

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982

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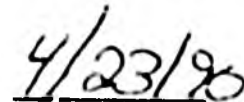


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\*See Conference Committee minutes (Book 2) for final figures and changes in Legislative Intent.

\*\*See page 320 for Legislative Intent re Far East Trade Office.

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\*See Conference Committee minutes (Book 2), for final figures and any changes in Legislative Intent.

\*\*See page 322 for Legislative Intent re workbooks for Finance Committees.

\*\*\*See page 448 for Legislative Intent re SWIS program.

\*\*\*\*See page 448 for Legislative Intent re surplus property accounts receivable.

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\*See Conference Committee minutes (Book 2), for final figures and any changes in Legislative Intent.

\*\*See page 242 for Legislative Intent re hiring nurse.

\*\*\*See page 245 for Legislative Intent re licensing board on AMA; and change on fee for Engineers & Architects Board.

\*\*\*\*See page 246 for Legislative Intent re ACS sale.

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\*See Conference Committee minutes (Book 2), for final figures and any changes in Legislative Intent.

\*\*See page 398 for Legislative Intent re library for this department.

\*\*\*See page 459 for Legislative Intent re Industrial Tax Incentive Study.

\*\*\*\*See page 459 for Legislative Intent re implementation of Ch.162, SLA66.

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\*See Conference Committee minutes (Book 2), for final figures and any changes in Legislative Intent.

\*\*See page 461 for Legislative Intent re capital improvements.

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\*See Conference Committee minutes (Book 2) for final figures and any changes in Legislative Intent.

\*\*See page 83 for Legislative Intent re Anadromous Fish program.

\*\*\*See page 459 for Legislative Intent re predator control program.

\*\*\*\*See page 91 for Legislative Intent re Working Capital Fund.

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\*Sec Conference Committee minutes (Book 2) for final figures and any changes in Legislative Intent.

\*\*See page 172 for Legislative Intent re repairs to Wasilla Youth Camp.

\*\*\*See page 430 for Legislative Intent re Probation Counselor in Dist. 2.

\*\*\*\*See page 188 for Legislative Intent re decrease on vacant positions.

\*\*\*\*\*See page 450 for Legislative Intent re Mental Health Coordinator.

\*\*\*\*\*See page 190 for Legislative Intent re decrease on vacant positions.

\*\*\*\*\*See page 428 for Legislative Intent re state hospital program.

\*\*\*\*\*See page 190 for Legislative Intent re review of program.

\*\*\*\*\*See page 425 for Legislative Intent re ARCA and ACCA program.

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\*See Conference Committee minutes (Book 2) for final figures and any changes in Legislative Intent.

\*\*See page 333 for Legislative Intent re Special Projects.

\*\*\*See page 455 for Legislative Intent re purchase of firetruck.

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\*See Conference Committee minutes (Book 2) for final figures and any changes in Legislative Intent.

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\*See Conference Committee minutes (Book 2) for final figures and changes in Legislative Intent.

\*\*See page 264 for Legislative Intent re travel.

\*\*\*See page 265 for Legislative Intent re travel.

\*\*\*\*See page 266 for Legislative Intent re OEO funds; and equipment for magistrates' offices.

\*\*\*\*\*See page 234 for Legislative Intent re HB158.

\*\*\*\*\*See pages 449-450 for Legislative Intent re Petersburg and Bethel.

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\*See Conference Committee minutes (Book 2) for final figures and changes in Legislative Intent.

\*\*See pages 470-471 for Legislative Intent re pay raise for legislative employees.

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\*See Conference Committee minutes (Book 2) for final figures and changes in Legislative Intent.

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\*See Conference Committee minutes (Book 2) for final figures and any changes in Legislative Intent.

\*\*See page 407 for Legislative Intent re moving of Public Works office.

\*\*\*See page 417 for Legislative Intent re radio equipment for Public Safety.

\*\*\*\*See page 408 for Legislative Intent re increase in commodities.

\*\*\*\*\*See page 420 for Legislative Intent re special maintenance program.

\*\*\*\*\*See page 464 for Legislative Intent re Anchorage & Fairbanks International airports.

\*\*\*\*\*See page 420 for Legislative Intent re Tustamena stopping at Whittier.

\*\*\*\*\*See page 463 for Legislative Intent re Tatitlek harbor.

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\*See Conference Committee minutes (Book 2) for final figures and any changes in Legislative Intent.

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\*See Conference Committee minutes (Book 2) for final figures and changes in Legislative Intent.

\*\*See page 191 for Legislative Intent re Tliokol Imp.

DEPARTMENT OF MILITARY AFFAIRS\*

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\*See Conference Committee minutes (Book 2) for final figures and changes in Legislative Intent.

DEPARTMENT OF LAW\*

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\*See Conference Committee minutes (Book 2) for final figures and changes in Legislative Intent.

DEPARTMENT OF LABOR\*

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\*See Conference Committee minutes (Book 2) for final figures and any change in Legislative Intent.

**HOUSE FINANCE COMMITTEE MEETING**

**January 24, 1967**

**2:00 P.M.**

**Present:** All members

**Meetings:** Regular finance committee meetings will be held each morning at 8:30. All members are expected to be present. Absences will be recorded. Any member wishing to be excused should contact the chairman; if he can not be reached, the vice chairman.

**Research:** The chairman directed the members to inform the staff as to preferences as to departmental assignments for research.

**Procedural Voting Record:** Procedural voting will only be recorded by yeas and nays. Members may, however, have their personal vote recorded by request.

**Status of Bills and other Files:** The chairman directed the staff to maintain a status of bills file, including referral file, further referral file and bills reported out file.

**Bill Analysis:** The staff was directed to analyze all bill to determine possible financial implication.

**Adjourned:** Meeting adjourned at 3:00 P.M.

**HOUSE FINANCE COMMITTEE MEETING**

**January 25, 1967**

**8:30 a.m.**

**Present:** All members.

**Research:** The chairman requested the members to turn in their subcommittee requests, so that he and the vice-chairman could make the assignments for each department.

**Next Meeting:** The Chairman requested that Mr. Ward, Commissioner of the Department of Administration, and Mr. Freer, Director, Division of Budget and Management, be present for the January 26 (Thursday) regular meeting. They will discuss the funding aspect of the new budget.

**Adjournment:** Meeting adjourned at 9:00 a.m.

**HOUSE FINANCE COMMITTEE MEETING**

**January 25, 1967**

**10:45 a.m.**

**Present: All members.**

**Research: The Chairman announced that assignments have been made for all subcommittee work; however, changes could be made as the work progressed. The subcommittee assignments are as follows:**

**DEPARTMENT OF ADMINISTRATION: Committee of the Whole.**

**DEPARTMENT OF COMMERCE: Committee of the Whole.**

**DEPARTMENT OF ECONOMIC DEVELOPMENT: Committee of the Whole.**

**DEPARTMENT OF EDUCATION: To be appointed at a later date.**

**DEPARTMENT OF FISH & GAME: Haugen, Chairman; Sassara, Borer.**

**DEPARTMENT OF HEALTH & WELFARE: Borer, Chairman; Ray, Haugen.**

**DEPARTMENT OF HIGHWAYS: Haugen, Chairman, Sassara, Borer.**

**DEPARTMENT OF LABOR: Committee of the Whole.**

**DEPARTMENT OF LAW: Miller.**

**DEPARTMENT OF MILITARY AFFAIRS: Committee of the Whole.**

**DEPARTMENT OF NATURAL RESOURCES: Sackett, Chairman; Borer.**

**DEPARTMENT OF PUBLIC SAFETY: Committee of the Whole.**

**DEPARTMENT OF PUBLIC WORKS: Strandberg, Chairman; Sackett, Ray.**

**DEPARTMENT OF REVENUE: Committee of the Whole.**

**UNIVERSITY OF ALASKA: Miller, Chairman; Ray.**

**OFFICE OF THE GOVERNOR: Miller, Chairman; Strandberg.**

**COURT SYSTEM: Committee of the Whole.**

**The Chairman requested that the Governor be notified of these assignments, and that a copy of this letter be sent to each commissioner, so that the commissioner will know who has been assigned to each department.**

~~workbooks delivered to the Committee members following the Governor's~~  
budget address. There was discussion on obtaining more copies  
of these workbooks for the Committee members, and it was  
decided that the Committee would discuss this tomorrow at  
the meeting with Mr. Ward and Mr. Freer.

JOINT FINANCE COMMITTEES  
January 26, 1967  
8:30 a.m.

**Present:** All House members, and all Senate members except Senators Kingstrom and B. Phillips.

**General:** The House Chairman, Mr. Strandberg, announced that he and Senator Vance Phillips, Senate Finance Committee Chairman, would alternate on conducting the joint Finance Committee meetings. He stated that joint meetings would be held on budget review of the various departmental budgets and for any other reasons deemed necessary. He said the purpose of the meetings would be for review and informational purposes only, and no votes would be taken during these meetings. It would also be for the benefit of the staff in recording the data.

**Revenue  
Funding:**

Mr. Ward, Commissioner of Department of Administration and Mr. Freer, Director, Division of Budget and Management were present, and explained the funding as set out in the Budget Document, on pages I and II. It was explained by Mr. Strandberg and Mr. Freer that the \$16,398,200 amount as shown as the Available Fund Balance on July 1, 1966, is a firm figure. They said this was not true of the figure on page II; Estimated Available Fund Balance on July 1, 1967 (\$23,502,400) - it is an estimate.

**Supplemental**

**Request:** The Supplemental Appropriation request of \$1,451,800 will effect the balance. Mr. Freer said this was actually an expenditure -- i.e., state lands, Health & Welfare projects, Pioneers' Home in Fairbanks (which will open in April and need money for the balance of the fiscal year for staffing, etc.,).

ses: Mr. Sassara asked if there was any general area of any big lapses. Mr. Freer explained there were areas where they have traditional lapses, i.e. mental health programs, rural schools, etc., but that it was spread out through money in the federal programs. He thought in the final analysis the lapsed funds would probably be about \$3,000,000.

**End of year  
Spending:**

Senator Blodgett asked about big spending just before the end of the fiscal year. Mr. Freer said that attempts to do so would be natural, but they do keep a control on it. Actual data, however, is not available. Mr. Strandberg requested some type of analysis on this.

**Matching  
Funds:**

Senator Blodgett asked about any instance of the state appropriating matching funds for federal money, then the federal money did not come through but the state money was spent anyway.

Mr. Freer used an example of the Council of the Arts appropriation in last year's budget, where the state appropriated \$25,000 to be matched by the same amount in federal money. The federal then appropriated (approximately) only \$12,000, so the state only spent \$12,000, instead of the original amount appropriated for this.

**Shared  
Revenue:**

Senator Smith asked whether the \$2,363,100 for shared revenue was a gross or net figure; whether costs of collection had to be subtracted from it. Mr. Freer explained that except for the Electric and Telephone Cooperative Tax, the administrative costs of collecting revenue was funded to the Department of Revenue and was not deducted from shared revenue.

**Revenue  
Budgeting:**

In the \$96,818,700 (Estimated Unrestricted General Receipts) figure and the Appropriation Requested from general Fund figure of \$102,167,900 -- Mr. Freer explained they try to narrow the gap between these two figures so that the Estimated Available Fund Balance (\$23,502,400) would not be depleted, or in other words, trying to narrow the gap between income and expenditure.

**Meeting:** Mr. Strandberg suggested the next joint Finance Committee meeting should be on the revenue aspect of the budget.

**Information:** Mr. Freer reminded the members that they were welcome in his office at any time to discuss any aspect of the budget with him and members of his staff. Mr. Strandberg pointed out to the members of the committee that they would have to do a lot of individual research and they should use Mr. Freer's office for much of this information.

**Budget  
Workbooks:**

Mr. Ray asked about more copies of the Budget Workbooks. Mr. Freer explained that they could make up more copies, but it would take about a week or more to assemble. Mr. Strandberg said he and Senator V. Phillips would go over to the Department of Administration and discuss this problem. They will decide which particular departmental workbooks would be needed, rather than make up complete sets.

**Meeting:** Mr. Strandberg announced that the next joint meeting would be held Tuesday, February 1, at 8:30 a.m. Mr. Ward and Mr. Freer would again be in attendance, and possibly the Commissioner of Revenue, Mr. Stevenson and others, to discuss the revenue aspect of the budget.

**Adjournment:** Meeting adjourned at 9:15 a.m.

HOUSE FINANCE COMMITTEE MEETING

January 26, 1967  
9:40 a.m.

**Present:** All members except Messrs. Haugen and Borer.

**Legislative**

**Audit report:** The Legislative Audit report was received and put in the bookcase for the use of the members, and Mr. Strandberg requested that none of the books be removed from the Committee Room.

**Budget**

**Workbooks:** Mr. Strandberg suggested that the members study books and then at the next meeting, they could bring up any questions they might have.

**Next**

**Meeting:** The Chairman announced another meeting would be held at 2:00 p.m.

**Journalment:** Meeting adjourned at 9:55 a.m.

**HOUSE FINANCE COMMITTEE MEETING**

**January 27, 1967  
10:00 a.m.**

**Present:** All members.

**General Meeting:** No business transpired at this meeting. The members went into subcommittee meetings, and they will be spending the balance of the day and tomorrow (Saturday) working on their various assignments.

**Next Meeting:** The Chairman announced that the Committee would meet at the usual time on Monday morning at 8:30 a.m.

**Adjournment:** Meeting adjourned into subcommittee meetings at 10:15 a.m.

HOUSE FINANCE COMMITTEE MEETING  
January 30, 1967  
8:30 a.m.

**Present:** All members, except Mr. Miller who was meeting with the Department of Administration.

**General Meeting:** The Chairman announced the meeting would be brief so that members could continue with their subcommittee work. Mr. Strandberg explained to the members that during their budget review of the various departments, they would find mistakes, or not agree with certain items, and they were to question the commissioner, then discuss it with the Governor's budget review committee, but they were not to go directly to the Governor with these problems.

**Budget Closing:** Mr. Strandberg stated that it was his intent that the committee close out portions of the budget intermittently. Four members of the committee may have that portion of the budget reopened, however, at any time.

**King Crab Marketing Control Board:** Mr. Haugen (in referring to a letter dated January 26, from Walter Kirkness, Commissioner of Fish and Game) asked if the King Crab Control Board could spend all of the money that came into General Fund for this Board, or only what was appropriated. Mr. Strandberg replied that they could spend only what was appropriated to them.

**Subcommittee:** The Chairman told the members that all information -- correspondence, reports, etc., -- that the subcommittees collect during their research should be referred directly to the chairman so that the originals could go into the committee file and that the files could be complete at all times.

CSHB333

The Chairman requested a copy of the report of intent that accompanied CSHB333 (1966 - 1967 budget bill) be distributed.

Adjournment: Meeting adjourned until afternoon (after House adjournment) and members went into subcommittee meetings.

**HOUSE FINANCE COMMITTEE MEETING**  
**January 31, 1967**  
**8:30 a.m.**

**Present:** All members.

**Meeting:** No business transpired, and members worked on their subcommittee work, while awaiting the joint Finance Committee meeting, which was scheduled at 9:00 a.m.

**JOINT FINANCE COMMITTEE MEETING**

January 31, 1967

9:00 a.m.

**Present:** All members of the House Finance Committee, and all members of the Senate Finance Committee, except Senator Brad Phillips.

**General Meeting:** Mr. John McDonald, Assistant Commissioner, Mr. Richard W. Freer, Director, Division of Budget & Management, and Mr. Robert Sharp, from the Department of Administration; and Mr. Phil Holdsworth, Commissioner, Department of Natural Resources were present, with Senator Vance Phillips conducting the meeting.

The Chairman announced that R. D. Stevenson, Commissioner, Department of Revenue, would be unable to attend the meeting today, and due to the bond sale, he would appear before a joint Finance Committee meeting tomorrow (Wednesday) at 8:30 a.m.

**Revenue Estimates:** Mr. Sharp gave a general explanation of the estimated General Fund figures as shown on pages I and II of the Budget Documents and page 37 of the Revenue Sources, 1966-1972. The estimated revenues for 1967 were computed through the month of November, and then an estimate was made for the balance of the year, which makes the accuracy of the figure fairly firm.

**Native Land Claims:** Mr. Strandberg asked if the figure under Federal Lands and Resources for FY 1967 included any correction because of the impact of the Native land claims. Mr. Sharp said, no, since this was an unknown factor at this time. Mr. Strandberg asked if this figure would have been same if there had been no land claims. Mr. Sharp said that was correct. There was discussion with Mr. Strandberg, Senator Blodgett, and

Mr. Sharp concerning the fact that this figure could be off as much as \$1,000,000 since the Native land claims were not taken into consideration when arriving at the \$8,573,500 figure.

**Motion:**

Mr. Strandberg moved and asked unanimous consent that Mr. Holdsworth be requested to prepare an estimate based on a conservative view as to what the State would lose should the state not be able to have the land leased and get the additional income. There being no objection, it was so ordered and Mr. Holdsworth was requested to prepare this analysis for the joint Finance Committee.

**Budget estimate:**

Mr. Miller noted that the budget estimate for FY 1967 was \$80,257,200 which when revised was approximately \$6,000,000 over what the budget estimate was, and wondered what particular factor gave the state that much more and also asked if there was any chance of it happening this year. Mr. Sharp said the reason for the upward revision in 1967 falls into many areas -- income tax, etc. He recalled that in 1966 there was some question as to the effect the earthquake would have on revenue. They knew it had increased revenues in 1965-66 (due to increased construction, etc.) but they did not know how to forecast how soon it would taper off. As far as 1967, they took the more conservative view in estimating, but as it happened, it did not decline as fast as they had anticipated, or other construction made up for it. He pointed out, also, that business licenses, fees, increased over what they had forecast a year ago; however, there was not too much change until Charges and Other Receipts. It is there the increase

in the ferry system revenues, international airport, and also the Cold Bay operation (for which no estimate had been made) for 1967. Mr. Sharp pointed out the revenue from state lands had also been updated and concluded that he felt personally confident that the \$80,257,200 was a realistic figure.

Mr. Miller said that since the original estimate could be attributed to the uncertainty following the earthquake plus increased revenue from a general economic upswing, he wondered if the 1968 figure would be more stable? Mr. Sharp said he thought the 1968 figure could still be revised upward and the 1969 and 1970 are highly conservative, and particularly 1971 and 1972. He said the "crystal ball" gets rather dim when you get four and five years away.

Mr. Ray asked about the FY 1971 increase of some \$5,000,000 over the FY 1970 under Income, Excise, Occupation and Property Taxes. He pointed out that the FY years of 1968, 1969 and 1970 had a gradual increase, but then in 1971, the large increase. He wondered if there was a special reason for this. Mr. Sharp explained it was forecast on a pack basis in the fish tax.

Federal  
Highway  
Cutback:

Senator Smith inquired how the federal highway funds receipts cutback by the national administration would show up on the budget. Mr. Sharp said they had not used that portion, so the cash flow (under non-reserved federal receipts) may be curtailed but the restrictions on the cash flow could be removed tomorrow (by the federal government) so they have not forecast the funding of this in the budget.

Since this money comes in under non-reserved federal receipts, that figure is based on the amount of cash expected to be received during the fiscal year, and money such as this out-back could eventually show in here but not much difference will show up until possibly 1969 FY, since some contracts are backlogged. Mr. Sharp said there would be a general decline when the backlog is utilized. He said the figure is based on the amount of funds that are reimbursed to the state, it is not a direct apportionment item to the state, so he feels there will be no appreciable effect on the 1968 figure. Mr. Strandberg said a simple way to explain this was that by about 1969 the state will be coming closer to picking up the backlog of funds that have accumulated from 1959 to 1962. Mr. Sharp said the rate of expenditure in highway construction did not equal the rate of construction.

Special  
Legislation  
of Sen.  
Gruening:

Mr. Strandberg asked if this figure included any forecast as to the revenues from the special legislation of Senator Gruening's bill. Mr. Sharp said no, it did not contemplate or reflect any, since no appropriation had been made.

Mr. Strandberg requested Mr. Sharp to immediately check with the Department of Highways and bring the joint committee up to date on this.

Estimated  
Revenue:

Senator Blodgett said he felt, for the benefit of the new members, that they should be advised that budgetary consideration on projected revenue is a conservative estimate. He said this had been the pattern for the past nine years.

Mr. Kerttula arrived at this time.

Estimated Revenue - State Lands:

Mr. Strandberg requested that Mr. Holdsworth discuss with the group on how they arrived at the estimated figures shown under State Lands, and if the figure is the one given to the Department of Administration. Mr. Holdsworth said the figures as shown were the ones projected by his department and that these figures were based on their estimates of sales, forecast of sales, and that most were offshore sales. They were fairly conservative in estimating off shore sales.

Senator Lowell Thomas arrived at this time.

Mr. Strandberg said he would assume the \$15,162,900 FY 1967 figure was a fairly firm figure. Mr. Holdsworth agreed that it was.

Mr. Holdsworth said that they had had their offshore land sale two weeks ago and they did not anticipate any problems in this area.

Oil Production:

Mr. Strandberg pointed out that in the \$21,676,200 figure shown under FY 1968 is a \$5,000,000 jump over FY 1967, and asked that Mr. Holdsworth explain to the committee what this forecast was based upon. Mr. Holdsworth said it was based on getting the seven platforms which are in the Inlet and will be producing, and they have tested for oil but do not have an estimate on production. There was no production this year because of the lack of these platforms but these will be hooked up next year and will be producing, then the state will receive a direct royalty. (More discussion which is recorded on tape -- 300 footage)

Mr. Strandberg noted the jump to \$14,257,700 in the FY 1969 and asked if that was based on the known reserves, or is there any anticipation of additional reserves. Mr.

**Mineral  
Leases:**

Holdsworth replied that this figure was not based on any structure which had not been tested. Mr. Strandberg asked about the \$10,000,000 figure under Bonuses from Mineral Leases, and wanted to know what land was covered by that. Mr. Holdsworth said that was based on a sale in South Cook Inlet for midyear of this year, and that they had recommended a sale in Bristol Bay for December, then in the following July in the Gulf of Alaska. The forecast was based upon these sales. Mr. Strandberg asked if there was any amount contained in that figure that would depend upon the acquisition by the state of additional federal lands. Mr. Holdsworth said no.

**Oil  
Industry  
Report:**

Chairman Vance Phillips asked if any of the members or Mr. Holdsworth had seen the report put out by the oil industry. Mr. Holdsworth said he had, and Senator Phillips told the members that if they wanted a copy, he could get one for them.

**Natural  
Gas:**

Mr. Strandberg asked if in the forecast of the operation of natural gas sales had been taken into consideration -- the two plants going in the Kenai area. Mr. Holdsworth said they were taken into consideration.

**Forest  
receipts:**

Mr. Strandberg asked where the figure on forest receipts would be. Mr. Holdsworth said this is the 25 percent that the state receives from the federal government for the disposal of timber and these forecasts are received from the U. S. Forest Service.

Mr. Strandberg asked if they were anticipating any increase in the National Forest Timber Sales - Chugach, and Mr. Holdsworth explained that the figure in the FY 1972 column was a typographical error and should be \$7,500. (This

also changes the Total Federal Lands to \$9,937,300.)

Ferry  
System:  
(SE)

Mr. Strandberg asked for a report on the estimated income in the ferry system, and how they arrived at the various calculations. Mr. Sharp said they have based their estimate on the ferry system on various percentages. In 1967, the estimate was updated, based on the actual data that had been collected up to November 20, and then estimated for the balance of the fiscal year 1967. The bookings for 1967 look like a good year, he explained, and said that was the basis for updating 1967. In 1968, with a 5 percent growth factor plus \$200,000, which reflects rate changes, which go into effect for that year. The passenger rates will change in April of this year. In 1969 the increase is not too great. The 1970 is based on 2-1/2 percent. Also the capacity is limited, and will be reached by that year. In 1970, based on a new vessel going into operation, there should be a good increase, and 1971 and 1972 goes back to the 15 percent growth factor.

Ferry  
System:  
(SW)

Mr. Sharp gave the following growth factor on the Southwest Ferry system:

1967: Based same as SE ferries  
1968: 5 percent  
1969: 15 percent  
1970: 25 percent based on new ship going into service during Fy.  
1971: 15 percent  
1972: 15 percent

Ferry  
System:  
(Stewards)  
(SE)

Under the Ferry Steward designation, Mr. Sharp explained that these figures were coordinated with the traffic growth factor as explained above. They are as follows:

1967: 15 percent  
1968: 15 percent  
1969: 10 percent  
1970: 15 percent  
1971: 15 percent  
1972: 15 percent

Ferry  
System:  
(Stewards)  
(SW)

1967: Revised on actual revenue through Nov. and 5 % for rest of FY.  
1968: 15 percent  
1969: 15 percent  
1970: 25 percent (new ship)  
1971: 15 percent  
1972: 15 percent

Nenana  
Ferry:

Mr. Sharp noted that the Nenana ferry will go out of service when the bridge is completed, so no figures are shown after 1968.

Ferry  
System:

Chairman Vance Phillips requested an explanation of the operation of the ferry system for the benefit of the new members. Mr. Sharp gave a brief description of the ferry service provided by both the SE and SW ferry system.

Ferry  
System :  
(Food  
Concession)

Chairman Phillips asked for an explanation of the food concession on the ferries. Mr. Sharp explained that the state hires a management agent to handle both Southeast and Southwest steward departments. He explained further that the Universal Food had the management contract and that they were paid a management fee. He said any profit from this operation went into the state treasury.

Ferry  
Bond sale:

Mr. Ray asked if the FY 1970 would be a 25 percent increase since there had as yet been no sale of bonds for the new ferries. Mr. Sharp said that it was true that there had been no schedule yet for the marketing of these bonds; however, a bill would be introduced in this session that would appropriate from the General Fund that would enable the work on the vessels to begin.

State  
lands:

Mr. Holdsworth asked if he could explain an item on Mines and Mineral Taxes. He said that the \$30,000 figure projected for FY 1967 and each year through FY 1972 was based on the fact that the tax is being paid by the operating coal mines,

and there is nothing provided for the eventuality of new mines. The reason for this is the new operations have a 2-1/2 year exemption from the time production starts.

**Next Meeting:**

Chairman Vance Phillips announced that the next joint meeting would be tomorrow (Wednesday) at 8:30 a.m., with Mr. Stevenson, Commissioner of Revenue. Mr. Strandberg requested that the Governor's budget review committee also be present.

**Adjournment:** Meeting adjourned at 10:00 a.m.

HOUSE FINANCE COMMITTEE MEETING  
January 31, 1967  
11:30 a.m.

**Present:** All members, except Mr. Sassara

**General Meeting:** The Chairman announced that a late meeting will be scheduled for the purpose of assigning bills. Mr. Strandberg urged the subcommittees to complete their work as soon as possible.

**Next Meeting:** The committee will meet at 4:00 p.m. and bills will be assigned at that time.

**Adjournment:** Meeting adjourned until 4:00 p.m., and members went into subcommittee meetings.

**HOUSE FINANCE COMMITTEE MEETING**  
**January 31, 1967**  
**4:00 p.m.**

**Present:** All members except Mr. Ray

**Supplemental  
Appropriation  
Bill Assign-  
ments:**

<b>HOUSE BILL NO. 75</b>	<b>Mr. Sackett</b>
<b>HOUSE BILL NO. 76</b>	<b>Mr. Miller &amp; Mr. Sassara</b>
<b>HOUSE BILL NO. 77</b>	<b>Mr. Mr. Borer &amp; Mr. Ray</b>
<b>HOUSE BILL NO. 78</b>	<b>Mr. Haugen &amp; Mr. Strandberg</b>
<b>HOUSE BILL NO. 79</b>	<b>Mr. Sassara</b>
<b>HOUSE BILL NO. 80</b>	<b>Subcommittee on Health &amp; Welfare</b>
<b>HOUSE BILL NO. 81</b>	<b>Subcommittee on Public Works</b>
<b>HOUSE BILL NO. 82</b>	<b>Subcommittee on Natural Resources</b>

**Adjournment:** Meeting adjourned 4:10 p.m.

JOINT FINANCE COMMITTEE MEETING

February 1, 1967

8:30 a.m.

**Present:** All members of the Senate Finance Committee, except Senator Brad Phillips; and all members of the House Finance Committee, except Mr. Ray, who was excused.

**General Meeting:** Mr. Robert Ward, Commissioner, Mr. Richard Freer, Director, Budget and Management, and Mr. Robert Sharp, were present from the Department of Administration; and Mr. Robert Stevenson, Commissioner, and Mr. Clayton Rew, were present from the Department of Revenue; Mr. Strandberg, Chairman.

**Bond Sale:** Mr. Stevenson gave a brief outline of the outcome of the bond sale held yesterday. He stated that the federal government was the only bidder, and they purchased all of the bonds at 3-3/4 percent. (Further details on Mr. Stevenson's presentation may be found on the tape, footage 580 to 700.)

**State Revenues 1966-1972:** On page 38 of the book, Revenue Sources, 1966-1972, Mr. Stevenson and Mr. Rew explained that the Alcoholic Beverage Excise Tax figure was estimated on a four percent growth factor. Under the Cigarette Tax, some decline was felt when the Surgeon General's report first came out on the dangers of smoking; however, it is now showing about a 2-1/2 percent growth. The Alaska Business License Tax showed a sharp jump -- which would be due to completion of contracts, and therefore would receive large payments for completion. The figures shown are based on a 6-1/2 percent to 7 percent growth factor. Mr. Strandberg asked if the

Alaska Business License Tax should be repealed, would it delete this total amount of money. Mr. Stevenson said yes it would, and also the percentage that goes back to local government. He pointed out that \$1,339,000 of this tax goes back to the local government this year in shared revenue. (Page 259 of the budget document shows this breakdown.)

Discussion by various members followed on pros and cons of doing away with the Alaska Business Tax. Mr. Stevenson said that the \$3,223,556 actual for FY 1966 was collected on a gross business of \$1,243,000,000.

**Individual  
Income  
Tax:**

Mr. Stevenson said that every three months the department analyzes the withholding tax reports for comparison with the previous year to see the growth factor. He feels that refunds will be approximately 20 percent higher this year, partially due to the higher amount being withheld. He said that July, August and September had a substantial growth, which was due to an outstanding fishing season, and also the previously mentioned higher withholdings.

**Corporation  
Income  
Tax:**

The estimated growth factor, according to Mr. Rew, was based on 5 percent. He said, however, that this tax has fluctuated so much that it was very hard to come up with a firm figure.

Senator Begich arrived at this time.

**Raw Fish  
Tax:**

There was discussion by members of the joint committee with Mr. Stevenson on various phases of this tax. (Further details of this may be found on the tape, footage 900 to 1000.)

Chairman Strandberg called for a 5-minute recess. Senator Blodgett and Mr. Sackett asked to be excused to attend a Resources meeting on reindeer. Senator Begich departed at this time.

**Fish  
Tax:**

Chairman Strandberg called the meeting back to order at 9:35 a.m., and discussion continued on the commercial fish taxes. Mr. Stevenson said the fish tax from cold storage and freezer ship was a reliable income, with a slow and steady increase.

**School  
Tax:**

Mr. Stevenson said that one of the factors that made it difficult to forecast the school tax (levied against all employed persons 19 years and older) was that the federal government did not withhold this tax from their employees' pay, and so they could not compute the number of federal employees until they received their income tax reports.

**Property  
Tax:**

Mr. Stevenson said there was a very small amount still on the books, since this tax had been repealed in 1953.

**Highway  
Fuel Tax:**

Mr. Rew explained that the Highway Fuel Tax was based on a 4-1/2 to 5 percent growth factor.

**Aviation  
Fuel Tax:**

According to Mr. Stevenson, the reasons for the steady decline in the aviation fuel tax were due to (1) the long range jets which fuel up outside of Alaska, and then merely pick up enough fuel in Alaska to bring it up to safety standards; and (2) the bonded fuel which is now sold in Alaska. He explained that the international jets may pick up this bonded fuel without having to pay any taxes on it, since it was shipped in sealed containers from another country and theoretically never unsealed while in Alaska.

Chairman Strandberg pointed out that the tax on jet fuel being less than regular aviation fuel also could cause some reduction, since so many airlines have switched to jet aircraft.

**Flowage fee:**

Chairman Strandberg explained the flowage fee, which is considered a service charge, and this fee is charged on all aviation and jet fuel. Mr. Sharp pointed out that when the bonded fuel first came in, there had been some talk of increasing the flowage fee; however, they would have to increase it for everyone.

**Airports:**

Chairman Strandberg pointed out that the state is taking over many airports so some additional revenue is going to have to come in, as this problem will only become more acute.

On page 48 of the book, Revenue Resources, 1966-1972, concerning International Airport Revenues, the discussion on this was brief and may be found on the tape, footage 300 to 333.

**Adjournment:** Meeting adjourned at 10:00 a.m.

**HOUSE FINANCE COMMITTEE MEETING**  
February 1, 1967  
10:25 a.m.

**Present:** All members except Messrs. Ray and Sassara who were excused.

**Assignment**  
**Supplemental**  
**Appr. Bills:**

**HOUSE BILL NO. 83 Mr. Miller**  
**HOUSE BILL NO. 84 Mr. Strandberg**

**Adjournment:** Meeting adjourned at 10:35 a.m.

HOUSE FINANCE COMMITTEE MEETING  
February 2, 1967  
8:30 a.m.

**Present:** All members were present. Mr. Fritz was also present.

**Supp. Appropri. bills:** HOUSE BILL NO. 75: Mr. Sackett reported that he would be able to give a report on this at this afternoon's meeting.

HOUSE BILL NO. 76: Mr. Sassara said this would be ready to report to the committee by this afternoon's meeting.

HOUSE BILL NO. 77: Mr. Borer said this bill would be ready for the Saturday morning meeting.

HOUSE BILL NO. 78: Mr. Haugen reported he and Mr. Strandberg would have a report on this soon.

HOUSE BILL NO. 79: Mr. Sassara stated that he would report to the committee on this at the afternoon meeting.

HOUSE BILL NO. 80: Mr. Borer said this would be ready for the Saturday meeting.

HOUSE BILL NO. 81: No definite time was set for reporting out this bill.

HOUSE BILL NO. 82: The Commissioner of Natural Resources is out of town, so this bill will be delayed.

HB 28: Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 28 be reported back to the house with whatever recommendation the members care to make. He stated it had no financial implication and therefore should not be in this committee. Mr. Strandberg requested he wait until this afternoon on his motion, since a request for information concerning the bill was soon forthcoming from Personnel Division. There being no objection, it was so ordered.

**Dept.  
of Law:**

In answer to a query from Chairman Strandberg, Mr. Miller reported that the Department of Law budget would be ready to come before the full committee on Monday.

**General  
budget**

**discussion:** Chairman Strandberg discussed budget procedure with the new members, explaining details on closing out a budget, how to carry a bill on the floor, etc.

**Adjournment:** Meeting adjourned and members went into subcommittee work at 9:00 a.m. Mr. Strandberg announced a 2:00 p.m. meeting.

HOUSE FINANCE COMMITTEE MEETING  
February 2, 1967  
2:00 p.m.

**Present:** All members were present.

**General Meeting:** The Committee met briefly and decided to recess until 3:30 p.m. to complete work on bills about to be reported out.

Meeting recessed.

3:30 p.m.

**Present:** All members.

**HB 84:** Discussion on this bill centered on two points -- the number of new troopers and where they would be assigned; and an explanation of the cost of the new uniforms. Each uniform is to cost \$380, and Mr. Ray requested more information on what was included. Mr. Strandberg said he would have this information available at the meeting tomorrow morning. Mr. Strandberg moved and asked unanimous consent that HOUSE BILL NO. 84 be reported out of the committee with a do pass. Mr. Ray objected, Mr. Miller seconded; on voice vote the motion carried. HOUSE BILL NO. 84 was passed upon, but will be held until the above questions are answered.

**HB 79:** Mr. Sassara reported on this bill, after moving and asking unanimous consent that the bill be considered at this time. Mr. Sassara explained that this amount is necessary, so the building (which is portable) and will replace one that burned down last year, can be ordered and on the way by May, or whenever the first boat leaves. The building that burned was worth less than \$10,000 so no insurance was carried on it. Mr. Sassara moved and asked unanimous consent that HOUSE BILL NO 79 be reported out of the committee with a do pass. There

HB  
84  
HB 79

being no objection, it was so ordered, and HOUSE BILL NO. 79 will be reported out of committee.

HB 76: Mr. Sassara reported he had been unable to get the necessary information to pass on HOUSE BILL 76, as the person he needed to see has not been available.

HB 75: Mr. Sackett moved and asked unanimous consent that HOUSE BILL NO. 75 be considered by the committee at this time. There being no objection, it was so ordered. Mr. Sackett explained each section of this bill to the satisfaction of the committee with the exception of Sec. 3 and Sec. 6. Chairman Strandberg requested Mr. Sackett to check with Dept. of Administration on whether interest should be paid on the \$553.18 in Sec. 3; and in Sec. 6, he should check again with Public Works to make sure the billing on this was in proper order. Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 75 be reported out of the committee with a do pass. There being no objection, it was so ordered.

HB 83: Mr. Miller moved and asked unanimous consent that HOUSE BILL NO. 83 be considered by the committee at this time. There being no objection, it was so ordered. Mr. Miller explained that the new Pioneers' Home in Fairbanks would be opening in approximately April, and this amount of \$131,000 was to provide staff, transportation for guests, etc., until the 1968 FY could appropriate for it. Mr. Strandberg requested that Mr. Miller obtain a letter from Public Works setting a definite date for the opening of the Pioneers' Home.

HB 83:

Mr. Miller moved and asked unanimous consent that HOUSE BILL NO. 83 be reported out of the committee. There being no objection, it was so ordered.

HB 28:

Mr. Ray requested that HOUSE BILL NO. 28 be considered by the committee at this time. Mr. Strandberg said the committee would take it up at tomorrow morning's meeting. Mr. Ray objected.

Adjournment: Meeting adjourned at 5:00 p.m.

HB 83

HB 28

HOUSE FINANCE COMMITTEE MEETING  
February 3, 1967  
8:30 a.m.

Present: All members were present.

HB 28: Mr. Ray requested that HOUSE BILL NO. 28 be considered at this time. He had requested Mr. Tom Herrick, Division of Personnel, Department of Administration, to be present. Mr. Herrick explained what he considered to be the financial implications of the bill. Mr. Strandberg then assigned the bill for further research to Mr. Sassara, and to be reported back to the committee on Monday, February 6. Mr. Ray objected.

HB 79: HOUSE BILL NO. 79 was discussed further, and the explanation concerning the \$380 per uniform was given by Mr. Strandberg, along with the information pertaining to distribution of the state troopers. There being no objection, this bill was released to go to the House.

HB75  
HB83  
HB84: HOUSE BILL NO. 75, HOUSE BILL NO. 83 and HOUSE BILL NO. 84 were discussed briefly, then released to go to the House to be reported out of committee.

Mr. Strandberg announced the committee would meet again at 2:00 p.m. this afternoon.

Adjournment: Committee adjourned at 9:00 a.m.

HB 28 77  
HB 79 83  
82

HOUSE FINANCE COMMITTEE MEETING  
February 3, 1967  
2:00 p.m.

- Present:** All members were present. Mr. Kerttula was also present.
- HB 77:** Mr. Strandberg announced this would be held over until next week, as the bill needed additional backup material.
- HB78:** Mr. Strandberg asked that this be held until Monday morning's meeting.
- HB80:** Mr. Borer moved and asked unanimous consent that HB 80 be considered at this time. There being no objection it was so ordered.
- Under Adult Public Assistance, Mr. Borer requested that the \$50,000 figure on line 14 be deleted and \$30,000 be inserted. Mr. Borer gave detailed reasons for the decrease in this figure.
- On line 15, General Relief Medical Care, he requested the figure of \$137,000 remain the same. He explained to the committee the difficulty in determining a firm figure on this item stemmed from the Medicare program. He also attributed the decrease to the whole appropriation in this item to the Medicare program.
- Mr. Strandberg requested the staff to find the departmental request for this item last year, in comparison to the request by the Governor.
- On line 16, Mr. Borer requested that the Juvenile Code appropriation of \$130,000 be decreased to \$113,000. He cited figures in explanation of this decrease.
- CSHB80:** Mr. Sassara moved and asked unanimous consent that the above amendments be put into a COMMITTEE SUBSTITUTE FOR HOUSE BILL 80. There being no objection, it was so ordered.

HB 77  
HB 78  
HB 80 CSHB80

Mr. Strandberg said the committee would recess until 3:30, so the work on the other supplemental bills could be finished. Mr. Miller asked to be excused since he had a meeting to attend at the Department of Education. Meeting recessed at 2:45 p.m.

3:30 p.m.

After Recess: Mr. Borer moved and asked unanimous consent that HB80 be again considered before the committee. There being no objection, it was so ordered.

CSHB80: Mr. Borer moved and asked unanimous consent that CS FOR HB 80 be adopted in lieu of HB 80 by the committee. There being no objection, CSHB 80 was adopted, and will be reported out to the House.

HB78: Mr. Haugen moved and asked unanimous consent that HOUSE BILL NO. 78 now be considered by the committee. There being no objection, it was so ordered.

Mr. Haugen gave a detailed explanation of the first item of \$80,900 for the Executive Office of the Governor.

Mr. Kerttula left the meeting at this time.

It was requested that the appropriation for last year be studied in connection with this supplemental request, and also the request for this year, so the members would have some idea of the overall budget.

Mr. Ray moved and asked unanimous consent that the request be cut in the following manner:

\$	12,300	Personal Services
	2,000	Travel
	16,800	Contractual
	15,000	Equipment
<hr/>		
\$	46,100	total cut, leaving an appropriation of \$34,800.

Mr. Sassara seconded, Mr. Haugen objected. On a show of hands the motion failed and the amendment was not adopted. After further discussion on this appropriation, Mr. Strandberg that he felt this figure should be broken down into several categories -- transitional costs, office improvements, etc., and that he and Mr. Haugen would work with the Governor's office on this section, and come out with a committee substitute.

Adjournment: Meeting adjourned at 4:45 p.m.

HOUSE FINANCE COMMITTEE MEETING  
February 4, 1967  
10:00 a.m.

General  
Meeting:

Members met briefly and decided to spend the rest of the day in subcommittee work. Meeting adjourned at 10:15 a.m.

HOUSE FINANCE COMMITTEE MEETING  
February 6, 1966  
8:30 a.m.

Present: All members were present.

General  
Meeting:

HB78: Mr. Strandberg said that HOUSE BILL NO. 78 would be re-written and be put into three separate bills. He said once the details were received from the office of the Governor on the various details, there would be one bill on the Fairbanks office, one on transitional money, and one for equipment for the Juneau office.

HB82: Mr. Sackett moved and asked unanimous consent that HOUSE BILL NO. 82 be considered by the Committee at this time. There being no objection, it was so ordered. Mr. Sackett explained that last year's supplemental appropriation was for \$96,619, but the reason for the higher cost this year was that the state owns more land. Mr. Strandberg pointed out that the federal government had been billed for a portion of this, and if they pay their share, it will go into the General Fund. Mr. Strandberg also noted that this bill comes in every year and there is nothing can be done about it. Mr. Sackett moved and asked unanimous consent that HOUSE BILL NO. 82 be reported out on the floor of the House. There being no objection, it was so ordered. Mr. Strandberg requested that the backup letter from Mr. Holdsworth concerning HB82 be picked up sometime today. Mr. Strandberg suggested that the bond bills (HB 109, 110, 111, 113 and 114) be discussed with the Department of Administration at 10:00 a.m. He wanted Mr. Ward and Mr. Sharp to meet with

HOUSE BILLS  
109, 110,  
111, 113,  
& 114

HB 78  
HB 82

the committee at 10:00 a.m. so they could give the committee more detailed information on these bills.

**Purchasing practice:**

In answer to a question by Mr. Ray, Chairman Strandberg requested staff to get information concerning the purchasing practice of the state in regard to purchasing outside of the United States.

**Recess:**

Meeting recessed at 9:30 and will meet again at 10:00 a.m.

10:00 a.m.

All members were present. Senator Begich was also present. Mr. Ward, Commissioner of Department of Administration and Mr. Sharp appeared before the committee to answer questions on the bond bills which had been referred to the Finance Committee (HBS 109, 110, 111, 113 and 114.) According to Chairman Strandberg, this was a package of bills that would implement the bonding program prior to the sale of the bonds. He wanted an explanation as to the reason why the state was doing it this way in this particular case, what's covered in each particular case, and an estimate of the time the state will be going to market on the sale of the bonds, which in the latter case he said may vary for each particular issue. He pointed out that the committee would take up with each department affected on a separate basis, but since there seemed to be a slight degree of confusion on the part of the department, Chairman Strandberg thought it best to get the original explanation from the Department of Administration as to what was intended.

Mr. Ward told the committee that the reason these bills

were put in in the form and the amount that they are was because when the budget was being prepared, they asked each department for their cash flow requirements -- what was going to be required of the 1966 bond fund and through the fiscal year 1968. This provides interim financing based upon their cash flow requirements through May of the current year. He explained that in some of the departments, i.e., Public Works, in the money they needed in advance for the design of the ferries, and also some of the airports, it appeared that when these bills were submitted it was a lesser amount of money involved than was anticipated, but this doesn't mean that it was cut down from the total amount they have requested, but it just took care of their cash flow requirement through May of this year. We are going to have to provide for some other financing in May with either bond anticipation notes or legislative concurrence to holding these bond anticipation notes that the state has over once more. He said this was the reason these bills were prepared in this way.

Mr. Strandberg pointed out that if the state had wanted to use bond anticipation notes or if they sold the bonds they would not have to come to the legislature for any of these appropriations. Mr. Sharp agreed that this was true.

Mr. Strandberg further pointed out that the 1966 legislature had appropriated the authorization of funds before the bond issues were placed before the voters. Mr. Sharp said this was true -- that the authority existed from the 1966 bills to sell the bond anticipation notes.

Bonds:

Mr. Strandberg said the point he was trying to get across was that if the state sold the bonds, they wouldn't have to ask the legislature for this authority, but since they want to take it from the General Fund, they need this authority. Mr. Sharp outlined the reasons why marketing of the bonds would not be wise at this time. He said that in March it would be necessary to redeem \$19,000,000 in bond anticipation notes, plus the \$15,000,000 sale held on January 31. He said that with these bond issues, it was just too many times -- that it was not wise to go to market more than twice a year and that it would be difficult to hold three sales between January and May. Another factor that Mr. Sharp noted was that with the budget work in November, December and January, that the staff did not have the time to adequately devote to putting a bond package together. He also pointed out that the condition of the market was very bad, but it has been showing improvement; however, the decision was made not to attempt to get into the market immediately on these new authorizations for design purposes and he said that was where they were hurting, and not in construction. He said a note sale or bond sale will be mandatory in May, and after the bond sale is held there will be sufficient funds to carry them through the calendar year 1967, plus enough to pay back the advance from the General Fund.

Regional  
High  
Schools:

He said the only exception at this time in using the month of May was in the case of the regional high school. Mr. Strandberg mentioned the restrictions placed on the regional

high school package by the legislature. He said there was a policy decision involved as to whether the Legislature would be willing to go along with the preliminary design money until the agreement was made with the federal government. Mr. Sharp pointed out that they have to have enough money to develop the plans so they can go to the federal government and tell them what is involved. Mr. Strandberg said it was a situation where they should be able to come up with some kind of preliminary agreement or understanding with the BIA prior to going into design. He said he would hate to see a lot of money spent on design and then find out it would be impossible to agree with the BIA.

Mr. Strandberg asked if they had any indication at all from BIA as to what they were willing to do. Mr. Sharp said the regional high school study was being handled by the Department of Education and he didn't know the answer.

Mr. Strandberg asked if the study on the regional high school being done by the Department of Education was published yet?

Mr. Sharp said it was ready to go to press.

HB 109:

On HOUSE BILL NO. 109 (appropriating \$25,000 to the Department of Highways from the General Fund) Mr. Sharp said it was a very small amount of the total requirement of this program but they had other funds to work with, and they did not really get into disbursing funds until May. Mr. Strandberg asked if this was the amount the Department of Highways had asked for, or if they had asked for more. Mr. Sharp said it was the amount requested by the Department.

Cash  
flow charts:

Mr. Sharp said they had cash flow charts on this as well as all the others and will furnish members with copies of it.

HB 109

HB 110:

On HOUSE BILL NO. 110 (appropriating \$85,000 and \$118,000 to Public Works) Mr. Sharp pointed out that the \$85,000 is the only one of the old issue in the Bush Airfield Construction Fund and it was needed because they are at the contract stage. Mr. Strandberg and Mr. Sharp went into a detailed conversation concerning the \$85,000 being all that was left of the original 1960 bond issue. Mr. Sharp explained that it could cost in excess of \$12,000 just to hold a note sale for this \$85,000. It was noted that this \$85,000 was appropriated for in the 1966 budget. Mr. Sharp explained that the money was needed because they are at the contract stage, and need funds available to complete them.

Mr. Strandberg inquired about Sec. 2, the \$118,000, and requested Mr. Sharp to provide backup material for this section.

HB 111

On HOUSE BILL NO. 111 (appropriating \$75,000 to Public Works for the ferry), Mr. Sharp said this was only for design and the Department's cash flow estimate was all that was involved. Mr. Strandberg asked if they were entering into an agreement for design, and would this amount cover through May. Mr. Sharp said it would, and that the contract would be subject to the sale of the bonds.

HB 110

HB 111

HB 113:

On HOUSE BILL NO. 113 (appropriating \$84,000 to Natural Resources) Mr. Sharp pointed out that this was again the cash flow estimate through the month of May. Mr. Strandberg asked if this was only for design. Mr. Sharp said this could involve a small amount of construction, but it was only a small amount. He said this whole program was going to lag a little because of the amount of federal funds was not up to the forecast of a year ago. He explained that there had been no withholding of funds by the national administration, but the receipts to the fund were not as great as forecast. They (federal government) receive them for taxes on fuel, permits to national parks, etc., and this had dropped from about \$900,000 to \$600,000. Mr. Strandberg asked if there would be a change in the budget then for FY 1967? Mr. Sharp said they just wouldn't have the amount they thought they would unless the federal fund situation improved. Mr. Strandberg asked if there was priority money to certain programs, and also wondered if they other projects would have to be dropped. Mr. Sharp said he couldn't answer that -- he only knew that the whole program had been slowed down by about \$100,000.

HB 114:

On HOUSE BILL NO. 114 (appropriating \$120,000 and \$145,000 to the Department of Education) Mr. Sharp explained that the cash flow was pushed up into the first five months, and that until there is a certification of the dorm facilities the bond proceeds cannot be spent, and he said he had no idea how long this would take. Even if the bonds are sold, Mr. Sharp explained that this money could not be spent until the certification was received from the BIA. Mr. Strandberg

HB 113

HB 114

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if the bonds could be sold without the certification. Mr. Sharp said the bonds could be sold but the money from the sale could not be expended until certification. Mr. Strandberg said then as far as the legislature is concerned right now then, this was a direct appropriation of \$120,000 for design which may or may not be returned to the General Fund. Mr. Sharp replied yes that was true, if the bonds were not sold, and the certification was not made.

Mr. Sackett asked if there was any chance to get them to agree in the near future on this. Mr. Sharp said that until the state reaches the point in design and they have the funds to go ahead to build a building, etc., so the federal government knows what size dormitory, then we should be able to get some kind of answer. He said the BIA won't enter into an agreement to provide the dormitory facilities until the state has some kind of appropriation to go ahead and build the school.

Mr. Strandberg pointed out that this was just a preliminary hearing to answer a few questions. He didn't think it was the intent of the legislature to pass any of this until some intent from the BIA was forthcoming. He suggested the committee have a hearing with the BIA and find out their thinking on this program. Mr. Sharp said he had not worked personally with the BIA but someone in the Department of Education could surely help them. Mr. Strandberg requested that a meeting be arranged with Department of Education immediately upon adjournment of the House this afternoon.

Mr. Strandberg questioned the possibility of the legislature repealing and reenacting any portion of the bondings bills that had been approved by the voters. Mr. Sharp felt the total amount could not be changed by the legislature but internal things could be amended, i.e., limiting amounts that could be used for design. A discussion by Mr. Strandberg and Mr. Sharp concerning the right of the Legislature to change one thing and not another, ensued. Mr. Strandberg then asked Mr. Sharp that by passing these authorization bills, would they be changing the act. Mr. Sharp said no. Messrs. Ray and Borer were excused at this time to attend a subcommittee meeting.

**General  
Fund:**

There was discussion on being able or not being able to repay the General Fund if the amount exceeds the amount appropriated and then the difference would not be paid back by the bond sale, but would come out of the General Fund. Mr. Sharp said he would consult with the Attorney General and have him advise the Finance Committee.

Mr. Sharp mentioned another bill which had not yet been introduced, concerning the University of Alaska bonds, and it was decided this particular one would not need an appropriation before May.

**Department  
requests:**

Mr. Strandberg asked Mr. Ward if any department would be coming in with appropriation requests that had not been reviewed by the Governor's budget review committee. Mr. Ward said only Public Safety, and that the Governor had said there would be no others. Mr. Ward said the policy laid down by the Governor was that the departments had been instructed

not to go directly to the legislature.

Recess:

Meeting recessed at 11:20 a.m., and will go back into meeting with Department of Education following adjournment of the House.

Meeting 3:15 p.m.

Meeting:

The committee met again, all members were present with the exception of Mr. Ray who was excused. Also present were Mr. Robert P. Isaac, Special Assistant for the Department of Education; and Mr. Leonard Lowell, Director of Division of Buildings, Department of Public Works.

HB 114:

Mr. Strandberg gave a brief explanation of HB 114, and asked Mr. Isaac if he had any information from the federal government concerning how they will participate and if they will participate with the state in the regional high school program. Mr. Isaac stated he was quite sure the BIA would participate to the extent of the financing of regional schools designated by the state. Mr. Strandberg asked if there were any plans at this time on how to implement this program. Mr. Isaac said no that they were waiting for a report which will contain a number of recommendations. The primary report has been published. Mr. Sackett asked if there was any reason to believe that the BIA will not build the dorms? Mr. Isaac replied that he knew of no reason why they would not build the dorms. Mr. Miller asked what the commitment was last year at this time with BIA. Mr. Strandberg answered that it was not the intent of the legislature when the act was passed (ch. 168 SLA 1966) to rely on the information that we had before us at that time, or to go ahead with the program. It was stated that the language was very specific, and that a resolution had requested the study, (which was due in October.)

**Primary  
Report:**

Mr. Strandberg asked just what did the primary report say. Mr. Isaac replied that it gave recommendations as to the locations for the schools. Mr. Strandberg asked what were the locations, and were these locations consistent with the discussions in the legislature. Mr. Isaac stated that the locations were fairly consistent; there were 3 or 4 locations mentioned. He further stated that the second report was to have expanded on the recommendations. He said that there was only one that was not discussed at the time of the legislature, and that was Bethel.

Mr. Miller said he was sketchily familiar with the report and wondered if at the time the idea was conceived, did we have any commitment from BIA. Apparently, the feeling wasn't strong enough to go ahead with design then. Mr. Sassara said there was no way to get a commitment out of the BIA until we can commit ourselves. Mr. Miller asked if there was anything further that could be done by the state at this time. Mr. Sassara said he thought that the supplemental appropriation for the study should get the BIA going.

Mr. Miller asked if there has been any work done by either department for solid commitment, and who would be responsible for doing this? Mr. Strandberg said Department of Education.

Mr. Isaac said no further action has been taken other than the action taken at the time the legislation was passed.

Mr. Isaac said that once we get firmed up on the specific locations of the schools, he believed we would be able to get a commitment.

Mr. Strandberg asked if Education had requested this supplement. Mr. Isaac said no, that Division of Buildings, Department of Public Works had. Mr. Lowell stated one of the first things we have to come up with is primarily where the locations will be.

Mr. Strandberg stated that there seems to be no contact with BIA since the bond issue was passed, other than the letter of last spring; it seems premature to ask for design money from the general fund at this time. Mr. Lowell stated it was not design money, but money for design evaluation.

Mr. Strandberg asked what would happen if BIA said no they would <sup>not</sup> participate; Mr. Lowell said BIA has indicated that this would not happen.

Contact  
with BIA:

Mr. Strandberg asked Mr. Isaac if it was up to his department to contact BIA and come up with some answer as soon as possible and how long would it take them to get this into action. Mr. Isaac replied it would take no time at all to get a meeting firmed up with the Bureau.

Nome:  
Mr. Borer asked why should we spend \$120,000 for engineering until the BIA gives the go ahead. Mr. Sassara stated that the problem was further complicated by the fact that Nome was also in there as a separate portion of the picture. Mr. Sassara asked what portion of \$120,000 is going to be devoted to the Nome facility. Nome has to put up \$1,000,000 worth of property or cash which they no doubt will do. How much of the \$120,000 is devoted to them, or is any. Mr. Borer said that if Nome doesn't come up with their \$1,000,000, then they don't sell that \$2,000,000, and if BIA doesn't come up with theirs, we don't sell the other \$3,000,000.

Mr. Sassara said that was correct. Mr. Strandberg said that if Nome didn't come up with their money, the \$2,000,000 may be expended for regional high schools in other locations. In other words, if Nome doesn't meet its part, the money goes up into the regional high school program. Mr. Sassara said that he was quite certain that Nome will come up with their money.

Mr. Strandberg stated that this bill looks like a simple bill, appropriating \$120,000 from the general fund to be repaid back by a bond issue. However, it was the intent of the legislature that no money was to be spent except for the study until the time came that we had an agreement with the BIA. Mr. Strandberg suggested the following procedure: Department of Education to get in touch with BIA, and we'll get in touch with the Governor. He asked Mr. Isaac to inform us as soon as Education hears from BIA.

**Recess:** The meeting recessed at 3:40 pm.

**Meeting:** The meeting was called to order at 4:00 p.m. with all members present.

**General Meeting:** There was a general discussion concerning procedural motions and floor work for tomorrow, when four of the finance bills will be on the calendar.

Mr. Strandberg moved for adjournment, Mr. Ray objected. Mr. Ray asked what progress was being made on House Bill no. 28. Mr. Haugen said that no personal bills are being considered until all supplemental appropriation bills were out of the committee. Mr. Ray objected, Mr. Haugen seconded.

Mr. Strandberg stated that if the committee doesn't get all the supplemental bills out of the way, we'll get bogged

down and assured Mr. Ray that all personal bills will come before the committee as soon as possible.

The meeting was adjourned at 4:15 p.m.

HOUSE FINANCE COMMITTEE MEETING  
February 7, 1967  
8:30 a.m.

Present: All members were present.

General Meeting: Chairman Strandberg discussed with the new members the procedure on the floor for carrying a bill, procedural motions, etc. Subcommittee work was also discussed, then it was agreed to recess and go into subcommittee work. Chairman Strandberg announced that the committee would meet again upon adjournment of the House.

Meeting recessed at 8:45 a.m.

11:30 a.m.

Committee met briefly to discuss subcommittee work, and then agreed to meet again at 2:00 p.m.

2:00 p.m.

Present: All members were present. Mr. Fink was also present.

HB 76: Mr. Sassara moved and asked unanimous consent to bring HOUSE BILL NO. 76 before the committee. There being no objection it was so ordered

Mr. Strandberg said it was his understanding that \$150,000 would fund out all of the bounty claims if the bounty bill passes. Mr. Sassara that was correct -- it was the projected estimate of course. Mr. Sassara said that for this reason he would move and ask unanimous consent that the amount of \$200,000 on line 9 be amended to read \$150,000. There being no objection, the amendment

was adopted by the committee.

Mr. Strandberg pointed out that if the bounty bill that is going to be proposed by the governor, does not pass, that the committee will have to put the money back in the budget.

Mr. Sassara moved and asked unanimous consent that HOUSE BILL, as amended by the committee be reported out with a "do pass". On a show of hands, the motion carried.

Mr. Strandberg requested the staff to obtain the current amount available for bounty payments.

HB 81:

Mr. Richard Freer, Director, Division of Budget & Management arrived at this time to discuss HOUSE BILL NO. 81 (appropriating \$133,200 to Public Works, Division of Aviation for costs of operation of Intermediate Airports for FY ending June 30, 1967). Mr. Strandberg asked Mr. Freer how urgent was the need for this supplemental appropriation. Mr. Freer felt the need for it was quite urgent -- there was only enough money left in personal services to meet the February payroll. He said, however, the program did have money left in contractual services which could be used to carry them through the next two months. He went on to explain that this was a program underfunded to begin with and that there was no possible way to keep the program going unless they had the money for it. He said the amount of the supplemental plus what was appropriated would bring it up to the total appropriation asked for FY 1967-68.

Mr. Strandberg asked if he thought there would be more requests for supplemental in this area. Mr. Freer felt that this would be enough, however, since he didn't run the

HB 81

program, he couldn't say positively.

Mr. Borer described a problem in Cordova, and Mr. Strandberg inquired if this type of thing could be helped by the supplemental. Mr. Freer said he didn't know, but at least with this additional money they would be able to plan their program for the rest of the year. Mr. Strandberg asked if this money would cover any emergencies. Mr. Freer felt that the additional \$133,200 would get them through the year. Mr. Freer presented the following breakdown:

	<u>FY66-67</u>	<u>FY67-68</u>
Personal Services:	\$236,500	\$326,800
Travel:	8,000	8,000
Contractual Services:	165,800	140,000
Commodities:	65,200	133,900
Equipment:	5,000	5,000
	<u>\$480,500</u>	<u>\$613,700</u>

Mr. Kerttla arrived at this time.

Mr. Freer pointed out that the way they are gearing the future program is to get away from the contractual services, and have their own people do the extra services.

Mr. Strandberg asked what the reason for the sudden need of this extra money. Mr. Freer said the whole program was underestimated on the part of Public Works. Mr. Standberg asked how much was cut last year by the Governor's budget committee, and Mr. Freer replied that it had been cut \$20,000 -- from \$394,400 request to \$374,000. Mr. Freer pointed out that no one in Juneau was conversant with the program, as the head of this division was in Anchorage, and for his office to obtain information, they had to acquire it by telephone or by teletype.

Mr. Ray asked if the weather had anything to do with the increase. Mr. Strandberg felt it had a lot to do with it.

Mr. Ray and Mr. Sassara both suggested that the head of the Division of Aviation should come to Juneau to testify before the committee on this. Mr. Strandberg said he preferred to handle it by letter rather than to bring the man down from Anchorage and asked Mr. Freer to get more information by letter first, to see if this would satisfy the committee.

Mr. Freer left the meeting at this time, as did Mr. Fink.

HB 78:

Mr. Haugen moved and asked unanimous consent that HOUSE BILL NO. 78 be brought before the committee at this time. There being no objection it was so ordered. (HB NO. 78 is the appropriation of \$110,400 for the Office of the Governor for additional expenses for the FY ending June 30, 1967.) The first item to be discussed was the \$80,900 figure for the Executive Office. Mr. Haugen outlined this as follows:

Fairbanks Office --	\$19,715
Juneau Office --	44,335
Furniture & Equip. --	16,850
	<u>\$80,900</u>

Mr. Haugen gave a breakdown for the Fairbanks office (these figures are in the bill file) which the Governor wants to open, and he explained that the budget for FY67-68 would reflect the continuation of this.

There was discussion among the members concerning the office of the Governor in Anchorage and reasons why this office is also necessary in Fairbanks.

Mr. Ray asked what the total cost for the office in Fairbanks would be in the new budget. Mr. Miller was asked to obtain this information and report back to the committee.

Mr. Kerttula left the meeting at this time.

Mr. Haugen gave the breakdown on the \$44,335 for the Juneau office. (This will also be found in the bill file.)

Mr. Haugen explained that in this amount, the Governor had asked for an information officer within the Governor's Office to pull all the information of the various departments into one area. Mr. Sassars pointed out that one of the positions was set up for six months and Mr. Strandberg agreed with him that it should only be for four months. Chairman Strandberg said if there was no objection from the committee, he would ask that it be corrected to the number of months it was to be filled. There was no objection. After much discussion on what should be considered transitional items should be separated from the other requests and put in a separate bill.

Recess: Meeting recessed at 3:15 p.m.

HB 78: Meeting resumed at 3:35 p.m. Mr. Haugen, in answer to a question of Mr. Ray concerning travel money, said that none of the money requested for travel had to do with the new information officer. Mr. Strandberg pointed out that the travel money from the former administration had been overspent and there was not as much left to carry the new administration through the balance of the FY as there should have been.

There was discussion by Mr. Sassara and Mr. Strandberg concerning the work now being done by the Administrative Officer in the office of the Governor.

Mr. Strandberg said they would go back to the Governor's office and request that they take all of the items dealing

HB 78

transitional in one bill, and the balance of the requests should be in another bill.

Mr. Haugen said for the equipment item, he would have to obtain a list from Public Works on what they were purchasing for the Governor's office after the renovation.

Under contractual services, Mr. Strandberg asked Mr. Haugen to obtain more detailed information -- names of people who were hired during the transition on a contractual basis and what they were hired for, etc.

Mr. Ray and Mr. Sassara questioned other parts of the portion of this budget -- transportation of new personnel, new switchboard type of telephone, etc.

Governor's  
Mansion:

Under this item for \$7,700, Mr. Haugen explained that a portion of this (\$3,300) was for preliminary work on the renovation, i.e., inspecting plumbing, heating and wiring. Mr. Ray suggested that this properly belonged in the bill for the complete renovation of the mansion which he and Mr. Borer were the subcommittee. Mr. Strandberg agreed, and said they would check it out.

Elections: Mr. Haugen gave a breakdown of this total, and Mr. Strandberg felt that portions of this also belonged in the transitional bill.

OEO -  
Tech. Asst.: Mr. Haugen said this \$1800 figure was for the move to the Gastineau building.

Mr. Strandberg said discussion would continue on HB 78 at the 8:30 meeting tomorrow morning.

Adjournment: Meeting adjourned at 4:20 p.m.

HOUSE FINANCE COMMITTEE MEETING  
February 8, 1967  
8:30 a.m.

**Present:** All members were present.

**General Meeting:** Chairman Strandberg gave the following bill assignments:

HOUSE BILL NO. 6 (School bus service) -- Mr. Sackett.

HOUSE BILL NO. 9 (Old age assistance payments) - Mr. Sassara.

HOUSE BILL NO. 13 (Aid to agricultural fairs) - Mr. Miller.

HOUSE BILL NO. 23 (Disqualification of judicial officers) -- Mr. Ray.

HOUSE BILL NO. 53 (Distributors - licensing and bonding) -- Mr. Miller.

HOUSE BILL NO. 72 (Abolishing wolverine bounty) -- Mr. Sackett.

HOUSE BILL NO. 97 (Licensing of snowmobiles) -- Mr. Ray.

**Recess:** Meeting recessed at 8:45 a.m., and will meet again upon adjournment of the House.

HOUSE FINANCE COMMITTEE MEETING

February 9, 1967

8:30 a.m.

**Present:** All members were present.

**General Meeting:** Chairman Strandberg discussed various departments that he wanted reported out within the next week. The following tentative schedule was discussed:

**Budgets:** DEPARTMENT OF LAW -- Mr. Miller, week of February 13.

HEALTH & WELFARE -- Mr. Borer, Friday, February 17.

NATURAL RESOURCES -- Sackett, week of February 13.

FISH & GAME -- Haugen, this afternoon 2:00 p.m.

**U of A:** Mr. Strandberg instructed Mr. Miller and Mr. Ray to confer with Governor's office to find out their recommendations on this budget. He said that U of A budget will be left until about the first of March when the Board of Regents will be down.

**Committee of the Whole:** Mr. Strandberg said the budgets that were given to the committee of the whole will be brought out any time. He was referring to ones such as Department of Revenue, Public Safety, Military Affairs, etc.

**Assignment:** Mr. Strandberg assigned DEPARTMENT OF LABOR to Mr. Ray, and DEPARTMENT OF COMMERCE TO Mr. Sassara. He said the Court System would be left until later. He said they would have a bill session tomorrow morning at 8:30 a.m. so they can clean up most of the appropriation bills. He reminded the members that Fish & Game will be reported out at 2:00 p.m. this afternoon.

**Recess:** Meeting recessed until 2:00 p.m -- recessed at 9:00 a.m.

2:00 P. M.

Meeting was called to order with all members present. Mr. Strandberg announced that the committee would close out the Fish & Game budget, with the understanding that it could be reopened for changes at a later date.

Office  
of  
Commis-  
sioner:  
Contract-  
ual  
(200):

On page 192 of the budget document, the \$131,300 as recommended by the Governor was discussed and explained. Mr. Sassara explained the cut under Contractual Services of \$8,000 by the Governor's Review Committee -- it was for the production in Hollywood of a TV movie that would have been used to show to schools, sportsmen's groups, etc. The \$2,000 left in this section will be used to splice together movies already available, and use in place of the other.

Commodi-  
ties  
(400):

Mr. Strandberg asked Mr. Freer if the reason that the \$1,300 authorized in 66-67 FY to a Department request of \$6,600 then to \$5,900 request by the Governor for 67-68 FY, was because the position had not been filled in this area, and therefore the commodities not used? Mr. Freer said that was correct.

It was moved and a unanimous consent request asked that \$131,300 be accepted. There being no objection, it was so ordered.

Div. of  
Admin:  
Contract-  
ual Svcs.  
(300):

The amount of \$666,700 was the Governor's recommendation. Under Contractual Services -- page 72 of BUDGET REQUEST book -- under 380: Professional Fees & Services, the amount was changed from \$5,200 by the Governor to \$30,900. The explanation given on this was the share that F&G must pay for the Lockheed Services (SWISS implementation). Mr. Freer explained to the

members about this program, and said that there was to be a meeting with these people next Wednesday afternoon at 2:00 p.m., and they will give a complete explanation to anyone wishing to attend this meeting.

Mr. Ray moved and asked unanimous consent that \$15,000 be removed from Contractual Services, namely for the \$30,900, (which would change this to \$15,900), and change the total for Division of Administration to \$651,700. The motion died for lack of a second.

It was moved and unanimous consent was asked for acceptance of the \$666,700 figure for Division of Administration. Mr. Ray voted against the motion; however, the motion carried.

Inter-  
National  
North Paci-  
fic Fish-  
eries Comm.  
The amount of \$17,000 was requested by the Governor for the 67-68 FY, and it was noted that this was the same figure as last year's budget. It was moved and asked for acceptance of the \$17,000 figure. There being no objection, it was so ordered.

Board of  
F&G:  
The amount of \$17,000 was asked for, and Mr. Haugen explained that the reason the amount had increased \$700 from last year's budget was just general overhead, such as repairs for PA system, and new tape recorder for their hearings. It was moved and asked unanimous consent that \$17,000 be accepted. There being no objection, it was so ordered.

TOTAL: It was moved that the total appropriation of \$832,000 be approved. Mr. Ray voted against the motion; however, motion carried and \$832,000 was accepted.

F&G  
Fund:

Mr. Freer explained that on page 191 of the Budget Document that the \$82,000 figure under Special Funds is actually the Fish and Game Fund.

Commercial  
Fisheries:

Detailed information was given by the Division of Commercial Fisheries to the Finance Committee on budget analysis. (This analysis may be seen in the Budget file.)

Management  
General  
Program:

The amount of \$1,215,000 was the Governor's recommendation. It was moved and asked unanimous consent that \$1,215,000 be the legislative allowance on this program. There being no objection this amount was accepted by the committee.

Seismic:

The amount of \$25,500 was the Governor's recommendation. It was explained to the committee that this whole program was completely funded by the oil companies. It provides someone to go along in the boats when they set off dynamite under water, take samples, etc. It was moved and asked unanimous consent that the \$25,500 be the legislative allowance. There being no objection, it was so ordered.

Test Net:

The amount of \$46,500 was the Governor's recommendation. It was moved and asked unanimous consent that the \$46,500 be the legislative allowance. There being no objection, it was so ordered.

Research:

The amount of \$379,500 was the Governor's recommendation. Mr. Strandberg asked Mr. Freer to send the committee a memo explaining the figure of \$20,000 funding that did not come in from the Saltonstall-Kennedy federal receipts this year. There was some discussion on this program. He wanted to know if the same possibility exists that no funds will come in again this year from the program. It was decided to leave