokwim)	87.8
Develop distance delivered health programs in phlebotomy, medical assisting & medical technology in collaboration with Yukon-Kuskokwim Health Corporation	
Dental X-Ray Panoramic (UAA-Anchorage)	29.0
Purchase of modern dental equipment to ensure students in dental assistant program are trained in the most modern systems.	
Allied Health Space Renovation (UAA-Anchorage)	60.0
Renovations necessary to house expanding programs in multiple allied health programs.	

## Process Technology

Well Control Simulator – MAPTS (UAA-SW)	\$ 380.0
Industry requires students are trained on the most current equipment. Purchase training pieces.	
Roustabout Program (UAA-SW) In response to industry needs, a Roustabout intensive program will be initiated in February to train 300 individuals.	\$ 40.0

## Welding & Heavy Equipment

Automotive Repair Technician (UAA-Anchorage)	\$ 53.0
New dynamometer & replacement of six automotive lifts for industry-sponsored automotive repair program.	
Juneau Diesel Program (UAS-Juneau)	21.8
Purchase of a Caterpillar HUEI diesel engine to ensure students in diesel program are trained on current equipment.	
Front End Loader	38.0
Purchase of a front-end loader for use in the heavy equipment program.	
Juneau Seawater Laboratory (UAS - Juneau)	27.0
Installation of seawater holding tanks to be used in fisheries and biology courses.	
Marine Manufacturing - Bridge Crane (UAS-Ketchikan)	29.0
Purchase a bridge crane necessary to move large steel plates used in ship fabrication training program.	
Marine Manufacturing - TIG Mobile Welding Stations (UAS-Ketchikan)	10.9
Two TIG welding stations capable of doing fine precision welding necessary to provide current welding technology to students in the ship fabrication training program.	
Marine Manufacturing – Air Purifier (UAS - Ketchikan)	41.3
Installation of required air handling systems in laboratories used for marine welding.	
TIG Welding Stations (UAS-Sitka)	14.5
Two TIG welding stations and accompanying building modifications are needed to provide contemporary training for marine fabrication program offered with Mt. Edgecumbe.	

## Instructional Equipment

Industrial Training Program Equipment (UAA-PWSCC)	\$ 50.0
Electronics equipment upgrades for Alyeska training programs provided in Valdez by Prince William Sound Community College.	
Aviation Simulator (UAA-Anchorage)	100.0
Upgrades to software and virtual-reality simulators in the lower simulator used in aviation training programs.	

## FY02 Workforce Program Start-up (Full funding included in FY02 Budget Request)

Emergency Medical Service Tech Training (UAF-TVC)	\$100.0
Hire faculty and prepare curriculum for fall, 2001 program.	
Law Enforcement Training Program (UAF-TVC)	65.0
In collaboration with local law enforcement officials, develop curriculum for training academies for officer qualification course and development of AAS program in law enforcement.	
Allied Health Coordinator (UAA-Anchorage)	46.6
Coordinator with expertise in distance delivery to oversee development and enhancement of allied health programs that will be serving needs throughout the state.	

## Workforce Development Projects

Funded from SB 289 - One-Time Job Training Funds	TOTAL	\$ 1,771.6
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# ALASKA VOCATIONAL TECHNICAL CENTER

" PROVIDING ACCESSIBLE TECHNICAL  
AND RELATED TRAINING TO A  
STATEWIDE MULTI-CULTURAL  
POPULATION FOR EMPLOYMENT IN  
THE DYNAMIC ALASKAN COMMUNITY "

Volume 8, Issue 1  
February 2001



## INSIDE THIS ISSUE:

- Summer Academy 2001
- Marine Simulator Update
- SB 289 Funds

### AVTEC Advisory Council Members

Charlie Deer  
Community of Fairbanks, Rep.  
P.O. Box 61252  
Fairbanks, Alaska 99706

John Sevier, Plant Manager  
Sitka Sound Seafoods  
329 Katalin Street  
Sitka, Alaska 99835

Willard Dunham  
Community of Seward Rep.  
P.O. Box 27  
Seward, Alaska 99664

Molly Merritt-Duren  
Cook Inlet Tribal Council  
670 W. Fireweed Lane, Suite 200  
Anchorage, Alaska 99503

Montean Jackson  
Adjunct Professor, UAF  
1018 27th Avenue  
Fairbanks, Alaska 99775

David Monroe  
AVTEC Graduate  
P.O. Box 143061  
Anchorage, Alaska 99514

Martin Cary  
Vice President, GCI Business Dev.  
2550 Denali Street, Suite 1000  
Anchorage, Alaska 99503-2781

Sharen Walsh  
Project Manager, H2W Constructors  
3909 Arctic Boulevard  
Anchorage, Alaska 99503

J.C. Rathje  
Providence Seward Administrator  
P.O. Box 365  
Seward, Alaska 99664

David White  
Arctic Slope Regional Corporation  
301 Arctic Slope Avenue, Suite 300  
Anchorage, Alaska 99518

Trevor McCabe  
At-Sea Processors Association  
1029 West 3rd Avenue, Suite 550  
Anchorage, Alaska 99501

Gerard Drake  
Bethel Group Home  
P.O. Box 1007  
Bethel, Alaska 99559

Shawn Aspelund  
AK Hire & Training Coord., B.P.  
P.O. Box 196612  
Anchorage, Alaska 99519

## Applied Learning Summer Academy 2001 "Meeting State & Industry Standards through Applied Academics"

For the past two summers, AVTEC has hosted the Applied Summer Academy—a unique combination of vocational/technical training, contextual teaching methods, and standards-based curriculum development. Educators, secondary and post secondary, from all over the state, attend workshops to upgrade technical skills and work together to develop new teaching applications to meet state and industry standards.



The Summer Academy 2000 offered 30 different workshops. The Summer Academy for 2001 will offer similar workshops with some new offerings as well.

For more information contact Beverly Grogan or Debra Burdick at 224-4149 or 1-800-478-5389. Registration is available on line at [avtec.alaska.edu](http://avtec.alaska.edu)

## Marine Simulator Update

The Alaska Maritime Training Center hosted an Open House to introduce AVTEC's two million dollar ship bridge simulator. Invitations were sent to legislators, industry leaders, and community members.

Simulator classes began the second week in January with full enrollment. Many scheduled classes are full for the training year and have a waiting list. Industry partners

such as Crowley Maritime and the Alaska Marine Highway System are booking custom classes. The simulator has four bridges which

can separate different ships within a single scenario. Instructors in a nearby control room can add icebergs, floating logs, wind, fog, or swells at the click of a button. They can also wreak havoc with the ship's radar and other equipment, forcing student mariners to adjust.

Thanks to Senator Stevens, who secured the federal grant money, AVTEC is now home to one of the most advanced ship navigation simulators in the world.



Jim Herbert, Maritime  
Instructor

## SB 289 Monies Provide Program Upgrades and Improvements

Senate Bill 289 monies have allowed AVTEC's Business & Office Technology Department to replace outdated computer and office equipment, upgrade software applications, and create a training environment that is ergonomically correct. These monies have made it possible for the Department to purchase new curriculum resources for Microsoft Office 2000 and the licensing for SAM 2000 (Skills Assessment Manager), a tool used to help validate students' computer skills.

The Learning Resources Department has upgraded technology and added resources as a result of obtaining SB 289 monies. Fourteen PC workstations have been added and the math curriculum has updated software applications and added the use of the internet as a classroom resource. The Seward Community Learning Center can now offer instruction to the community in

most current software applications. Technical library services have also been upgraded: the Online Public Access Catalog (OPAC) has been installed on AVTEC's intranet giving staff access to the library's holdings from their desktops. AVTEC staff now has access to GrantStation, a searchable database for grant funding.

The Industrial Electricity program purchased a power conduit bending machine, computers, Fluke handheld oscilloscopes, and Power Line analyzers with SB 289 monies.

The Department of Applied Technologies utilized SB 289 monies to purchase three parts washers for the Automotive, Diesel, and Heavy Equipment programs, two computers, a printer, and other additional equipment to bring the department in compliance with EPA and OSHA regulations. The Welding Technology program received twelve

new stick rod welding machines, two TIG welders, a remote welder control systems for the individual booths, and other smaller components. The Diesel Engine Technology program benefited by ordering three electronically controlled engines, and four heavy-duty engine stands and adapters. The Heavy Equipment and Automotive Technology programs received a wheel alignment machine, two vehicle lifts, an anti-freeze recycler, and a transmission jack. Funds from SB 289 are also being used to update audio visual materials and delivery.



## AVTEC Receives Scholarship funds from UNOCAL & Alyeska

AVTEC has applied for and been awarded Alyeska Section 29 Scholarship funds in the amount of \$20,000. The goal of the Alaska Native Scholarship Fund is to provide monetary support for Alaska Natives to acquire education and/or training needed to prepare for jobs with Alyeska Pipeline and its contractors on the Trans Alaska Pipeline System. The scholarship funds will be awarded in \$1000 increments to qualified applicants. There will be two deadlines by which applicants must apply - March 31, 2001 and September 30, 2001.

UNOCAL has awarded AVTEC \$10,000 in scholarship funds. The intent is to support women and minorities entering skilled trades that support the oil and gas industry. Interested applicants should contact AVTEC's Business Office at (907) 224-3322 or 1-800-478-5389.

For information about AVTEC programs or to request a catalog please call: 1-800-478-5389 or 1-907-224-3322. AVTEC Admissions Office, P.O. B. 889, Seward, Alaska 99664

Visit our website at [avtec.alaska.edu](http://avtec.alaska.edu)

TO: NWABSD Board of Education

DATE: September 26, 2000

NUMBER: 01-027

FR: Office of the Superintendent

SUBJECT: Approval of the FY-01  
Revised ATC Operating  
Budget

ABSTRACT:

The School Board shall establish and maintain a balanced budget.

ISSUE

At issue is the approval of revised FY-01 Operating Budget for the ATC Operating Fund.

BACKGROUND AND/OR PERTINENT INFORMATION:

SB-289 was passed by the 2000 Legislature and subsequently signed into law. This bill, in part, provides a net grant award of \$524,000 to the Alaska Technical Center for FY-01 operations. The original ATC Budget for FY-01 was approved by the Board of Education on June 20, 2000, and only included the "regular" funding as the terms and conditions of the new grant were yet to be determined. A revised F-Y01 ATC Budget is presented at this time showing the proposed uses of the additional \$524,000.

ALTERNATIVES:

1. Approve the revised FY-01 ATC Operating Budget as presented;
2. Disapprove the revised FY-01 ATC Operating Budget;
3. Take no final action.

ADMINISTRATION'S RECOMMENDATION:

The administration recommends that the Board approve the revised FY-01 ATC Operating Budget.

**ALASKA TECHNICAL CENTER  
FY01 BUDGET  
ATC OPERATING FUND**

	Approved	Proposed	Revised
	FY01 Budget	Change	FY01 Budget
<b>REVENUE</b>			
State of Alaska	608,000	524,000	1,133,000
<b>Total Revenue</b>	<b>608,000</b>	<b>524,000</b>	<b>1,133,000</b>
<b>Regular Instruction</b>			
Instructors	194,005	-	194,005
Leave Pay	1,000	-	1,000
Subs/Temps	8,000	-	8,000
Employee Benefits	27,097	-	27,097
Goods & Services	53,000	253,086	306,086
<b>Total Regular Instruction</b>	<b>283,102</b>	<b>253,086</b>	<b>536,188</b>
<b>Dormitory</b>			
Support Staff	80,627	-	80,627
Leave Pay	-	-	-
Overtime	-	-	-
Subs/Temps	20,000	-	20,000
Employee Benefits	24,270	-	24,270
Goods & Services	1,500	64,000	65,500
<b>Total Dormitory</b>	<b>126,397</b>	<b>64,000</b>	<b>190,397</b>
<b>Administration</b>			
Directors/Managers	184,022	-	184,022
Support Staff	53,289	-	53,289
Leave Pay	3,200	-	3,200
Subs/Temps	-	-	-
Employee Benefits	34,068	-	34,068
Travel	11,000	-	11,000
Goods & Services	2,000	-	2,000
<b>Total Administration</b>	<b>287,579</b>	<b>-</b>	<b>287,579</b>
<b>Food Service</b>			
Food Service Staff	103,049	-	103,049
Leave Pay	-	-	-
Overtime	-	-	-
Subs/Temps	14,000	-	14,000
Employee Benefits	32,082	-	32,082
Goods & Services	65,000	-	65,000
<b>Total Food Service</b>	<b>214,131</b>	<b>-</b>	<b>214,131</b>
<b>Operations</b>			
Water/Sewage	18,000	-	18,000
Garbage	8,000	-	8,000
Communications	8,000	-	8,000
Other Purchased Services	231,800	-	231,800
Property Insurance	9,000	-	9,000
Electricity	66,000	-	66,000
Heating Oil	70,000	-	70,000
<b>Total Operations</b>	<b>410,800</b>	<b>-</b>	<b>410,800</b>
<b>Maintenance</b>			
Maintenance/Custodial	63,531	23,914	87,445
Leave Pay	1,758	-	1,758
Subs/Temps	-	2,500	2,500
Employee Benefits	18,760	-	18,760
Goods & Services	15,000	180,500	195,500
<b>Total Maintenance</b>	<b>97,049</b>	<b>206,914</b>	<b>303,963</b>
<b>Total Expenditures</b>	<b>1,418,068</b>	<b>524,000</b>	<b>1,843,068</b>
<b>Total Revenue</b>	<b>608,000</b>	<b>524,000</b>	<b>1,133,000</b>
<b>Excess Revenue (Expenditures)</b>	<b>(810,068)</b>	<b>-</b>	<b>(810,068)</b>
<b>Transfer in from School Operating</b>	<b>728,800</b>	<b>-</b>	<b>728,800</b>
<b>Increase (Use) of ATC Fund Balance</b>	<b>(84,258)</b>	<b>-</b>	<b>(84,258)</b>

Photo Copier	24,000
Computers/Printers	19,500
Media Projector	8,000
Furniture	8,000
Millwright Equip	4,086
Building Equip	3,500
Vehicle	35,000
Office Program	150,000
<b>-----</b>	<b>253,086</b>

Floor Care Equip	3,000
FF & E	90,000
Rec Room	6,000
Washer/Dryer	5,000
<b>-----</b>	<b>64,000</b>

45% Position	23,914
Roof Repair	2,500
Sprinkler Repair	2,000
Back Ramp	10,000
Carpet	29,000
Fire Alarm Upgrade	10,000
Equip. Disposal	14,600
Floor Care Equip.	3,000
Fuel Tanks	5,000
Windows	37,000
Curtains	7,400
Showers/B.R.	20,000
Pl. Jace Stiling	15,000
Repair Boilers	5,000
Repair Roof	2,500
Walls/Ceiling	10,000
Tools/Supplies	8,000
Dist. Equip.	2,000
<b>-----</b>	<b>206,914</b>

220.019.620.201.329 (Maintenance Substitutes/Temporary)

Roof repairs		\$ 2,500.00	
	Total		\$ 2,500.00

220.019.620.201.440 (Maintenance Other Purchased Services)

Sprinkler system repair		\$ 2,000.00	
Back ramp		\$ 10,000.00	
Carpet replacement		\$ 29,000.00	
Fire Alarm Panel upgrade		\$ 10,000.00	
Equipment disposal		\$ 14,600.00	
	Total		\$ 65,600.00

220.019.620.201.450 (Maintenance Supplies, Materials)

Dormitory Custodial Equipment		\$ 3,000.00	
Fuel tanks		\$ 5,000.00	
Dormitory Window replacement		\$ 37,000.00	
Dormitory curtains		\$ 7,400.00	
Dormitory Showers/Bathrooms		\$ 20,000.00	
Dormitory Siding replacement		\$ 15,000.00	
Dormitory Boiler repairs		\$ 5,000.00	
Roof repairs		\$ 2,500.00	
Interior walls & ceiling		\$ 10,000.00	
Maintenance tools & supplies		\$ 8,000.00	
	Total		\$ 112,900.00

220.019.620.201.510 (Maintenance Equipment)

Custodial equipment		\$ 2,000.00	
	Total		\$ 2,000.00

	Grand Total		\$ 524,000.00
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**SB**

**137**

SFIN

FILE

# SENATE FINANCE COMMITTEE REPORT

REPORTED OUT  
MAR 20 2001  
SENATE FINANCE  
COMMITTEE

DATE: 3/13/01

FURTHER:

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

DATE TURNED  
IN TO OFFICE: 20 March 2001

Finance Committee considered **SENATE BILL NO. 137**

*ALASKA HUMAN RESOURCE INVESTMENT COUNCIL*

"An Act relating to the allocation of money appropriated to the Alaska Human Resource Investment Council; and providing for an effective date."

and recommends:

- be replaced with CS SB 137 (FIN)
- adopt previous CS - CS forthcoming - (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

- Senate Bill:**  
 same title  
 new title  
**House Bill:**  
 same title  
 technical title  
 new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
Multi-Agency (UoFA; ELED)	3/20/01	4,553.8		
Labor	3/19/01		✓	

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Alvin Curtis</i>			✓	
<i>[Signature]</i>	x			
<i>[Signature]</i>	x			
<i>[Signature]</i>	x			
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
COCHAIR: <i>[Signature]</i>		✓		
COCHAIR: <i>[Signature]</i>	✓			

REPORTED OUT

MAR 20 2001

FISCAL NOTE

SENATE FINANCE COMMITTEE

STATE OF ALASKA 2001 LEGISLATIVE SESSION

BILL NO. CS SB 137 (FIN)

Revision Date: 03/20/01 Title: Alaska Human Resource Investment Council

Dept. Affected Multi-agency (U of A; E&ED) BRU Various Component Various

Sponsor: Senator John Torgerson Requester: Senate FIN

Component Serial No.

Expenditures/Revenues

(Thousands of Dollars)

Table with columns: OPERATING EXPENDITURES, FY 02, FY 03, FY 04, FY 05, FY 06, FY 07. Rows include Personal Services, Travel, Contractual, Supplies, Equipment, Land & Structures, Grants & Claims, Miscellaneous, and TOTAL OPERATING.

CAPITAL EXPENDITURES table with columns for FY 02 through FY 07.

CHANGE IN REVENUES table with columns for FY 02 through FY 07.

FUND SOURCE

(Thousands of Dollars)

Table with columns: FUND SOURCE, FY 02, FY 03, FY 04, FY 05, FY 06, FY 07. Rows include 1002 Federal Receipts, 1003 GF Match, 1004 GF, 1005 GF/Program Receipts, 1037 GF/Mental Health, 1151 VoTech Ed, and TOTAL.

Estimate of any current year (FY01) cost: 00

POSITIONS

Table with columns: Full-time, Part-time, Temporary, and columns for FY 02 through FY 07.

ANALYSIS: (Attach a separate page if necessary)

Provisions for Second and Third-Year (FY02 and FY 03) Operation (sec. 1 of this legislation) are outlined below. FY04-07 will be addressed by the administrative board for the new program, Technical Vocational Education Program (TVEP).

The funds collected under AS 23.15 835, as technical vocational education program receipts are estimated to total \$4,553,800. The appropriation breakout of this amount is noted as follows: University of Alaska (67%) - \$3,051,046; Education & Early Development-Kotzebue Technical Center (11%) - \$500,918; Education & Early Development-Alaska Vocational Technical Center (22%)-\$1,001,836.

The Unemployment Insurance (UI) program has an existing UI tax unit which collects UI tax from Alaska employers and workers. This tax unit, and the infrastructure that currently exists to collect taxes from employers, was utilized to collect the TVEP funds. The collection process is identical to the existing system required for the State Training and Employment Program (STEP). The estimated cost related to collection and accounting for STEP and TVEP monies is \$300,000. Since STEP and TVEP each collect 1/10% from wages, the total UI collection and accounting cost of \$300,000 will be split 50/50. The total TVEP amount of \$150,000 is already shown as inter-agency receipts in the FY 2002 UI component budget. This TVEP amount is split between UA \$100,500, AVTEC \$33,000 and KTC \$16,500.

Prepared by

SENATE FINANCE COMMITTEE

Signature of Senator Dave Donley

SENATOR DAVE DONLEY, Co-Chair

Signature of Senator Pete Kelly

SENATOR PETE KELLY, Co-Chair

Date 3/20/2001

Phone 465-3892

Phone 465-2327



ANALYSIS: (continued)

This bill appropriates approximately \$4,553.8 of Technical Vocational Education Program (TVEP) funds for the next two fiscal years to the following entities: 52 % to University of Alaska (appx. \$2,369.0), 32 % to Department of Education (DOE) Alaska Vocational Technical Education Center (AVTEC) (appx. \$1,457.2) and 16% to DOE Kotzebue Technical Center (KTC) (appx. \$728.6). This bill is related to new legislation passed last year (CH. 132 SLA 00, SB289, AS 23.15 Article 7) which established the TVEP account, expanded the duties of the Alaska Resource Human Investment Council (AHRIC), and appropriated \$3,425.0 of TVEP monies directly to the same three designated entities with the same percentages. The FY2001 fiscal notes appropriated \$3,425.0 to cover the initial startup year of the program (¾ of a state fiscal year).

SB 289 (AS 23.15.835) identifies the Department of Labor and Workforce Development as the entity that will collect from each employer an amount equal to one-tenth of one percent of the employee wages as set out in AS 23.20.175. The collection of TVEP funds first occurred in FY2001. There is a time lag on collections as revenues come in 30 days after the end of the calendar quarter. In FY2002 and subsequent years, we expect \$4,553,800 in revenues on an annual basis.

The Unemployment Insurance (UI) program has an existing UI tax unit which collects UI tax from Alaska employers and workers. This tax unit, and the infrastructure that currently exists to collect taxes from employers, was utilized to collect the TVEP funds under this bill. The collection process has been identical to the existing system required for the State Training and Employment Program (STEP). The STEP and TVEP funds are collected from workers through employers in addition to those collected for UI. The STEP currently pays for their fair and reasonable share of the process costs as established by a federally negotiated shared cost agreement. This is required since the UI program operations are exclusively funded by federal dollars and cannot contribute to non-federal program activities. In FY2001, we have applied the same requirements to the TVEP collections.

The estimated cost related to collection and accounting for STEP and TVEP monies is \$300,000. Since STEP and TVEP each collect 1/10% from employee wages, the total UI collection and accounting cost of \$300,000 will be split 50/50 between STEP and TVEP. This is the same UI tax collection cost and methodology used in FY2001. The total TVEP amount of \$150,000 is already shown as inter-agency receipts in the FY2002 UI component budget. This TVEP amount is split between UA \$78,000, AVTEC \$48,000 and KTC \$24,000.

The department does not anticipate an increase in operating costs as a result of this legislation.

Senate Finance COMMITTEE  
Amendment Number: #1  
Bill Number: SB 137  
Sponsor: Wilken Date: 3/19/01  
Logged In By: Mindy

ADOPTED  
22-LS0719A.1  
Cramer  
3/17/01

AMENDMENT

OFFERED IN THE SENATE  
TO: SB 137

BY SENATOR WILKEN

- 1 Page 1, line 12:
- 2 Delete "52 percent"
- 3 Insert "67 percent"
- 4
- 5 Page 1, line 13:
- 6 Delete "16 percent"
- 7 Insert "11 percent"
- 8
- 9 Page 1, line 14:
- 10 Delete "32 percent"
- 11 Insert "22 percent"

SENATE FINANCE COMMITTEE

2000 COMMITTEE ACTION

3/19/01

Bill Number	SB 137		
Amendment	#1		
Motion	adpt		
<u>Motion by</u>	Wilken		
<u>Objection by</u>	Austerman		
<u>Removed</u>	✓		
<u>Second Objection by</u>	Olson		
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Green			
Senator Hoffman			✓
Senator Leman	✓		
Senator Olson			✓
Senator Ward	✓		
Senator Wilken	✓		
Senator Austerman	✓		
Co-Chair Donley	✓		
Co-Chair Kelly	✓		
<u>Tally</u>			
Yea	6		
Nay	2		
Absent	1		
<u>MOTION</u>	PASS		

CS FOR SENATE BILL NO. 137(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): SENATOR TORGERSON

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the allocation of money appropriated to the Alaska Human  
2 Resource Investment Council; and providing for an effective date."

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

4 \* Section 1. The uncodified law of the State of Alaska is amended by adding a new section  
5 to read:

6 ALLOCATION OF APPROPRIATIONS FOR FISCAL YEARS ENDING JUNE 30,  
7 2002, AND JUNE 30, 2003. (a) Notwithstanding AS 23.15.840(a), for the fiscal years  
8 ending June 30, 2002, and June 30, 2003, the money collected under AS 23.15.835 or  
9 otherwise appropriated to the Alaska Human Resource Investment Council shall be allocated  
10 directly in the following percentages to the following institutions for programs consistent with  
11 AS 23.15.820 - 23.15.850 and capital improvements:

12	University of Alaska	67 percent
13	Kotzebue Technical Center	11 percent
14	Alaska Vocational Technical Center	22 percent.

deleted:  
52 percent  
16 percent  
32 percent

1 \* Sec. 2. This Act takes effect July 1, 2001.

Senate Finance COMMITTEE  
Amendment Number: # 1  
Bill Number: SB 137  
Sponsor: Wilken Date: 3/19/01  
Logged In By: Mindy

22-LS0719A.1  
Cramer  
3/17/01

*amend  
(failed)*

AMENDMENT

OFFERED IN THE SENATE  
TO: SB 137

BY SENATOR WILKEN

- 1 Page 1, line 12:
- 2 Delete "52 percent"
- 3 Insert "67 percent" *151*
- 4
- 5 Page 1, line 13:
- 6 Delete "16 percent"
- 7 Insert "11 percent" *13*
- 8
- 9 Page 1, line 14:
- 10 Delete "32 percent"
- 11 Insert "22 percent" *26*

SENATE FINANCE COMMITTEE  
2000 COMMITTEE ACTION

<b>Bill Number</b>			
<b>Amendment</b>	#1		
<b>Motion</b>	amand		
<b><u>Motion by</u></b>	O		
<b><u>Objection by</u></b>			
<b>Removed</b>			
<b><u>Second Objection by</u></b>			
<b><u>Committee Member</u></b>	<b>Y</b>	<b><u>Vote</u></b>	<b>N</b>
Senator Wilken			✓
Senator Austerman			✓
Senator Green		—	
Senator Hoffman	✓		
Senator Laman			✓
Senator Olson	✓		
Senator Ward			✓
Co-Chair Donley			✓
Co-Chair Kelly			✓
<b><u>Tally</u></b>			
Yea	2		
Nay	6		
Absent	1		
<b><u>MOTION</u></b>	<b>FAIL</b>		



# **ALASKA STATE LEGISLATURE**

## **SENATOR JOHN TORGERSON**

- ◆ CHAIR, SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
- ◆ CHAIR, SENATE RESOURCES COMMITTEE

Session:  
State Capitol, Room 427, Juneau, AK 99801  
Telephone 907/465-2828 Fax 907/465-4779

District:  
45457 Kenai Spur Hwy., Suite 101B, Soldotna, AK 99669  
Telephone 907/260-3042 Fax 907/260-3044

### **SB 137 – Alaska Human Resource Investment Council Sponsor Statement**

SB 137 extends the first year allocation provisions of a new program enacted in the 21<sup>st</sup> Legislature via SB 289 (CHAPTER 132 SLA 00).

Because the program established in 2000 was new and time consuming development of regulations regarding its administration were necessary, funds collected the first year of the program were directly allocated to the University of Alaska, the Alaska Vocational and Technical Center, and the Kotzebue Technical Center.

These publicly funded institutions provide technical and vocational programs for Alaskans in urban and rural areas. A review of the uses of the first year funds by these public institutions clearly shows how necessary those funds were.

For example, AVTC used some of the funds to replace 1970's welders, clearly a much needed equipment replacement to bring the facility to date with industry practices. Basic equipment needs for the Automotive, Diesel and Heavy Equipment programs were met with the funds and efforts are underway for student housing.

The University of Alaska Fairbanks serves the rural area via branch campuses in Bristol Bay, Chukchi, Interior Aleutians, Kuskokwim, Northwest and Tanana Valley. University of Alaska Southeast serves Juneau, Ketichkan and Sitka. The University of Alaska Anchorage serves the Kenai Peninsula, Kodiak, Matanuska-Susitna, and Prince William Sound.

After review of the expenditures of the first year's collection, SB 137 extends the date of direct allocation to the named public institutions for two more years. The purpose of the extension is to allow those institutions to properly prepare their respective facilities for the influx of new students into the system.

SB 137 (S-FIN) 3-14-01: mj

#### **REPRESENTING THE KENAI PENINSULA**

*Anchor Point Bear Creek Clam Gulch Cooper Landing Crown Point Fritz Creek Happy Valley Halibut Cove Homer Hope Kachemak City Kachemak Sela  
Kasilof Lowell Point Moose Pass Nunatak Nikolaevsk Ninilchik Port Graham Razdolna Seward Seldovia Soldotna Stariski Sterling Vognesenka*

# ALASKA VOCATIONAL TECHNICAL CENTER

“ PROVIDING ACCESSIBLE TECHNICAL  
AND RELATED TRAINING TO A  
STATEWIDE MULTI-CULTURAL  
POPULATION FOR EMPLOYMENT IN  
THE DYNAMIC ALASKAN COMMUNITY ”

Volume 8, Issue 1  
February 2001



## INSIDE THIS ISSUE:

- Summer Academy 2001
- Marine Simulator Update
- SB 289 Funds

### AVTEC Advisory Council Members

Charlie Deer  
Community of Fairbanks, Rep.  
P.O. Box 61252  
Fairbanks, Alaska 99706

John Sevier, Plant Manager  
Sitka Sound Seafoods  
329 Katalin Street  
Sitka, Alaska 99835

Willard Dunham  
Community of Seward Rep.  
P.O. Box 27  
Seward, Alaska 99664

Molly Merritt-Duren  
Cook Inlet Tribal Council  
670 W. Fireweed Lane, Suite 200  
Anchorage, Alaska 99503

Montean Jackson  
Adjunct Professor, UAF  
1018 27th Avenue  
Fairbanks, Alaska 99775

David Monroe  
AVTEC Graduate  
P.O. Box 143061  
Anchorage, Alaska 99514

Martin Cary  
Vice President, GCI Business Dev.  
2550 Denali Street, Suite 1000  
Anchorage, Alaska 99503-2781

Sharen Walsh  
Project Manager, H2W Constructors  
3909 Arctic Boulevard  
Anchorage, Alaska 99503

J.C. Ratliffe  
Providence Seward Administrator  
P.O. Box 365  
Seward, Alaska 99664

David White  
Arctic Slope Regional Corporation  
301 Arctic Slope Avenue, Suite 300  
Anchorage, Alaska 99518

Trevor McCabe  
At-Sea Processors Association  
1029 West 3rd Avenue, Suite 550  
Anchorage, Alaska 99501

Gerard Drake  
Bethel Group Home  
P.O. Box 1007  
Bethel, Alaska 99559

Shawn Aspelund  
AK Hire & Training Coord., H.P.  
P.O. Box 196612  
Anchorage, Alaska 99519

## Applied Learning Summer Academy 2001 “Meeting State & Industry Standards through Applied Academics”

For the past two summers, AVTEC has hosted the Applied Summer Academy—a unique combination of vocational/technical training, contextual teaching methods, and standards-based curriculum development. Educators, secondary and post secondary, from all over the state, attend workshops to upgrade technical skills and work together to develop new teaching applications to meet state and industry standards.



The Summer Academy 2000 offered 30 different workshops. The Summer Academy for 2001 will offer similar workshops with some new offerings as well.

For more information contact Beverly Grogan or Debra Burdick at 224-4149 or 1-800-478-5389. Registration is available on line at [avtec.alaska.edu](http://avtec.alaska.edu)

## Marine Simulator Update

The Alaska Maritime Training Center hosted an Open House to introduce AVTEC's two million dollar ship bridge simulator. Invitations were sent to legislators, industry leaders, and community members.

Simulator classes began the second week in January with full enrollment. Many scheduled classes are full for the training year and have a waiting list. Industry partners

such as Crowley Maritime and the Alaska Marine Highway System are booking custom classes. The simulator has four bridges which

can separate different ships within a single scenario. Instructors in a nearby control room can add icebergs, floating logs, wind, fog, or swells at the click of a button. They can also wreak havoc with the ship's radar and other equipment, forcing student mariners to adjust.

Thanks to Senator Stevens, who secured the federal grant money, AVTEC is now home to one of the most advanced ship navigation simulators in the world.



Jim Herbert, Maritime  
Instructor

## SB 289 Monies Provide Program Upgrades and Improvements

Senate Bill 289 monies have allowed AVTEC's **Business & Office Technology Department** to replace outdated computer and office equipment, upgrade software applications, and create a training environment that is ergonomically correct. These monies have made it possible for the Department to purchase new curriculum resources for Microsoft Office 2000 and the licensing for SAM 2000 (Skills Assessment Manager), a tool used to help validate students' computer skills.

The **Learning Resources Department** has upgraded technology and added resources as a result of obtaining SB 289 monies. Fourteen PC workstations have been added and the math curriculum has updated software applications and added the use of the internet as a classroom resource. The **Seward Community Learning Center** can now offer instruction to the community in

most current software applications. Technical library services have also been upgraded: the Online Public Access Catalog (OPAC) has been installed on AVTEC's intranet giving staff access to the library's holdings from their desktops. AVTEC staff now has access to GrantStation, a searchable database for grant funding.

The **Industrial Electricity** program purchased a power conduit bending machine, computers, Fluke handheld oscilloscopes, and Power Line analyzers with SB 289 monies.

The **Department of Applied Technologies** utilized SB 289 monies to purchase three parts washers for the Automotive, Diesel, and Heavy Equipment programs, two computers, a printer, and other additional equipment to bring the department in compliance with EPA and OSHA regulations. The **Welding Technology** program received twelve

new stick rod welding machines, two TIG welders, a remote welder control systems for the individual booths, and other smaller components. The **Diesel Engine Technology** program benefited by ordering three electronically controlled engines, and four heavy-duty engine stands and adapters. The **Heavy Equipment and Automotive Technology** programs received a wheel alignment machine, two vehicle lifts, an anti-freeze recycler, and a transmission jack. Funds from SB 289 are also being used to update audio visual materials and delivery.



## AVTEC Receives Scholarship funds from UNOCAL & Alyeska

AVTEC has applied for and been awarded **Alyeska Section 29 Scholarship** funds in the amount of \$20,000. The goal of the **Alaska Native Scholarship Fund** is to provide monetary support for Alaska Natives to acquire education and/or training needed to prepare for jobs with Alyeska Pipeline and its contractors on the Trans Alaska Pipeline System. The scholarship funds will be awarded in \$1000 increments to qualified applicants. There will be two deadlines by which applicants must apply - March 31, 2001 and September 30, 2001.

**UNOCAL** has awarded AVTEC \$10,000 in scholarship funds. The intent is to support women and minorities entering skilled trades that support the oil and gas industry. Interested applicants should contact AVTEC's Business Office at (907) 224-3322 or 1-800-478-5389.

For information about AVTEC programs or to request a catalog please call: 1-800-478-5389 or 1-907-224-3322. AVTEC Admissions Office, P.O. B. 889, Seward, Alaska 99664

Visit our website at [avtec.alaska.edu](http://avtec.alaska.edu)



**SB**

**139**

SFIN

FILE

**SENATE FINANCE COMMITTEE REPORT**

REPORTED OUT  
MAY 03 2001  
SENATE FINANCE  
COMMITTEE

DATE: 4/12/01

FURTHER:

DATE TURNED IN TO OFFICE: 4 May 01

Finance Committee considered

SENATE BILL NO. 139

STATE WATER USE

"An Act relating to fees for certain uses of state water and the accounting and appropriation of those fees; relating to authorizations for the temporary use of state water; making other amendments to the Alaska Water Use Act; and providing for an effective date."

and recommends:

- be replaced with CS CS 139 (FIN)
- adopt previous CS CS forthcoming ( )
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**

- same title
- new title

**House Bill:**

- same title
- technical title
- new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

F/n forthcoming #

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>			⊕	
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>			✓	
COCHAIR: <i>[Signature]</i>			✓	

# FISCAL NOTE

STATE OF ALASKA  
2001 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CSSB139(RES)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): 05/03/2001 Dept. Affected: Natural Resources  
Title: State Water Use BRU: Minerals, Land & Water  
Component: Water Development  
Sponsor: (S) Rules  
Requester: (S) FIN Component Number: 916

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services		275.0	275.0	275.0	275.0	170.2
Travel		7.0	7.0	7.0	7.0	5.0
Contractual		15.0	15.0	15.0	15.0	7.0
Supplies		3.0	3.0	3.0	3.0	2.0
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>	<b>184.2</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES (Fees)</b>	<b>0.0</b>	<b>84.2</b>	<b>184.2</b>	<b>184.2</b>	<b>184.2</b>	<b>184.2</b>
----------------------------------	------------	-------------	--------------	--------------	--------------	--------------

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		215.8	115.8	115.8	115.8	
1005 GF/Program Receipts	(135.8)	(135.8)	(135.8)	(135.8)	(135.8)	(135.8)
1037 GF/Mental Health						
1156 Receipt-Supported Services	135.8	220.0	320.0	320.0	320.0	320.0
<b>TOTAL</b>	<b>0.0</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>	<b>184.2</b>

Estimate of any current year (FY2001) cost: none  
Check this box (X) if funding for this bill is included in the Governor's FY2002 budget proposal:

**POSITIONS**

Full-time		5	5	5	5	2.5
Part-time						
Temporary						

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

The fundamental issue facing the Water Development component is the fact that there is no longer enough staff to conduct the program required by statute. The problem is exacerbated by a court ruling that requires procedures for temporary water use permits that have historically not been conducted and that significantly increase staff time required to process these permits. The consequence of this problem is that the Department of Natural Resources has a backlog of over 600 applications for water rights and over 3,000 total actions (including permit extensions, transfers, etc.). Thus, many industries and citizens are frustrated by their inability to receive authorization to proceed with their projects, or to gain the security of a water right. [cont.]

Prepared by: Bob Loeffler, Director Phone (907) 269-8625  
Division: Mining, Land and Water Date/Time 03-May-01  
Approved by: Pat Pourchot Date 03-May-01  
Agency: Natural Resources

For distribution information, call the Governor's Legislative Office

ANALYSIS: (continued)

Fee-Supported Services.

This bill would provide for a method of funding the water management program. It would require the water management program to use the application-fee methodology provided in AS 37.10.050 - 37.10.058. This methodology was pioneered by the legislature last year in HB 361, commonly known as the "DEC fees bill."

The fees methodology would allow DNR to set application fees for a temporary water use authorization or a water right at a price up to the estimated average reasonable direct cost incurred. These application fees, in addition to the existing general fund amount, would provide a secure funding source for program. That is, applicants would pay for the reasonable direct cost, and remaining indirect costs would remain the responsibility of the general fund. If applications increased, fees and therefore funds to the program would increase. If applications decreased, the opposite would occur.

The Department estimates that the new fees would be approximately double the existing fees for most water right applications. For some of the more complex types of applications, fees would increase further.

The additional funds would allow DNR to adjudicate a typical, new temporary water use authorization within 15 days, and a typical water right application within 60 days. It would also allow DNR to eliminate the backlog of over 600 water right applications and over 3,000 total actions within 5 years. The Department estimates that it will require \$300K in additional funds to accomplish these performance measures. Of this amount, approximately \$125K would be dedicated to eliminating the backlog of applications and other actions within 5 years. After five years, the funds used to eliminate the backlog would no longer be needed.

The effect of the fees would not be immediate. The establishment of an application-fee system that reflects the reasonable direct cost of providing the service will require up to two years to promulgate regulations, set up a revenue and billing system, and update the water right files. For this reason, this fiscal note includes the additional \$300K in general funds for the first year, FY 02 while regulations are being developed and implemented (it also transfers existing general fund program receipts to receipt-supported services). In the second year, \$215.8 included general funds with the balance in receipt supported services. In the years three through five, the fee program is fully operational. In that year, the department estimates that it will need only \$115.8 in new general funds, all of which would be used to eliminate the backlog. After year five, we project the water rights backlog to be eliminated, the fee program to remain fully operational, and no additional general funds would be required.

This program is consistent with the philosophy that, "Those who benefit from the service should pay for it."

To compliment the water use fee, DNR is currently writing regulations that will allow it to more efficiently process water right applications.

adopted

WORK DRAFT

WORK DRAFT

WORK DRAFT

22-GS1087/P  
Luckhaupt  
5/2/01

CS FOR SENATE BILL NO. 139( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

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

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to fees for certain uses of state water and to the accounting and  
2 appropriation of those fees; relating to authorizations for the temporary use of state  
3 water; making other amendments to the Alaska Water Use Act; and providing for an  
4 effective date."

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

6 \* Section 1. The uncodified law of the State of Alaska is amended by adding new sections  
7 to read:

8 POLICY REGARDING STATE WATER USE FEES. (a) It is the policy of the  
9 legislature to authorize the Department of Natural Resources to assess a reasonable fee for the  
10 services it provides in facilitating the use of state water; the fee should reflect the reasonable  
11 direct cost of providing the service, but it is the policy of the state that the fee not include

12 (1) the costs and salaries of administrative, support, or supervisory personnel  
13 who are not directly engaged in providing the service;

14 (2) other budgeted overhead expenses, including rent and utilities;

1 (3) interagency charges that would not meet the requirements of AS 37.10.052  
2 - 37.10.058 if those charges had been incurred or invoiced by the agency providing the  
3 designated regulatory service;

4 (4) public consultation costs when the consultation is not required by law;

5 (5) costs related to an appeal of permit issuance by a person other than the  
6 applicant for that permit;

7 (6) expenses that are not reasonably necessary to comply with the law under  
8 which the service is provided; or

9 (7) travel expenses for inspecting businesses having not more than 20  
10 employees.

11 (b) It is the policy of the legislature that the Department of Natural Resources not  
12 apply a charge to the holder of a certificate of appropriation that is not specifically related to  
13 services provided by the department, except that the department may continue to charge the  
14 annual \$50 administrative service fee currently in use by the department in order to maintain  
15 the water rights program for the benefit of Alaskans and current water rights holders.

16 (c) It is the policy of the legislature that the Department of Natural Resources  
17 minimize the required costs, including application fees, on individuals and businesses  
18 withdrawing less than a significant amount of water.

19 \* Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to  
20 read:

21 FINDINGS, POLICY, AND PURPOSE RELATED TO AUTHORIZATIONS FOR  
22 CERTAIN TEMPORARY USES OF STATE WATER. (a) The legislature finds that

23 (1) many construction, development, commercial, and private activities  
24 require an authorization for the temporary use of the state's water without the need to acquire  
25 a permanent right to appropriate water;

26 (2) for many years, in appropriate circumstances, the Department of Natural  
27 Resources has issued revocable permits for the temporary use of state water under AS 46.15;  
28 and

29 (3) the legislature validates and affirms that temporary permits authorizing the  
30 temporary use of state water continue to be appropriate under AS 46.15.

31 (b) It is the policy of the legislature to expressly confirm in the Department of Natural

1 Resources the authority to issue authorizations for temporary use of water subject to  
2 appropriate conditions and limitations set by the Department of Natural Resources.

3 (c) The purpose of the enactment of AS 46.15.155 in sec. 6 of this Act is to

4 (1) confirm the authority of the Department of Natural Resources to issue  
5 authorizations for temporary use of water; and

6 (2) affirm the validity of existing temporary permits for the use of state water  
7 issued before the effective date of this Act that may have been called into question by the  
8 rationale used by the court in *Greenpeace v. Alaska Department of Natural Resources*, 3AN-  
9 00-3415 Civil.

10 \* Sec. 3. AS 37.10.058(2) is amended to read:

11 (2) "designated regulatory service" means a regulatory service  
12 provided under the following regulatory programs:

13 (A) regulation of the disposal of waste into waters of the state  
14 under AS 46.03.100;

15 (B) certification of federal permits or authorizations under 33  
16 U.S.C. 1341 (sec. 401, Clean Water Act); [AND]

17 (C) a coastal management consistency determination relating to  
18 a permit or authorization issued under a program listed in (A) or (B) of this  
19 paragraph, if the determination is made by the agency issuing the permit or  
20 authorization; and

21 (D) any authorization for the use or appropriation of water  
22 under AS 46.15.

23 \* Sec. 4. AS 46.15.020(b)(4) is amended to read:

24 (4) prescribe fees or service charges for any public service rendered  
25 consistent with AS 37.10.050 - 37.10.058, except that the department may charge  
26 under regulations adopted by the department an annual \$50 administrative  
27 service fee to maintain the water management program;

28 \* Sec. 5. AS 46.15.035(e)(2) is amended to read:

29 (2) "hydrologic unit" means a hydrologic subregion established by the  
30 United States Department of the Interior, Geological Survey, on the "Hydrologic Unit  
31 Map-1987, State of Alaska"; "hydrologic unit" includes the water of an ocean that

1       is adjacent to a hydrologic subregion of the state. ["

2       \* Sec. 6. AS 46.15 is amended by adding a new section to read:

3               Sec. 46.15.155.   Authorization for temporary use of water.   (a)

4       Notwithstanding any contrary provision of this chapter, the commissioner may  
5       authorize the temporary use of a significant amount of water, as determined by the  
6       department by regulation, for a period of time not to exceed five consecutive years, if  
7       the water applied for has not been appropriated in accordance with this chapter.

8               (b) Notwithstanding any contrary provision of this chapter, an authorization  
9       for a temporary use of less than a significant amount of water is not required under  
10       this section unless the commissioner has determined by regulation that the use may  
11       have an adverse effect on other water uses and that an authorization must be obtained  
12       from the department.

13              (c) The issuance of an authorization for temporary use of water under this  
14       section does not establish a right to appropriate water. The temporary use of water  
15       under an authorization remains subject to appropriation under this chapter.

16              (d) Notwithstanding any contrary provision of this chapter, the commissioner  
17       is not required to provide public notice under AS 46.15.133 of a proposed  
18       authorization for temporary use of water; however, the commissioner shall request  
19       comment on an application for temporary use of water from the Department of Fish  
20       and Game and the Department of Environmental Conservation.

21              (e) The provisions of AS 46.15.080 do not apply to the issuance under this  
22       section of an authorization for temporary use of water.

23              (f) The commissioner may impose reasonable conditions or limitations on an  
24       authorization for temporary use of water to protect the water rights of other persons or  
25       to protect fish and wildlife habitat, human health, or other public interests.

26              (g) Upon approval by the department, an authorization under this section may  
27       be transferred to another person under the same conditions and limitations under  
28       which the authorization was issued.

29              (h) A person to whom an authorization for temporary use of water was issued  
30       under this section may allow another person to use the authorization, consistent with  
31       the conditions and limitations of the authorization.

1 (i) The commissioner may modify, suspend, or revoke an authorization issued  
2 under this section if the commissioner determines it necessary to protect the water  
3 rights of other persons or the public interest.

4 \* Sec. 7. AS 46.15.180(a) is amended to read:

5 (a) A person may not

6 (1) construct works for an appropriation, or divert, impound, withdraw,  
7 or use a significant amount of water from any source without a permit, [OR] certificate  
8 of appropriation, or authorization issued under this chapter;

9 (2) violate an order of the commissioner to cease and desist from  
10 preventing any water from moving to a person having a prior right to use it;

11 (3) disobey an order of the commissioner requiring the person to take  
12 steps to cause the water to move to a person having a prior right to use it;

13 (4) fail or refuse to install meters, gauges, or other measuring devices  
14 or control works;

15 (5) violate an order establishing corrective controls for an area or for a  
16 source of water;

17 (6) knowingly make a false or misleading statement in a declaration of  
18 existing right.

19 \* Sec. 8. The uncodified law of the State of Alaska is amended by adding a new section to  
20 read:

21 VALIDITY OF EXISTING TEMPORARY PERMITS ISSUED BEFORE THE  
22 EFFECTIVE DATE OF THIS ACT. (a) A temporary permit issued before the effective date  
23 of this Act by the Department of Natural Resources under AS 46.15 authorizing the temporary  
24 use of water is valid and remains in effect, notwithstanding that public notice was not  
25 provided under AS 46.15.133 or the criteria set out in AS 46.15.080 were not applied before  
26 the temporary permit was issued.

27 (b) A temporary permit described in (a) of this section shall be considered to be an  
28 authorization for temporary use of water under AS 46.15.155, enacted by sec. 6 of this Act, as  
29 if AS 46.15.155 had been in effect at the time the temporary permit was issued. A temporary  
30 permit described in this subsection is subject to the terms and conditions set out in the  
31 temporary permit and is subject to the requirements of AS 46.15.15<sup>7</sup>, enacted by sec. 6 of this

1 Act.

2 \* Sec. 9. The uncodified law of the State of Alaska is amended by adding a new section to  
3 read:

4 TRANSITION: REGULATIONS. (a) Under ' S 44.62.125(b)(6), the regulations  
5 attorney may change the term "temporary water use permit" in regulations of the Department  
6 of Natural Resources concerning water use to "authorization for temporary use of water" as  
7 consistent with this Act.

8 (b) To the extent that the regulations are not inconsistent with this Act, regulations  
9 related to water management adopted by the Department of Natural Resources under  
10 AS 46.15 and in effect on the effective date of this Act remain in effect until amended or  
11 repealed and may be administered and enforced by the Department of Natural Resources.

12 \* Sec. 10. Except as provided in sec. 11 of this Act, this Act takes effect immediately under  
13 AS 01.10.070(c).

14 \* Sec. 11. Section 4 of this Act takes effect July 1, 2002.

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR GREEN

TO: CSSB 139( ), Draft Version "J"

1 Page 3, lines 23 - 27:

2 Delete all material.

3 Insert a new bill section to read:

4 **\*\* Sec. 4. AS 46.15.020(b) is amended to read:**

5 (b) The commissioner shall

6 (1) adopt procedural and substantive regulations to carry out the  
7 provisions of this chapter, taking into consideration the responsibilities of the  
8 Department of Environmental Conservation under AS 46.03 and the Department of  
9 Fish and Game under AS 16;

10 (2) keep a public record of all applications for permits and certificates  
11 and other documents filed in the commissioner's office; and shall record all permits  
12 and certificates and amendments and orders affecting them and shall index them in  
13 accordance with the source of the water and the name of the applicant or appropriator;

14 (3) cooperate with, assist, advise, and coordinate plans with the  
15 federal, state, and local agencies, including local soil and water conservation  
16 districts, in matters relating to the appropriation, use, conservation, quality, disposal,  
17 or control of waters and activities related thereto;

18 (4) prescribe fees or service charges for any public service rendered  
19 consistent with AS 37.10.050 - 37.10.058, except that the department may charge  
20 under regulations adopted by the department an annual \$50 administrative  
21 service fee to maintain the water management program;

22 (5) before February 1 of each year, prepare a report describing the  
23 activities of the commissioner under AS 46.15.035 and 46.15.037; the commissioner  
24 shall notify the legislature that the report is available; the report must include

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(A) information on the number of applications and appropriations for the removal of water from one hydrological unit to another that were requested and that were granted and on the amounts of water involved;

(B) information on the number and location of sales of water conducted by the commissioner and on the volume of water sold;

(C) recommendations of the commissioner for changes in state water law; and

(D) a description of state revenue and expenses related to activities under AS 46.15.035 and 46.15.037."

SENATE FINANCE COMMITTEE  
200 COMMITTEE ACTION

5/3/01

Bill Number	SB 139		
Amendment	#1		
Motion	adopt		
<u>Motion by</u>	G		
<u>Objection by</u>	none		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Olson			
Senator Ward			
Senator Wilken			
Senator Austerman			
Senator Green			
Senator Hoffman			
Senator Leman			
Co-Chair Donley			
Co-Chair Kelly			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	PASS		

SENATE FINANCE  
COMMITTEE

Amendment Number: #2  
Bill Number: SB 139  
Sponsor: Green Date: 5/3/01  
Logged In By: Mindy

22-GS1087J.2  
Luckhaupt  
5/3/01

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR GREEN

TO: CSSB 139( ), Draft Version "J"

1 Page 2, line 17, before "minimize":

2       Insert "(1)"

3

4 Page 2, line 18, following "water":

5       Insert ";

6               (2) consider providing a partial fee reduction for water rights holders and

7 applicants who have approved irrigation management plans"

SENATE FINANCE COMMITTEE  
2000 COMMITTEE ACTION

5/3/01

Bill Number	SB 139		
Amendment	#2		
Motion	adpt		
<u>Motion by</u>	G		
<u>Objection by</u>	K		
<u>Removed</u>	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Ward			
Senator Wilken			
Senator Austerman			
Senator Green			
Senator Hoffman			
Senator Leman			
Senator Olson			
Co-Chair Donley			
Co-Chair Kelly			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	Pass		