

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967 - 1982 2469

is done in Alaska today, and with Mr. Ray pointing out that this is not for commercial purposes, but to protect the public who take shellfish for their own consumption. Mr. Borer wanted to know why the extra position is needed, what is going to be done that hasn't been done in the past. Mr. Ray stated that this is a laboratory position to do the analysis, not an additional person to get specimens. Mr. Borer asked what increases there are in other codes to support the additions in Code 100. There is a \$3,900 Travel increase, which is due to addition of travel to assist hospitals and labs with PKU testing methods, travel for the new hires, and travel for inspection of independent seafood labs for certification purposes.

Code 300

The increase in Contractual Services reflects the addition of postage, printing of forms, transportation of things, and cost of installation of equipment for the PKU testing program and the Seafood Program. The additional increase for biologicals being shipped and mailed to the field is balanced by a reduction due to last year's overestimate.

Code 400

\$3,700 of this increase (\$6,900) are for commodities needed to support the PKU testing program and the seafood-shellfish toxicity testing and certification program. The remainder is for steadily increasing professional materials and supplies and for increased use of FA testing methods for identification of pathogens. Mr. Ray moved and asked unanimous consent that the figure \$328,600 be accepted for Laboratories. No objection, so ordered.

Environ.
Health

(Gen. Program) Program due mainly to new positions being added to establish an adequate seafood-shellfish quality control and toxicity testing program, and to provide adequate sanitation services to the tourist industry. Mr. Borer asked if this seafood-shellfish quality control and toxicity testing program wasn't doing part of the same work as the King Crab Quality Control Board. Mr. Sassara indicated that the King Crab Quality Control Board is more concerned with how the food is packed and the type of fish. Their purpose is no to check toxicity. There was further discussion relating to possible duplication on the functions of the Board and the program. The General Program was not closed out, and the committee moved on to Water Pollution Control.

(Water
Pollution Cont.)

Mr. Strandberg asked if this is entirely a new program, why do we need it. Mr. Ray said there was \$15,000 for water pollution control provided for this year, but not in a water pollution control program. Mr. Strandberg felt this is not a necessary program. The committee reverted to travel in the General Program.

(Gen. Program)
Code 200

There was some discussion on Travel in the General Program. Note was taken of the specific breakdowns shown on page 156 of the budget book. Most of the increased travel is for the new positions, Mr. Ray said. Mr. Sackett moved and asked unanimous consent that the Travel figure be cut from the Governor's allowance of \$40,000 to \$35,000. Mr. Ray objected. By committee vote of 4-3 the motion passed. Mr. Ray said there is no use to have people if they are not going to be able to do their job, and that travel is necessary for the positions in this program. Mr. Strandberg moved and asked unanimous consent that a total figure for Environmental Health of \$422,900 be accepted. Messrs. Ray and Miller objected. By committee vote, the motion passed 5-2.

(Cut)

Child Health
Services

There were no questions on the \$123,000 for Maternal and Child

(Maternal-
Child Health)

Health. The figure was moved & accepted with no objections.

(Crippled
Children)

The biggest increase in this program, Mr. Ray said, is in Contractual Services for physician's fees and such. He moved the figure \$342,300 be accepted, and there were no objections, so ordered.

(Child Study
Center)

Mr. Ray said this must be considered in the light of pending legislation (HB 305) Mr. Miller objected saying that the committee does not consider pending legislation in the budget. Mr. Ray commented that this program emphasizes young children, but that the effect of the bill will include older people as well. The program, he said, is almost at the same level as last year. He moved and asked unanimous consent that the figure \$81,900 be accepted. No objection, so ordered.

(Ad. Social
Service)

Mr. Ray moved and asked unanimous consent that the figure \$18,300 be accepted. No objection, so ordered.

(Exceptional
Children)

(increase)

Mr. Ray recommended increasing this figure to \$55,500. The Governor's Review Committee revised their allowance from \$10,000 to \$50,500, but Mr. Ray wanted to increase over that. His justification was that this would allow the program to branch out some. He moved and asked unanimous consent that the figure \$55,500 be accepted. No objection, so ordered.

(Case
Registry)

The Review Committee had deleted this program, funded at \$31,000. Mr. Ray noted that it had been passed on the floor today. Mr. Strandberg said that it was not going to be funded, though, so it was left deleted.

(E Proj.)

This is at the same level as it was last year. Mr. Miller moved and asked unanimous consent that the figure \$57,300 be accepted. No objection, so ordered.

Child Serv.
Total

(increase)

Mr. Ray moved and asked unanimous consent that the figure \$678,300 be accepted for Child Services. Mr. Sackett objected. Mr. Sackett removed his objection, so the motion passed.

Adjourned: The meeting adjourned at 9:30 p.m.

HOUSE FINANCE COMMITTEE MEETING

March 21, 1968

8:30 a.m.

Present: All members of the committee were present except Mr. Miller.

HB 517

Mr. Borer moved and asked unanimous consent that HOUSE BILL NO. 517 (entering into the Western Interstate Nuclear Compact) be considered by the committee at this time. There being no objection, it was so ordered. Mr. Strandberg presented information received from the Secretary of State relative to this bill. Mr. Borer moved and asked unanimous consent that HOUSE BILL NO. 517 be reported out of committee with a "do pass" recommendation. There being no objection, it was so ordered.

HB 524

Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 524 (revising the Election Code) be considered by the committee. There being no objection, it was so ordered. After a brief discussion on the purpose of the bill, it was moved that the bill be returned to the subcommittee for further study and the possible submission of a committee substitute to be considered by the committee tomorrow. There being no objection, it was so ordered. Mr. Ray left the meeting.

HB 641

Mr. Haugen moved and asked unanimous consent that HOUSE BILL NO. 641 (relating to rates of payment for nursing home, institutional and foster home care) be considered by the committee. (Mr. Miller entered the meeting. Mr. Haugen read a memo from the Commissioner of the Department of

Health and Welfare, in support of the bill, and after a brief discussion concerning the merits of the bill, Mr, Haugen moved and asked unanimous consent that HOUSE BILL NO. 641 be reported out of committee with a "do pass" recommendation. An objection was heard. The bill was reported out with 5 members signing the majority report of "do pass", and 2 members "no recommendation".

HB 469

Mr. Miller moved and asked unanimous consent that HOUSE BILL NO. 469 (to require the licensing of snowmobiles) be considered by the committee at this time. There being no objection, it was so ordered. Mr. Strandberg presented information received from Mel Personett, Commissioner of the Department of Public Safety, concerning the bill. Mr. Haugen moved and asked unanimous consent that HOUSE BILL NO. 469 be reported out of committee with a "do not pass" recommendation. Mr. Miller objected. The bill was reported out with 4 members signing the majority report, 2 members signed "no recommendation", and 1 member signed recommended "do not pass unless amended to allow the use of snow vehicles while hunting".

HB 667

Mr. Strandberg moved and asked unanimous consent that the committee consider HOUSE BILL NO. 667 (establishing a Police Standards Council). After a brief discussion, it was moved and unanimous consent was asked that the committee table the bill. Mr. Sassara objected. Mr. Strandberg read the committee report of the State Affairs committee. On a

vote of the motion it passed 4 to 1, with Mr. Miller abstaining from voting.

Mr. Strandberg left the meeting.

The committee recessed for ten minutes, to await the arrival of Secretary of State Miller, who was called to testify on HOUSE BILL NO. 686.

After a brief recess the meeting was reconvened.

HB 686

Secretary of State Miller and Representative Kerttula were in attendance. Mr. Haugen assumed the chair. Mr. Ray was absent. Mr. Haugen moved and asked unanimous consent that the committee consider HOUSE BILL NO. 686 (relating to voter registration) at this time. Mr. Keith Miller was interrogated by the committee members concerning this bill, and stated that the financial requirement for the enactment of the bill is a little more than \$170,000 for the fiscal years of 1969 and 1970. In answer to a question from Mr. Borer, he said the registration would be a completely separate operation from the election process, but registration will be conducted at the polling places during the 1968 primary and general election for the convenience of those wishing to register. Registration shall not become a prerequisite for voting until the 1970 primary election. Mr. Kerttula asked who would have access to the registration information, and Mr. Miller replied that one copy remains at the precinct, one copy forwarded to the election supervisor and one copy is sent to the Secretary of State, and this information is public. Mr. Haugen asked when this proposal will go to the voters, and Mr. Miller replied that it will be on the November ballot if the bill

is passed in its present form. In answer to a question directed by Mr. Terry Miller, Mr. Keith Miller said that no registration may be made for a period of 14 days preceding an election after the 1968 primary and general election. Mr. Haugen asked if a voter was automatically registered, and Keith Miller said no, he must register and registration places will be available at the polling places for those desiring to register there. After voting they may elect to register or not register. In answer to a question directed by Mr. Sackett, Mr. Keith Miller said each village will have a registration official. Each large city will have a central registration office (election supervisors will man the offices on a permanent year around basis until 1970). Also registration may be accomplished by mail.

Mr. Keith Miller was excused, and Mr. Kerttula left the meeting.

Mr. Haugen moved and asked unanimous consent that HOUSE BILL NO. 686 be reported out of committee with a "do pass" recommendation. Mr. Miller objected. On a vote the motion failed by a vote of 1 to 5. Mr. Miller moved and asked unanimous consent that the bill be reported out of committee without recommendation. There was an objection. The bill was reported out of committee with 3 members having no recommendation, 2 members signing "do pass" and 2 members signing "do not pass". Mr. Strandberg returned to the meeting and so all members signed the committee report.

The meeting adjourned at 9:45 a.m.

HOUSE FINANCE COMMITTEE MEETING

March 21, 1967

2:00 p.m.

Present: All members of the House Finance Committee were present except Mr. Sassara. Representing the Department of Highways were Messrs. H. D. Scougal, Tom Johnson, Lee Hubbard and Joel Lounsbury; and Messrs. Richard Freer and William McVey of the Division of Budget and Management, Department of Administration were present.

DEPARTMENT
OF HIGHWAYS

The meeting was called to order by the chairman for the purpose of reviewing the budget of the Department of Highways.

Administration The chairman noted that the Governor's Allowance for the Office

Commissioner's Office of the Commissioner is similar to that authorized for the

last fiscal year, and the travel allowance is slightly under that of last year. Mr. Strandberg asked Mr. Johnson for the current level of the travel account. Mr. Johnson said that though he does not know the exact level of the account, he does know that their funds are running low in the entire program, but that they should be able to make what remains of their funds carry them through the current year. Mr. Ray asked if they will use their turnover and vacancy funds to cover pay increases, and Mr. Ray replied that vacancy and turnover are not of concern in this program, but is of concern only in the maintenance program. Mr. Strandberg noted the main cut in Personal Services is the deletion of the position of Public Information Officer. Mr. Strandberg noted that budget review had not allowed any equipment.

Internal
Review

Mr. Strandberg inquired about the function of this program, and Mr. Johnson stated this department is a requirement of the Bureau of Public Roads, and it reviews every program of the Department of Highways and makes recommendations to the commissioner. They also prepare special reports and perform assignments for the commissioner. There were no questions.

Claims
Section

In answer to Mr. Strandberg's inquiry, Mr. Johnson said the Claims Section had been transferred from the Construction Division, and said it was working out better under the Executive Division. Formerly the same person responsible for executing contracts was acting as the claims officer. Mr. Strandberg noted that the legislature had not liked the previous arrangement. He asked how many employees are in this section, and Mr. Johnson answered that there are three. Mr. Ray asked if the \$1,600 in Vacancy and Turnover is realistic, and Mr. Johnson replied that it is not. Mr. Strandberg asked why all the equipment has been cut, and Mr. Freer replied that there are no new employees and the equipment does not need replacement because it is new. Mr. Strandberg asked Mr. Freer if budget review took the attitude that if there were no new employees there would be no new equipment, and Mr. Freer said that in general this is true.

Design
Division

Chief Design
Engineer

Mr. Strandberg asked Mr. Freer how they apply the vacancy and turnover factor to a small department such as this if it is fully staffed, and Mr. Freer said it will not apply specifically to each individual in the office, but applies against the total administration budget. In answer

to a question from Mr. Strandberg, Mr. Freer said the rate of vacancy and turnover is four per cent. Mr. Ray asked if four per cent was standard in this factor, to which Mr. Freer replied that it varies. It was noted that the travel allowance is nearly the same as for 1966-67, and there were no questions.

Road Design

Mr. Strandberg noted that this was held pretty close to the current year's level. Mr. Freer said this is true all the way through this budget, and there is little variance. When asked why travel had been reduced, Mr. Freer said it is just a general reduction. There were no further questions. Mr. Strandberg questioned Code 390, Professional Fees and Services, and asked what the pencilled notation "poor justification" meant. Mr. Freer said this was his notation. Mr. Johnson said the program was started by the commissioner as an incentive to upgrade engineers to management status. The persons in this program would be required to stay within the state service. This is part of the graduate study program at the University, and Mr. Johnson said it was true that their justification was not good. Mr. Strandberg noted that administration is probably worried about the general reaction throughout the administration. Mr. Borer said state employees should be allowed to attend the University free of charge.

Bridge Design

It was noted that this division is about the same as last year with some minor cuts. Mr. Strandberg noted that there had been requested \$1,500 for this division for state grants for graduate study, also, which had been cut by budget review.

Mr. Strandberg asked why an electric calculator had been requested for Bridge Design, and Mr. Johnson stated they felt it would provide the division with greater efficiency, but that the item had been denied and they could manage without it.

Utilities
Section

Mr. Johnson said this section had previously come under the Right of Way section and was recently reorganized as the Utility Section under the Design Division. It seems to be equally efficient under both areas. Mr. Ray asked about vacancy and turnover, and Mr. Johnson said there had been more last year. Mr. Ray noted that this was due to there being only one employee, and Mr. Johnson said this was true, and that employee had been transferred from the governor's office. Mr. Strandberg questioned the use of the word "limousine" under Travel, and suggested the word "car" might have been better. Mr. Johnson said this was just meant for the means of transportation from the airport to the district headquarters, and that actually a bus was probably the actual means of transportation. Mr. Strandberg inquired about the function of the office, and Mr. Johnson said it acts in a supervisory capacity.

Right of Way

Mr. Johnson said in answer to Mr. Strandberg that the attorneys for this division are provided by the Department of Law. He said this budget recognizes that one attorney is completely funded by the Department of Highways, but the person actually works in the office of the Department of Law. Mr. Strandberg asked if the department is getting all the legal services they need, and Mr. Johnson replied that in general

the feeling is that they are not. Mr. Strandberg asked if an attorney from the Department of Law is not actually assigned to Highways, and Mr. Freer said this has gone back and forth and that there now exists an interagency arrangement with the Department of Law. Mr. Strandberg asked what control Highways has over the attorney handling its affairs, and Mr. Johnson said the only understanding they have is that the attorney will consult Highways. Highways has no direct authority over this individual. Mr. Strandberg asked if Highways is getting 100 per cent cooperation from the Department of Law, and Johnson replied, "we have an awful time getting into the Department of Law", and there does not seem to be any continuity in the cases because of the great turnover in Law. When a case goes from one man to the other, the second man always starts from the beginning, and the basic case against an individual is lost. Mr. Borer asked if employees earning \$23,000 "come and go", and said that the earnings should provide some stability. Mr. Johnson said "they are high level men, no question about it".

Mr. Sassara arrived at the meeting.

Mr. Johnson said they actually have the services of more than one attorney, on an on-and-off basis there are two or three attorneys doing the work of the Highway Department. Mr. Ray read from the Department of Law budget, and noted that the Law Dept. actually has a legal pool that is drawn from, and that is not exactly what is expected. Mr. Strandberg said this matter will be taken up later, and said there is something

wrong with this department and maybe it is impossible to solve the problem. Mr. Strandberg said the right-of-way work is holding up projects. Mr. Scougal said the Bureau of Public Roads sets up procedures for Highways to follow which hold them up. Much of their work is in urban areas, and there are people who like to make money and acquire the property. When it comes time to consummate the right-of-way acquisition they have to go back to the Bureau of Public Roads to explain price increases, etc. Mr. Ray asked what their rate of need for attorneys is now in Highways, and Mr. Johnson replied they need more than one. There were no further questions on right-of-way section.

Mr. Borer left the meeting.

In answer to Mr. Strandberg, Mr. Hubbard stated they had no vacancy and turnover here. Mr. Strandberg noted that the travel was cut \$1,500 below the 1967-68 authorization of \$4,000, and asked about the current status of their travel account. Mr. Johnson said travel account was not too bad. Mr. Strandberg asked what shape they would be in on \$2,500. Mr. Johnson said they may run over that amount, but that it could be taken care of in some other part of the budget.

Mr. Johnson noted again that the Contract Claims section had been moved from the Construction Division to the Commissioner's office, and the only increase in Personal Services is salary increases. There were no questions on Travel. Mr. Strandberg asked Mr. Freer if Equipment was cut all the way through the Highways budget, and Mr. Freer said it was.

Maintenance
Division

Construction
Division

Administrative
Division

Mr. Strandberg asked if all data processing is going to administration, and Mr. Johnson said they are still maintaining some data processing. He said design is done on a computer and data processing is provided with information from design. Mr. Strandberg asked if Highways will maintain a machine, and Mr. Johnson said they would. In answer to a question from Mr. Strandberg regarding an engineer position, Mr. Freer said he will be a systems analyst in various departments.

Finance

Mr. Strandberg asked how they were making out on billings in the accounts receivable section, and he said they are now running nearly seven million dollars, and they were hoping to cut the strings of the Bureau of Public Roads. Mr. Strandberg asked if there were any problems with concurrent audit, and Mr. Johnson said that before last year it was difficult to tell because they just had participating and nonparticipating allowances with no "limbo" area. No further questions.

In answer to Mr. Strandberg's question on Contractual Services, Mr. Freer said this section just represents a switch from one department to another. Mr. Ray asked if this was for duplicating, and Mr. Johnson said no, that came out of the working capital fund.

Personnel

Mr. Strandberg asked if there had been any lag in their requests to the Personnel Department, and when he was told there was, he asked how serious it was, and asked how many positions are now requested are in the Personnel Section not acted on. Mr. Scougal said he would provide a memorandum

containing this information.

Supply &
Services

In reply to Mr. Strandberg, Mr. Johnson said Supply and Services is responsible for the procurement of all supplies through the working capital inventory account under a supply depot operation. Mr. Strandberg questioned the increase requested for Rents & Utilities (330) under Contractual Services. Mr. Johnson explained that the planning section was given federal aid when Alaska became a state as part of the agreement to get a planning section established. This section is no longer eligible for this aid, and the additional cost had to be picked up somewhere in the budget. No further questions.

Materials
Division
Materials
Engineer

Mr. Johnson explained that Highways maintains a testing laboratory at the University, and the Materials Engineer has the supervision of the college lab and all the Highway district labs in the state.

Mr. Miller left the meeting.

Mr. Strandberg inquired about the testing labs, and Mr. Johnson said he and Mr. Scougal have been going over this, trying to compare the cost of Highway labs against that of commercial testing labs. He said Highways must maintain a basic staff for this facility, and in summer the work is heavy but in winter they still have the cost but not the revenues to support them. They are trying to resolve this problem. He said there are five such laboratories throughout the state, including the one at the University. Mr. Borer questioned the Highway Engineer III position under Personal Services for the College Lab, and was told by Mr. Johnson the Highway

College Lab

Dept. supplies this engineer, and the University supplies the space for the lab and the services of a consultant. The department pays about \$24,000 a year as their part of the laboratory at College. Mr. Strandberg said he has heard in the past that this was a good deal, and Mr. Borer said "for the University". Mr. Strandberg said he had heard it was a good deal for the Highway Department, and Mr. Johnson conceded that it was "probably a good deal". Mr. Johnson said that of all the labs the one at College was certainly the most important.

Anchorage
District

There was a brief discussion about the organizational chart on page 169 of the Budget Request Book. Mr. Johnson said the Bureau of Public Roads requires that the state maintain an adequate staff to provide supporting services. Under Personal Services, Mr. Strandberg asked if there are any vacant positions, and Mr. Scougal said he would provide Mr. Strandberg with this information. Mr. Ray noted that there is a \$1,000 increase in Travel, and Mr. Strandberg corrected Mr. Ray, and said the increase is actually \$1,800. Mr. Strandberg asked why Rents and Utilities (330) had been decreased by \$23,800 from the 1967-68 authorization. Mr. Johnson did not recall the reason for the decrease in their request. Mr. Freer suggested it may have been due to a reallocation of funds. Mr. Johnson said there had been some reduction in space rental rates, but he couldn't recall if rents had been reduced in Anchorage. Mr. Strandberg requested a check be made on this to find out what happened. Mr. Strandberg again noted that all Equipment had been cut, and Mr. Freer agreed.

Fairbanks
District

Mr. Strandberg questioned the reason for a new position in Fairbanks, and Mr. Johnson said a Teletype Operator is necessary because the teletype operations had been transferred from the Division of Communications to Highways. In answer to Mr. Strandberg's question, Mr. Freer said this had been handled by executive order. Mr. Strandberg asked Mr. Freer to check on this to be sure there is not money in both budgets for the position. Mr. Freer said this will cause a new position. Mr. Strandberg said it was his understanding the position had been moved from Communications to this division. Mr. Johnson said Highways had taken the function over. Communications had utilized its position authorization by adding a new person in Anchorage, so Highways must hire a new teletype operator to operate in Highways. Mr. Strandberg repeated that he wanted Mr. Freer to check on this because he does not remember this brought up in the Communications budget, and that there should have been a memorandum on the subject.

Mr. Strandberg questioned the \$7,000 increase for Rents and Utilities (330) under Contractual Services. Mr. Johnson said the increase is due to increased rental rates for the Fairbanks District. Mr. Strandberg asked if the \$200 allowed for Equipment was for the new position, and Mr. Freer said it is, because they do not have any equipment for that position.

Juneau
District

Mr. Strandberg noted that two positions had been upgraded in Juneau. He requested a reason for the increase in Contractual Services, and was told by Mr. Johnson that in Juneau the materials testing lab is budgeted under the

Engineering section instead of being budgeted separately as it is in other areas.

Nome District

For the Nome District, Mr. Strandberg noted that Equipment had been allowed by budget review in the sum of \$900, and Mr. Freer said the department had a good justification. They had obsolete equipment which had to be replaced.

Valdez District

Mr. Sassara asked the witnesses about the proposed move of the Glennallen facility, who told him they knew of no such move as Glennallen is the center of the highway system. They suggested that Mr. Sassara might be speaking of a change in the maintenance shops, which will be moved six miles away to better ground. They said Glennallen is located on an old glacial lake. Mr. Sassara asked about the facility at Johnson Lake, and Mr. Johnson said this was operated seasonally. Mr. Borer asked why their request for Commodities was less than last fiscal year, to which Mr. Johnson replied that the rental rate had decreased in the Valdez district, and is going down to 30¢ a foot. He said that rather than typing the pages over again when they learned of the decrease, they merely reduced their request. Mr. Borer asked why Fish and Game paid less than Highways in Cordova, and Mr. Strandberg told Mr. Johnson he was asked to check this last year, and Mr. Johnson said he was sure they were paying the same as Fish and Game. Mr. Borer asked Mr. Johnson to find out about this, and he said he would.

Recess;

The meeting recessed at 3:20 p.m.

After Recess:

The meeting was reconvened at 3:35 p.m. All members were present, except Mr. Strandberg. Mr. Haugen took the chair.

Book II

Maintenance
Division

Anchorage
District

In reply to a question from Mr. Haugen, Mr. Freer called the committee's attention of the March 8, 1968, memorandum from the Department of Administration, which states that the department requested the reinstatement of \$606,000. The Governor authorized an increase of \$100,000 in Special Maintenance, and an additional \$100,000, which is intended to reduce the amount of vacancy and turnover deleted from personal services by budget review. Therefore, the total increase is \$200,000. Mr. Haugen said any changes will be taken care of in the final closure of the budget.

Mr. Johnson said they feel their increases and decreases have been characterized in good fashion in a booklet prepared by the department. (See Department of Highways file.) Mr. Johnson said the major changes in the Contractual Services involved a \$60,000 increase in rental rates due to new buildings built by ASHA and occupied by Highways. In Commodities they felt that \$253,100 authorized in 1967-68 was not adequate. \$400,000 had been spent for Commodities the previous year. This is for maintenance materials. Mr. Haugen asked them how much they pay for crushed rock and Mr. Johnson said the price depended on the supply, and it varies in each district. Mr. Haugen noted there was no allowance for Equipment.

Fairbanks
District

Mr. Haugen asked if there are new people in Personal Services in Fairbanks, and Mr. Johnson said there are. He said

they requested five permanent positions and seven seasonal part time positions. One of the new positions, which was not approved, was for a traffic safety man, two were for the new Healy camp, one at Cantwell, and one at Trims. He said the Highway Department maintains the roadside rest areas, and seasonal workers were to have been used for that purpose. The roadside rest maintenance was formerly shared by Resources and Highways, but it is now the sole responsibility of Highways. Mr. Miller asked the function of a highway safety man, and Johnson said he takes care of safety striping, maintenance of lights, signs, and takes care of anything involving safety. Mr. Hubbard said that in Anchorage they contracted that work with the city, but this cannot be done in Fairbanks. He said a technician is required to maintain the highway signals. Mr. Miller asked why they cannot contract with the city of Fairbanks, and Mr. Hubbard said they do not have a skilled man available. Mr. Sassara mentioned that the lights on the new airport highway are not regulated. Mr. Hubbard said this was the reason he put in for this technician. Mr. Sassara asked how much work the man must do, and was told the traffic signals were complicated and subject to breaking down constantly. In answer to a question from Mr. Miller, Mr. Hubbard said there were regulating light type signals on the College Road. Mr. Miller said this work might be done under Contractual Services, and Mr. Hubbard said they had tried bringing someone up from Anchorage, but this was not satisfactory. Mr. Sassara said he thought they should get together with the city, and Mr. Miller asked if there was any chance they could negotiate with the City of Fairbanks for half of

the cost of the maintenance man. Mr. Johnson said they had explored every possibility of this, and said their Traffic Engineer has spent a great deal of time on this, and couldn't come up with any agreement with the City of Fairbanks. They rejected hiring a skilled man to do the job. Mr. Sassara said the City of Fairbanks would benefit more by having such a man. Mr. Johnson said that if the city requires services the department has, they do it on a reimbursable basis. Mr. Sassara suggested that a letter of intent be written to the city to straighten this out. He said it was ridiculous to have such a situation prevail. Mr. Johnson said the volume of lighting the Airport Road, University and College Roads is about 200 lamps alone. These lights would be the responsibility of the safety man, as well as the signs and striping that must be maintained. This is a lot of work for a small area, and Mr. Hubbard added that this is totally the Highway Department's responsibility. Mr. Sassara said this should not preclude such an agreement with the city, and Mr. Johnson said an agreement with the city would be to Highway's benefit.

Mr. Miller asked if the department has been contemplating tearing down a fence on Airport Road, and Mr. Johnson replied that the Commissioner has been trying to get authority from the Bureau of Public Roads to tear it down.

Mr. Haugen asked for an explanation of the increase in Rents and Utilities (300), and Mr. Johnson said \$15,000 of the increase of lighting, and the rest is due to ASHA program. Mr. Haugen noted that Commodities included maintenance and construction materials, and Johnson said \$416,000 was spent the previous year, and this year the budget is very tight.

Mr. Sackett asked why the committee had authorized only \$210,000 last year for Commodities, and Mr. Johnson said it was probably due to poor budgeting by Highways. Mr. Sassara asked for the expenditures for commodities in the Fairbanks district this year, and Mr. Johnson said he would provide a backup on the whole department. Mr. Sassara said he would like to know the actual expenditures just for Fairbanks. Mr. Freer said the special maintenance funds must be reflected in these figures. Mr. Borer asked if the federal government assisted with road maintenance expenses after the flood. Mr. Hubbard said they were not reimbursed and were not eligible for reimbursement by the federal government. This work was considered to be a part of their regular operation. Mr. Johnson said the OEP will not pay for regular employees who were on the staff. Highway employees repaired flood damage and let some of the other maintenance go. Mr. Borer asked for an estimate of the flood damage, and was told the initial estimate was \$140,000. They are hoping to absorb this in the maintenance budget. Mr. Sackett asked how much maintenance will be necessary in the Fairbanks area in the coming year. Mr. Hubbard said he thought it would amount to quite a bit, but it now is anybody's guess and they cannot budget for this. Mr. Johnson said they have the flexibility of transferring from one district to another. Mr. Sackett asked if the other districts would then suffer, and he was told they would. He asked if they had any estimate, and Mr. Johnson said they thought approximately \$6,000,000 of damage to federal aid

highways and about \$680,000 worth of damage to off-system roads. They have about one-half of the work done. The amount of work left to be done actually depends upon how much water is down in the ground, and the spring damage could be very serious.

Juneau
District

Mr. Ray asked if the Yakutat airport approach was taken care of in their supplementary request. Mr. Johnson said they did not ask to have anything reinstated for Yakutat at all, only vacancy and turnover and seasonal AEO. Mr. Ray asked if it is their responsibility to maintain roads to airports, and Mr. Johnson said Yakutat did not require much maintenance this year. Mr. Ray asked if they would have enough money if they had \$44,000 reinstated, and asked what this amount would include. Mr. Johnson said included \$19,400 for vacancy and turnover and \$25,000 for contractual services. (Mr. Ray was referring to an Analysis of Budget Reductions, prepared by the Department of Highways. See department file.) Mr. Miller noted that the Governor had reinstated only \$12,000, and Mr. Johnson said the department had not recommended the reinstatement of the full amount of vacancy and turnover requested by the department. Mr. Ray asked if they have enough money for the Juneau district with \$12,000, and Mr. Johnson said they had originally asked for a reinstatement of \$600,000, which they did not get, and the answer to his question is no. Mr. Ray asked if Juneau was cut more than any other district, and Mr. Johnson said it was not. Mr. Ray asked if the upkeep of the Juneau road has been comparable to that of other areas, and Mr. Johnson said it has.

Mr. Ray left the meeting.

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Mr. Miller left the meeting.

Mr. Sassara asked why Rents and Utilities (330) has been increased, and Johnson said a large amount of that came about when they took over the Yakutat airport facilities, and rents include about \$15,000 extra for Yakutat. Mr. Haugen noted this is a great deal for rent and asked the size of the facility. Mr. Johnson said 7,740 sq. ft. Mr. Johnson said he could provide a memorandum on this item, and Mr. Haugen said a memorandum was not necessary.

Nome District

Mr. Sassara said he preferred not to go over the Working Capital Fund at this time, because too many members of the committee were absent.

There were no questions on the Nome District.

Valdez District

Mr. Borer requested an explanation of the cut for Equipment Rental (360) for the Valdez District. Mr. Freer said this was a general reduction. Mr. Sassara asked a general question about the maintenance of the Valdez airport. As he remembers the city had the responsibility of airport maintenance and the city contracted for this service. Then because the airport was not well maintained the FAA closed the airport. He asked who now has the responsibility for Valdez airport. Mr. Johnson said he did not know who had this responsibility, but he is sure it is not Highways, but perhaps Division of Aviation. No further questions.

Special Projects

Mr. Borer asked if the department officials had a list of special projects, and Mr. Johnson said that though they had intended to place a copy in the Budget Request Book they had neglected to do so. Mr. Sassara asked what they intend to do about the Douglas Bridge, and Mr. Johnson said the

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bridge is in their plans, and it is in pretty poor shape. Mr. Borer asked if they had a list of what was done last year in special projects, and Mr. Johnson said they do have such a list but they did not bring it. Mr. Sassara asked if they had done part of the work on special projects this fiscal year, and Mr. Johnson said that which was authorized for this fiscal year has been completed. Mr. Haugen asked what they would do if they received the full \$400,000 requested, and if they could not establish a priority of the projects intended. Mr. Johnson said he was sure the commissioner could establish priority after meeting with all the district engineers. Mr. Johnson gave the members a copy of last year's special projects, for which there was expended \$400,000. (See Highways file.) Mr. Sassara asked Mr. Freer why budget review had cut special projects to \$300,000, and Mr. Freer replied that this area is supplemental to the basic maintenance program, and he referred to the governor's request (memorandum of 3/8/68) to re-instate this area to \$400,000.

Mr. Sassara questioned the Transportation of Road Bids (350) in the sum of \$5,000, and asked Mr. Johnson to write him a letter of explanation on this item.

Mr. Strandberg returned to the meeting, and assumed the chair.

Communications
Equipment

There were no questions on Communications Equipment.

WORKING CAPITAL
FJND

Mr. Sassara asked about replacement of equipment, and inquired when the state will reach a critical point on this. He asked if they will have to start putting in money, and when this will occur (mandatory replacement of equipment). Mr. Johnson said he did not know when replacement will be necessary

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but they will probably have a bill at the next legislative session to take care of a real study of equipment replacement needs. Mr. Scougal said it looks now as if equipment to be replaced has a book value of \$4,600,000, and its estimated worth is \$12,000,000. However it would cost 30 or 35 million dollars to replace the equipment. He said they have gone into every piece of equipment, trying to establish a guide line for the maintenance cost of their 2,200 pieces of equipment. Mr. Sassara asked if it will be necessary to put up some hard cash shortly. Mr. Johnson said he felt safe in saying that in five years they will need a tremendous amount--perhaps 20 million dollars. Mr. Sassara said something will have to be done to halt this quickly. Mr. Strandberg said they have always had this problem, and he can't believe they are ever going to solve it. Mr. Sassara said they must begin to stem the tide, and suggested that this legislature insist by LEG. INTENT legislative intent that the department have some solutions to this problem by the next session. Mr. Strandberg said they all recognize that there is a problem, and said this matter would be taken up when the budget is gone over in detail. Mr. Hubbard said there has never been any cash injection for equipment replacement.

Reproduction

Mr. Johnson said this unit is primarily for duplicating at the Douglas office. No questions.

Sign Shop

Mr. Strandberg said there is always a problem with people shooting signs. Mr. Johnson said he believes this will always be a problem. Mr. Strandberg noted that budget review had allowed for a Sign Drying Rack, in the sum of \$200.

Equipment
Section

Mr. Johnson said he believes they should start recognizing depreciation as a cost of operation, but administration did not see this. Mr. Strandberg said this would start a policy in all the other departments. Mr. Johnson said they want to recognize they have depreciation expense of approximately \$1,000,000. Mr. Strandberg asked if equipment rentals from other agencies include depreciation, and Mr. Johnson replied that they do not have it in the budget document as they are not asking for more money, but he stated that any business should recognize depreciation as an expense. Mr. Strandberg asked why \$1,170,100 was deleted (page 136, Book II, Budget Request). Mr. Johnson said this should have been labeled "depreciation". The operating statement shows one million dollars. Mr. Freer said, "for reserve". Mr. Strandberg said it looked to the committee as if budget review had deleted \$1,170,000.

Headquarters

There were no questions about Headquarters.

Anchorage
District, etc.

Mr. Miller returned to the meeting.

There were no questions on any of the districts.

Building
Maintenance

Mr. Strandberg asked what equipment they are purchasing this year, and Mr. Johnson said they are requesting additional equipment for the Healy and Petersville camps. Mr. Strandberg said there were some problems in rental charges last year, and Mr. Johnson said the housing in the whole state has never been straightened out on a statewide level. Mr. Borer questioned the charges to Health and Welfare at Valdez, and Mr. Johnson said these charges are based upon the amount of heat actually furnished--the amount of heat generated. Mr. Borer said the

highway facility operated a full year before Harborview. Now Harborview has been in operation for almost a full year. He requested a **pro rata** breakdown of the heating charges to Harborview hospital, and asked for a memorandum on this. Mr. Johnson said the whole district is reduced from 38¢ to 30¢, and that this would amount to a couple hundred thousand dollars, as he recalled.

Mr. Strandberg asked if there was any reason why the Department of Highways budget could not be closed out that evening. Mr. Miller asked if they need a resolution on ASHA projects, and Mr. Strandberg said they have such a resolution.

Adjournment

The meeting adjourned at 5:00 p.m.

7:30 p.m.

Present: All members of the House Finance Committee except Mr. Sassara. Also present was Mr. Richard Freer, director of Division of Budget and Management, Department of Administration. Mr. Strandberg opened the meeting and stated that the committee would continue with the close out of the Department of Highways budget request.

ADMINIS-
TRATION

TOTAL

HIGHWAYS

MAINTENANCE
DIVISION

Mr. Haugen moved and asked unanimous consent that the figure \$3,488,800 be accepted for ADMINISTRATION of the Department of Highways. No objection, so ordered.

Mr. Strandberg said they would now consider the MAINTENANCE DIVISION of the department.

Mr. Freer explained that the department has set up a very good accounting system for monies allocated for maintenance. He said that the 5% of the total maintenance authorization is withheld by the department as a reserve and does not show in the budget authorizations to the various districts. If a district runs over the authorized amount, money from the reserve is pumped into that district. That is why it often appears that a district has overexpended in the actual expenditures column. It has never been necessary for Highways to come in for a supplemental for maintenance under this system. In reply to a question relative to how Administration had arrived at the distribution to the districts of the \$100,000 which had been put back into the budget for Special Projects, Mr. Freer said it was strictly on a percentage basis--Anchorage District has 33% of the roads, increase of \$33,000 for new total of \$2,978,100; Fairbanks 29% or increase of \$29,000,

new total \$2,367,000; Juneau 12% or \$12,000, new total of \$1,004,200; Nome 6% or \$6,000, new total \$422,000; and Valdez 20% or \$20,000 for a new total of \$1,517,800. This amounts to a total for Maintenance of \$8,689,100. Mr. Freer stated that including the additional amount of \$281,000 for airport maintenance there is about a 7% increase this year for Maintenance.

Mr. Ray questioned why Juneau never receives any increase in maintenance funds. He stated that in looking over the budget there is an increase in every district except Juneau and cited the various areas in the Juneau district that are badly in need of maintenance. Mr. Haugen stated that he agreed with Mr. Ray and that something just has to be done about the roads in the Juneau district and it is something that should be brought to the attention of Highways.

Mr. Strandberg stated that the situation is just as bad all over the state. Mr. Borer said that the Juneau district is unique in the state in that it does not have the permafrost problem as do the other districts. Mr. Ray replied that we may not have the permafrost, but that the roads do have frost heaves and depressions from freezing and thawing.

Mr. Sassara joined the meeting.

Mr. Ray said that ever since the Marine Highway has been in operation it has appeared that Highways does not feel it is necessary to expend any funds on maintenance of our roads. He said there are still roads in the area and they do need maintenance. Mr. Haugen said that we do have the marine highway and we are very thankful for it; however, for two years we have been trying to get things squared away so the

roads can handle the traffic generated by the marine system. Mr. Strandberg stated that the money in the maintenance program can be shifted around within the program. He said that he knew that money from the Anchorage District had been shifted to Fairbanks District and vice versa when the need arose.

Mr. Borer stated that he felt the department was using the special maintenance fund completely opposite for what it was intended for. As he recalled that money was to be used only on off-system roads; such as picnic areas, roadside rest areas, etc. Instead it has been used on system roads and mentioned in particular the Anchorage-Seward Highway. He said that it appears that it is going into three projects again this year that are not off-system roads.

Mr. Strandberg said that a letter of intent can be written to Highways on this matter.

Mr. Haugen said that he had just heard that the President's budget is reducing the Forest Highway construction fund 50% this year. The state is putting \$500,000 into forest highway maintenance.

Mr. Strandberg said he would like to correct Mr. Borer's statement regarding the intent for use of the special maintenance fund. He then read the letter of intent to the committee (on file).

Mr. Miller said that he felt that the special fund should only be used on smaller projects -- \$40,000 to \$50,000 projects at the most.

Mr. Borer noted that the projects set forth under the Special Projects were all on system roads and he felt this had not been the original purpose of this fund. Mr. Miller said he

felt that Highways was violating the purpose of the fund.

Mr. Strandberg said that this isn't the way it was set up.

Mr. Ray stated that if money is needed for the repair of the Douglas Bridge, it should be in the Juneau District maintenance fund and not in the Special Projects. Mr. Strandberg said they could not line item it under the Juneau maintenance program.

Discussion ensued on use of the fund for special projects.

Mr. Miller said he thought it should be tightened up and not used such large blocks of funds in one area.

Mr. Strandberg commented that it would help if Congress would pass the highway money out as a portion of it was supposed to be for maintenance in Alaska and the funds are still sitting there.

LEG-1107915T Mr. Strandberg stated that a letter of intent would be drawn up tightening down this special project fund.

Mr. Ray argued that if it was necessary to put the Juneau-Douglas Bridge into Juneau District maintenance it should be done, but he wanted it insured that the money wouldn't be used someplace else. He stated that in the past money has been allocated for projects and influence has been exerted and the money taken into another area.

Mr. Strandberg said that it would be tightened up so this couldn't happen. Mr. Strandberg commented that there will never be enough money in the maintenance fund to cover the needs of the state without help from the federal government. He added it was up to Highways to spread the money around to see that each district gets its full share, but that it would be impossible to put any particular project in as a line item. He said that if the committee did that, every

legislator in the state would be coming in wanting their projects line itemed. Mr. Strandberg suggested that Juneau's share of the special projects be placed in Juneau maintenance fund and take the balance of the necessary funds from the district maintenance funds. Mr. Ray stated that what he was interested in was raising Juneau District maintenance funds so they are commensurate with the other districts. Mr. Strandberg reiterated that funds can be shifted between the districts--it is done all the time. Mr. Ray replied that so far money has been shifted out of the Juneau District but none has ever shifted back. There was further discussion relative to the Juneau Bridge and Mr. Strandberg stated that the committee was not going to break a precedent by singling out a project and line iteming it in the budget. He said there was no reason why the bridge repair cannot be accomplished from district maintenance funds plus Juneau's share of the Special Projects fund--Highways could give it a higher priority. Mr. Ray stated that for the record he did not agree with the Chairman's decision. Mr. Strandberg replied that he was opposed to singling out any project as a line item. Mr. Borer remarked that he felt Highways had been wrong and the mistake was in placing specific projects in the Special Projects. Mr. Strandberg stated that the committee could call Highways and tell them to wipe out the whole thing. Mr. Ray stated that he would withdraw his disagreement. Mr. Strandberg said that the letter of intent would tighten the use of funds in Special Projects and that it can't be used for certain projects. Mr. Miller said the letter of intent should also disallow spending over \$40,000 or \$50,000

LETTER OF
INTENT

for any special project.

Mr. Strandberg felt the department was using too much of the money on projects and in case of an emergency there would not be any money available from this fund. He felt that the department was using money from this fund that should be under the regular maintenance program.

TOTAL for
Maintenance
Division

Mr. Miller moved and asked unanimous consent that the figure \$8,689,100 be accepted for the Maintenance Division with a Legislative Letter of Intent. No objections, so ordered.

LEGISLATIVE
INTENT

Mr. Strandberg asked about closing out Military Affairs, but the committee did not want to go on it. Mr. Strandberg said they would try to get to Fish & Game and Health & Welfare tomorrow.

Mr. Sassara said that he was preparing a Letter of Intent regarding the Working Capital Fund but didn't have it yet.

Mr. Borer suggested that about \$10,000 be used and have a good analysis made of the Working Capital Fund.

Mr. Strandberg said the committee would meet Monday night on the Capital Improvement Program.

Mr. Borer said he felt the state should sell all the equipment and lease it. Mr. Strandberg replied that that suggestion had come up before and had run into a technical problem. In reply to a statement by Mr. Borer that he felt it was an avenue to explore, Mr. Strandberg suggested that he contact Mr. Sharp as he would know what the technical problems were.

Mr. Strandberg said the committee would try to get to Economic Development in the morning.

Mr. Ray moved and asked unanimous consent that HB 326 be discussed by the committee. Objected to and Mr. Ray withdrew his

motion.

HB 356

Mr. Strandberg requested that HB 356 be ready to report out tomorrow as the bill is necessary to go along with what the committee put in the budget. He asked that the amendment be prepared to go with the bill.

HB 646

Mr. Strandberg moved and asked unanimous consent that House Bill 646 (appropriating \$55,000 to the Department of Natural Resources from general fund for moving Mines & Minerals to University) be considered by the committee. No objection, so ordered. The question of where the additional money it was actually costing would come from was asked. Mr. Sackett said he had discussed this with Mr. Kelly of the department and there is enough money lapsing in the department to take care of this.

Mr. Miller moved and asked unanimous consent that House Bill No. 646 be reported out of committee with a "do pass" recommendation. Objection was heard. On vote the motion passed with one opposing vote. HB 646 was reported out with 4 "do pass", 2 "do not pass" and 1 "no recommendation."

Mr. Strandberg then went quickly through the bills in the committee on the priority list:

HB491 - Mr. Miller will report tomorrow.

HB524 - Mr. Ray said this bill has to be redrawn. He will bring up a working copy to discuss with the committee.

HB643 - Mr. Strandberg will report on this bill.

HB 667 - This bill has been tabled.

HB 672 - Regarding land claims--information to be brought on Monday.

HB 678 - It was noted that this bill came out of Commerce Committee with a solid "do pass." Mr. Sassara requested that he be allowed to review the bill and he was asked to report on it tomorrow.

Mr. Strandberg also requested that reports on HB 682 and HB 421 be ready as soon as possible. Mr. Strandberg also noted that the committee would have to act on small school deal. He felt it is a good program and will help the small school districts out.

Mr. Strandberg mentioned that the budgets left are the Court System, Legislature, University of Alaska--Mr. Miller said he had the figures ready on the University. Mr. Ray said he would be ready with Health & Welfare tomorrow. It was decided the committee would take Fish & Game Saturday morning. It was mentioned that the figures for Division of Agriculture should be available tomorrow. Mr. Strandberg said they would try to get to the Capital Improvement Program Monday. The committee thought they would be able to close out Military Affairs tomorrow also.

Meeting adjourned at 9:00 p.m.

HOUSE FINANCE COMMITTEE MEETING
March 22, 1968
2:30 p.m.

Present: All members were present.

HB524: It was moved and unanimous consent was asked to consider HOUSE
BILL NO. 524 (revising the Election Code). No objection so ordered.
Mr. Ray moved and asked unanimous consent that the committee
CSHB524 adopt COMMITTEE SUBSTITUTE FOR HB524. No objection so ordered.

The following amendments were suggested by the committee:

Page 2, line 24: "Delete: When the election board is completed
and insert in lieu thereof: When appointments to the election
board have been accepted

Mr. Borer submitted this amendment and after a brief discussion
it was adopted.

Page 5, line 28: delete "to" and insert in lieu thereof: "for"
No objection to this amendment and it was adopted.

Page 6, lines 2 and 3: Delete: to expedite this section
There being no objection to this amendment, it was adopted.

Mr. Miller submitted the following amendment:

Page 2, following line 14, insert:

(9) Notwithstanding the provisions of (1) of this section, the
residence of a student enrolled in an institution of learning who
meets the qualifications of sec. 10 of this chapter is the residence
shown on his last registration at the institution made at least 30
days before an election.

There being no objection to the above amendment it was adopted.

Recess: Meeting recessed for 30 minutes.

After Recess
3:50 p.m.

DEPT. OF HEALTH
AND WELFARE
PUBLIC HEALTH
Public Health
Nursing

In Code 100 of Public Health Nursing there is an increase of \$24,700, Mr. Ray said. This includes pay raises, additional positions, increasing length of temporary positions, and this includes the lapse for turnover and vacancy which is a \$64,000 increase over last year's. He stated that that is quite unreasonable, to have a \$16,000 figure one year and \$80,000 the next. He said they are requesting the reinstatement of \$20,000, and that he, the subcommittee, recommends this reinstatement. This provides also for one new position, a half-time clerical worker at Unalakleet for \$3300.

Code 100

Code 200 This is at the same level.

Code 300 There is an increase of \$17,700, Mr. Ray said. \$16,700 is for rent increases due to the occupancy of the ASHA complexes at Dillingham, Bethel, and Kotzebue. There is an adjustment of the Fairbanks rent minus \$1600 for the move into the MacKay Building for a total \$4,600 for the move into the MacKay Building. There is \$4600 for Gambell and \$2900 for Kotzebue.

Code 400 This is up \$8,000 and is a general increase.

Code 500 This is at the same level.

Code 900 The \$11,200 figure is for maintenance, utilities, custodial care and fuel for the ASHA complexes to be paid to the Division of Buildings.

Mr. Ray moved and asked unanimous consent that the figure \$1,088,000 be accepted for Public Health Nursing. No objection, so ordered.

TB Control
n. Program)

Mr. Ray said that Code 100 is up \$7,300 in the General Program.

Code 100

This is due to pay increases and for one three-month temporary position of inhalation therapist. This is offset by a \$2,100 vacancy turnover.

Code 200

There is a reduction in travel of \$1,900. This is just a general reduction, Mr. Ray said, and the Department has made no complaints.

Code 200

There is a reduction here of \$34,000 in professional fees and services, Mr. Ray said, which is due to the fact that more patients are now being handled in outpatient clinics than in hospitals. There is also a slight reduction in hospital costs at Wesleyan Hospital.

Code 400

There is a \$5700 increase in Commodities for equipment necessary in treating patients in out-patient clinics.

Code 500

Equipment is down \$2,300 because of refinements of techniques used causing a leveling off of patients and equipment.

Mr. Ray moved and asked unanimous consent that the figure \$378,200 be accepted for TB Control, General Program. No objection, so ordered.

Federal TB
Project

This is 100% federal funds, Mr. Ray said. There is an overall \$52,200 reduction, due to the lightening of the patient load because of the excellence of the program. Mr. Strandberg expressed concern at the reduction. Mr. Ray said that the Department is satisfied. Mr. Strandberg asked if there is any cut in the State's portion of the TB Control program. Mr. Ray said there is, \$30,000 has been cut. The main reason for the cut, he stated, is the emphasis on out-patient rather than in-patient care. He said that Mr. Morley, of the Department of Health and Welfare,

said this is an excellent program. Mr. Ray moved and asked unanimous consent that the figure \$220,900 be accepted for Federal TB Project. No objection, so ordered. He then moved and asked unanimous consent that the figure \$599,100 be accepted for the total TB Control Program. No objection, so ordered. Mr. Borer moved and asked unanimous consent that a total figure of \$3,731,100 for Public Health. No objection, so ordered.

PUBLIC HEALTH
TOTAL
(increase)

DEPT. OF
MILITARY AFF.

Mr. Sassara said that he had further information on the question which had arisen previously on the office of the Adjutant General in Anchorage. The committee had objected to the figure of \$27,900 for this office, as only 14 employees in the office had been shown. However, Mr. Sassara said, there are federal employees in the office, also, bringing the total to 32 employees. The rents are roughly equivalent to what they were paying in Juneau. They have a 666 square foot conference room, he continued, which they are paying for, but which all the offices in the MacKay building use. There is \$3,900 federal reimbursement granted to the office, which, he said, is in addition to the \$28,000. There was discussion on the lavishness of the offices, and the extraordinary amount of space for 32 employees, and yet the committee was hesitant about cutting the funds. Mr. Strandberg mentioned that he had previously been told these offices would be partitioned to make more offices, but that has not been done. In answer to a question by Mr. Borer, Mr. Sassara said there are also increases in Personal Services; one new person is being added. The committee decided to write a letter of intent that though the committee is reluctantly approving the \$55,100 for rents and utilities, they urge that an investigation of the rents in the Adjutant General's Office.

LEG. INTENT

Mr. Strandberg moved and asked unanimous consent that the figure \$406,800 be accepted for OTAG and State Armories. Mr. Ray objected. The motion passed by a committee vote of 6 reluctant yeas and one nay.

BISASTER
OFFICE
Admin.
Code 300

There is an increase here of \$18,000 in rents and utilities. This is a jump from \$1,000 to \$19,000, due to the proposed move of the Disaster Office to the basement of the MacKay Building. Mr. Sassara indicated that he was set against the move and recommends the \$1,000 figure for rents and utilities. He wants to cut the entire budget for the Alaska Disaster Office Administration back to the \$16,700 figure of this year. It was mentioned that what they might do if they are not granted the move to the basement of the MacKay Building is to move into the space available in the Adjutant General's Office. There was no objection to this, however. The Committee decided on \$16,700 for Contractual Services. Mr. Sassara moved and asked unanimous consent that the figure \$190,000 be accepted for the Administration Program of the ADO. No objection, so ordered. The committee decided to write a letter of Legislative Intent that the move to the MacKay Building can be done, provided only that it is done within the two budgets.

LEG. INTENT

SHARED
REVENUE

Mr. Miller moved and asked unanimous consent that the figure \$4,127,100 be accepted for Shared Revenue. Mr. Ray objected. Mr. Ray removed his objection, so the motion passed.

CAPITAL
IMPROVEMENTS

Court System

Mr. Sassara requested that the Capital Improvement Budget for the Court System be held over until Monday. He said that he is against it. He felt that the land being purchased is extremely high priced,

and, he said, no feasibility study has even been made on how well this area would lend itself to tying in to the present building. He felt that one of the other lots would work better and be less high priced. Mr. Strandberged moved and asked unanimous consent to delete the \$265,000 for the Alaska Court System. No objection, so ordered.

Health & Welfare

Mr. Strandberg moved and asked unanimous consent that the figure \$203,000 be accepted for the Capital Improvement Budget for

LEG. INTENT

Health and Welfare, along with the letter of Legislative Intent described in earlier minutes that \$80,000 is to replace the building at the Adult Conservation Camp and \$20,000 is for equipment lost at the Adult Conservation Camp.

Fish and Game

The committee decided to write a letter of legislative intent on the Fish and Game capital improvements budget, that based on testimony that they'll never need another penny for Fire Lake -- that this will take care of it to its maximum capacity. Mr. Miller moved and asked unanimous consent that the figure \$170,000 be accepted. No objection, so ordered.

INTENT

Highways

Mr. Miller moved and asked unanimous consent that the figure \$138,500 be accepted. No objection, so ordered.

WORKING CAPITAL FUNDS
Highways

Mr. Miller moved and asked unanimous consent that the figure \$5,677,700 be accepted. No objection, so ordered.

Public Works

Mr. Miller moved and asked unanimous consent that the figure \$1,336,400 be accepted. No objection, so ordered.

Fish & Game

Mr. Miller moved and asked unanimous consent that the figure \$497,300 be accepted. Mr. Borer objected. Mr. Borer removed his objection, so Mr. Miller renewed his motion, and it passed with no objections.

BOND COMMITTEE

Redemption

Mr. Strandberg wanted to know exactly what was covered here.

He requested a letter showing what amount of authorized will be still outstanding. Mr. Borer moved and asked unanimous consent that the figure \$6,874,200 be accepted. In answer to a question by Mr. Sackett, Mr. Freer said this is based on indicated need for cash and projects under these bonds authorized.

CSHB 524

The COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 524 was passed out of committee with all members signing do pass.

Adjourned:

The meeting adjourned at 5 00 p.m.

HOUSE FINANCE COMMITTEE MEETING
March 23, 1968
8:45 a.m.

Present: All members of the House Finance Committee were present except Mr. Sassara.

DEPARTMENT OF
ECONOMIC
DEVELOPMENT

The chairman opened the meeting and announced the committee would consider the budget of the Department of Economic Development.

Alaska Travel
Division

The committee first considered the budget of the Alaska Travel Division. Mr. Strandberg announced that the new total allowance for this division, as allowed by the Governor's Budget Review Committee, is \$611,100, and he inquired of Mr. Freer if the Convention Coordinator was included in this new figure. Mr. Freer replied that it is. Mr. Strandberg moved and asked unanimous consent that the committee accept the sum of \$166,000 for Personal Services. There being no objection, it was so ordered.

Mr. Strandberg moved and asked unanimous consent that the sum of \$20,500 be accepted by the committee for Travel. There being no objection, it was so ordered.

Mr. Strandberg moved and asked unanimous consent that the sum of \$375,000 be accepted by the committee for Contractual Services. There being no objection, it was so ordered. Mr. Sassara arrived at the meeting.

Mr. Strandberg moved and asked unanimous consent that the sum of \$33,500 be accepted by the committee for Commodities. There being no objection, it was so ordered.

The chairman moved and asked unanimous consent that the sum of \$2,500 be accepted by the committee for Equipment. No objection, so ordered.

The chairman moved and asked unanimous consent that the committee allow the sum of \$9,000 for Grants, Claims and Shared Revenue (700). There being no objection, so ordered.

The chairman moved and asked unanimous consent that the sum of \$4,600 be accepted by the committee for Inter-Agency Charges (900). No objection, so ordered.

Mr. Strandberg then moved and asked unanimous consent that the committee approve the total sum of \$611,100 for the Alaska Travel Division. No objection, it was so ordered.

Mr. Borer left the meeting.

Mr. Strandberg announced that Budget Review has allowed a new total for the Office of Commissioner of Economic Development, as requested by the Governor, in the sum of \$157,000. The new total includes \$114,500 for Personal Services, \$13,000 for Travel, \$23,400 for Contractual Services, \$2,000 for Commodities, and \$4,200 for Inter-Agency Charges. Mr. Freer stated that Mr. Murkowski had requested \$2,000 for promotion (expense account), under Miscellaneous, in a letter concerning budget revisions, dated March 11, 1968, addressed to the Governor's Executive Assistant, but that the Governor had disallowed this item. Mr. Strandberg said he felt an expense account for entertaining out of town visitors was desirable, but it could not be provided for one commissioner unless it was provided for all of them. Mr. Strandberg moved and asked unanimous consent that the sum of \$114,500 be accepted

Office of
Commissioner

by the committee for Personal Services for the Office of the Commissioner. Mr. Ray objected. On a vote of the motion, it passed 5 to 1.

Mr. Strandberg noted that the Commissioner of Economic Development travels a great deal at the request of the Governor. Mr. Haugen moved and asked unanimous consent that the committee accept the entire sum of \$157,100 for the Office of the Commissioner. Mr. Ray objected. On a vote of the motion, it passed 5 to 1.

The chairman said the Budget Review Committee had approved some new figures for the Division of Industrial Development, which include:

Personal Services	\$195,300
Travel	23,000
Commodities	4,000
Equipment	1,400

There ensued a discussion concerning the Small Business Development Corporation of Alaska, created by Ch. 162, SLA 1966. This is a revolving fund which lends half of the equity capital needed for local development companies created under the SBA 502 program and other federal loan programs. Mr. Strandberg read from the minutes of his meeting with Mr. Murkowski on March 18, 1968 (page 521, Minute Book II), and noted particularly that the Commissioner feels this program cannot function properly on the \$50,000 allowed by Budget Review, and rather than operate inefficiently on that sum, Mr. Murkowski would prefer to delete this function. Mr. Freer said this function had been cut to \$50,000 because there did not seem to be much activity in this area.

Mr. Borer returned to the meeting.

Industrial
Development

Regional
Development
Loan Fund

INCREASE

Mr. Strandberg said that Mr. Murkowski is processing loans right now. Mr. Borer asked how many loans he is processing, and Mr. Strandberg replied that three or four loans are in the final stages of approval. Mr. Strandberg moved and asked unanimous consent that the committee approve the sum of \$100,000 for this Regional Development Loan Fund. Mr. Ray objected, and said he would back up the budget review committee on this item. Mr. Strandberg said they definitely can use the money if it is appropriated, and said the minimum amount was appropriated for this last year (\$100,000). He feels that if the fund is decreased below that amount, he agrees with Mr. Murkowski that the entire function be deleted. He said the decision is to either continue the program or phase it out, and noted that in Mr. Murkowski's opinion all state loans should be in one agency. Mr. Ray asked Mr. Freer if he is satisfied with the figure of \$50,000 or if this was just an arbitrary cut, and Mr. Freer said it was the latter. Mr. Ray removed his objection. On a vote of the motion to increase this item to \$100,000, it passed by a vote of 5 to 1, Mr. Ray abstaining from voting.

Mr. Miller moved and asked unanimous consent that the committee accept the new total allowance of \$424,200 for the Division of Industrial Development. No objection, so ordered. Mr. Borer asked for a letter of legislative intent on the Regional Development Loan Fund, requesting that the department give the fund as wide distribution as possible.

The Economic Development District Division was established within the Department of Economic Development to

LETTER OF
INTENT

Economic
Development
District
Division

execute special terms and conditions of a Planning Assistance Grant Project awarded to the State by the Federal Economic Development Administration, and its function is to organize economic districts and assist localities develop district organizations. Mr. Strandberg moved and asked unanimous consent that the total sum of \$128,000 be accepted by the committee for this division. Mr. Ray objected. Mr. Ray withdrew his objection. There being no objection, it was so ordered.

Mr. Strandberg moved and asked unanimous consent that the entire sum of \$1,320,400 be allowed by the committee for the Department of Economic Development. No objection, so ordered.

Recess:

The committee recessed its meeting at 9:30 a.m.

HOUSE FINANCE COMMITTEE MEETING
March 23, 1968
9:30 a.m.

Present: All members of the House Finance Committee. Also present were Richard W. Freer, director, and William McVay of the Division of Budget & Management, Department of Administration.

DEPARTMENT
OF FISH &
GAME

Mr. Strandberg opened the meeting and said they would continue with the close-out of the Fish & Game budget.

Adminis-
tration
(cont'd)

Mr. Borer moved and asked unanimous consent that the figure \$9,000 be accepted for International North Pacific Fisheries Commission. No objection, so ordered.

Total

Mr. Borer moved and asked unanimous consent that the figure \$928,300 be accepted for Administration. No objection, so ordered.

Commercial
Fisheries

Management

Mr. Borer moved and asked unanimous consent that the figure \$1,316,900 be accepted for Management. No objection, so ordered.

Research

Mr. Borer explained that this figure had been increased as six new programs have been added to the section. Mr. Borer then read from a memo dated March 19, 1968, from the Commissioner of Fish & Game relative to these programs (copy on file).

Mr. Borer Moved and unanimous consent that the figure \$708,600 be accepted for Research. No objections, so ordered.

Mr. Borer moved and asked unanimous consent that the figure \$2,874,900 be accepted for Commercial Fisheries. No objection, so ordered.

Protection
Equipment

Mr. Sackett moved and asked unanimous consent to reopen Game

Protection, Code 500, Equipment. No objection, so ordered. It was stated that the department will just have to get along on this amount and the department feels it can be worked out. Mr. Strandberg stated that in meeting with the review board this had been gone over and approved all the way through. It was moved and unanimous consent asked that the figure \$13,200 be accepted for Equipment. Mr. Miller objected. A vote was taken and the motion was approved 6 to 1, so ordered.

Mr. Borer moved and asked unanimous consent that the figure \$1,235,200 be accepted for Game Protection. No objection, so ordered.

Game

This division has been closed out until the committee receives the information on sea otters.

Counties

This division was closed out previously.

Mr. Freer stated that a letter had been received to increase the Sea Otter Harvest Program to \$70,000. It was brought out that this request was for additional advertising through the various medias. It was the feeling of the committee that the amount of \$53,500 as closed out was sufficient for this program.

Game
Total

Mr. Borer moved and asked unanimous consent that the figure \$1,743,600 be accepted for the Division of Game. No objection, so ordered.

COURT
SYSTEM

Mr. Strandberg asked what the committee's reaction would be if he moved to cut the Court System budget by \$100,000 and moved the figure of \$3,457,500. He stated that the committee had reviewed this budget item by item--& this information

is in the minutes. He said he had been looking for requests for money that would be out of line. Mr. Strandberg said he is supposed to meet with Mr. McMurray and Senator Phillips regarding this budget, but he (Mr. Strandberg) did not feel it could be cut more than the \$100,000. He noted that the Senate had cut it back by quite a sum last year and it was necessary for the Court System to come in for a supplemental this year; however, it did save the state about \$75,000. Mr. Strandberg asked the committee to review the minutes on this budget request. The committee requested that Mr. Strandberg move his figure. Mr. Strandberg moved and asked unanimous consent that the figure \$3,457,500 be accepted for the Court System. Objection. Mr. Sassara moved and asked unanimous consent that the figure \$3,557,500 be accepted for the Court System. Mr. Strandberg requested a vote on Mr. Sassara's motion. 6 nays, 1 yea. The chairman then asked for a vote on the \$3,457,500 figure. Unanimous vote in favor. So carried.

COURT
SYSTEM

TOTAL

Mr. Strandberg said that he had to leave for Anchorage at noon; however, he requested that the committee meet at 1:30 p.m. and go over the following bills:

HB 356 - Aid to dependent children. This is based on the budget.

HB 491 - Teachers' Retirement Act, as amended.

HB 565 - Community Mental Health Program

HB 599 - \$3,000 for Thomas Enright (false arrest)

HB 604 - Fish sellers exemption on halibut.

HCR 3 - Rural Affairs Coordinator

In reply to a question on whether any of the bills should be

reported out until after he returns, Mr. Strandberg said to go ahead and report out any they could and he would sign the Committee Reports on Monday.

Mr. Strandberg announced that he planned to take up the entire bond package on Monday night.

Recess: Mr. Strandberg recessed the meeting until 1:30 p.m.
at 10:30 a.m.

HOUSE FINANCE COMMITTEE MEETING
March 23, 1968
1:40 p.m.

Present: All members of the House Finance Committee were present except Mr. Strandberg. Mr. Kerttula was also in attendance.

Mr. Haugen assumed the chair in the absence of Mr. Strandberg, and called the meeting to order. Mr. Sackett moved and asked unanimous consent that HOUSE CONCURRENT RESOLUTION NO. 8 (relating to the appointment by the Governor of a Rural Affairs Coordinator) be reported out of committee with a "do pass" recommendation. Mr. Sassara objected, because in his opinion the Resolution violates the two subject rule. After a brief discussion Mr. Miller said it appeared that the Resolution was objectionable in its present form, and he moved and asked unanimous consent that it be referred to Mr. Sackett for further study and the possible submission of a committee substitute. There being no objection, it was so ordered. Mr. Ray left the meeting.

HCR No. 8

HB 599

Mr. Haugen moved and asked unanimous consent that the committee consider HOUSE BILL NO. 599 (appropriating \$3,000 to Thomas E. Enright). There being no objection, it was so ordered. Mr. Haugen referred to a letter addressed to him from Mr. Enright's attorney, Mr. Hugh B. White. After a brief discussion, Mr. Sassara moved and asked unanimous consent that House Bill No. 599 be reported out of committee with a "do pass" recommendation. There being no objection, it was so ordered.

565

Mr. Haugen moved and asked unanimous consent that HOUSE BILL NO. 565 (relating to community mental health services program) be considered by the committee. There being no objection, it was so ordered. Mr. Haugen referred to a memorandum from the Department of Health and Welfare, Division of Mental Health, in support of the bill. After a brief discussion, Mr. Haugen moved and asked unanimous consent that the bill be referred to a subcommittee (Mr. Borer) for further study. There being no objection, it was so ordered.

HB 491

Mr. Haugen moved and asked unanimous consent that HOUSE BILL NO. 491 (amending the Teachers' Retirement Act) be considered by the committee. There being no objection, it was so ordered. Mr. Haugen asked Mr. Miller how this bill will treat teachers on a statewide basis, and Mr. Miller replied that he does not know. Mr. Borer moved and asked unanimous consent to return House Bill No. 491 to the subcommittee. Mr. Miller said he would be ready with the bill by Monday. No objection, so ordered.

HB356

Mr. Borer moved and asked unanimous consent that HOUSE BILL NO. 356 (Dependent children - assistance) be considered. No objection, so ordered. The bill, Mr. Borer said, which raises the ADC from \$80 to \$130 has been costed out at \$750,000. This is the bill the committee moved to fund out half this year and the other half by legislative intent next year. (See Health and Welfare budget minutes for Legislative Intent) Mr. Haugen read the HWE Committee Substitute for the

bill, and Mr. Borer objected to it. There was discussion on whether there should be a committee substitute or whether it should have been an amendment instead. Mr. Sassara moved and asked unanimous consent that the bill be reported out of committee with a "do pass" recommendation. Mr. Borer objected. The motion failed by a committee vote of 2-4. The bill was referred back to the subcommittee until a future date, when Mr. Borer could find the letter from Scott McDonald relating to the bill.

HB 678

Mr. Sassara moved and asked unanimous consent that HOUSE BILL NO. 678 (relating to carriers) be considered by the committee. No objection, so ordered. Mr. Sassara stated that the bill will need to be redrafted. There are, he said, many objections to the bill. So, with no objection, the bill was left in the subcommittee.

SCR 16

Mr. Sackett moved and asked unanimous consent that SENATE CONCURRENT RESOLUTION NO. 16 (Relating to the construction of an airstrip at Crooked Creek) be considered by the committee. No objection, so ordered. Mr. Sackett moved and asked unanimous consent that the resolution be reported out with a "do pass" recommendation. Mr. Miller objected. The motion failed on a committee vote of 1-5. The bill was referred back to the subcommittee.

HB 624

Mr. Borer moved and asked unanimous consent that the committee consider HOUSE BILL NO. 624 (granting an income tax exemption to persons who sell certain fish) . No objection, so ordered. Commissioner of Revenue, George Morrison, was present to testify on the bill, and submitted to the committee members a memo thereon, a copy of which is in the bill file.

Mr. Haugen gave a background of the problem. He said that in 1961, Ketchikan, Sitka, and Pelican were losing halibut to Prince Rupert and Seattle because they had to pay the Alaska income tax and the Attorney General in 1955 had said this was taxable. These people prevailed on the Department of Revenue to write an unpublished opinion to alleviate this burden from them because more income is involved in selling employing Cold Storage workers, and such than in the income tax itself. This went along fine until resident fishermen became members of Seattle boats, and vice versa, so when they settled up they were sending their settlement to Seattle. The unpublished report came out in a union meeting in Seattle where they said they wouldn't pay the tax. There was further discussion, with Mr. Morrison saying that if the bill fails to pass, it will mean a revenue loss of \$250,000 to \$1,000,000 because he said that whether or not this bill passes, he intends to begin collection. Mr. Borer stated that he is not about to vote anything out that gives exemptions to anyone from paying income tax. Much discussion ensued, and then Mr. Borer moved and asked unanimous consent that the bill be tabled until after the tax study is completed. Mr. Ray objected. On vote of the committee, the motion failed 2-4. The bill was put back in the files for consideration at a later date.

HB 524.

Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 524 be considered by the committee. No objection, so order. Mr. Ray stated that there is a recommended change by Administration changing the Committee Substitute figure on line 27, page 7, from \$3.00 to \$2.50. Mr. Borer moved and asked unanimous consent the figure be replaced by \$2.25. No action was taken. A

discussion followed, and Mr. Ray moved and asked unanimous consent that the figure be amended to \$2.50. Mr. Borer amended the amendment to \$2.25. On committee vote of 2-4, the amendment to the amendment failed. On committee vote of 5-1, the amendment introduced by Mr. Ray passed, and so the Committee Substitute for House Bill 524, page 7, line 27, was amended to read \$2.50 rather than \$3.00. The committee reported out the bill with a "do Pass" unanimous recommendation.

Adjourned: Mr. Borer moved and asked unanimous consent that the meeting adjourn, and so at 3:00 p.m. it was so ordered.

HOUSE FINANCE COMMITTEE

March 25, 1968

8:30 p.m.

Present: All members of the House Finance Committee were present. Also present were Representatives Don Smith, Carl Moses, Willie Hensley, and Jess Harris, and Mr. Burke Riley, Attorney General Boyko, Mr. Roger Conner, Mr. Dick Bradley, Mr. Barry Jackson, Virginia Sims (AP) and Lael Morgan (Jessen's Weekly).

CSHB 672

Mr. Barry Jackson, representing various native groups, including Tanacross, Native Council of Nenana, Tanana Chiefs, and Minto, was present to testify in favor of CSHB 672 (Final settlement of Alaska native land claims by the federal government) and to present amendments to the bill. Before presenting the bill, he made some general statements and notations about the bill. He first noted that the bill represents an attempt to avoid extensive court litigation over who is entitled to what land. This is mainly between the natives and the federal government. There has been a freeze on lands by the federal government until the settlement has been worked out, resulting in a case, State of Alaska versus Udall, in which the Attorney General's office claims the right of the state to select lands. An answer has been filed, he said, that the state does not have the right to select and only the natives have this right. He said that the case will not be settled short of the Supreme Court, and he expects the loser to take the case to Congress. This bill, CSHB 672, along with U. S. SB2906, represents an attempt to accommodate the conflicting interests of the natives and the state. In response to questioning by Mr. Strandberg, Mr. Jackson said that this state bill is independent of the bill in Congress. That is to say, it is a separate bill and should the bill presently before Congress fail the state bill

could still be enacted. Mr. Jackson continued with his testimony, stating that under the Task Force appointed by the Governor to look into the question of native land claims, they came up with the proposal that natives receive larger areas of state land selected by each village but amounting to something like 10% of the state and the natives will release 90% for the state to have or the federal government for public land laws. Udall's idea is that in return for releasing these lands they would select from the outer continental shelf for a period of ten years. In addition to that, Mr. Jackson said, they are requesting that the state contribute to the settlement. The natives will permit the state to take some of the lands but they request a 5% royalty. He said he thinks a portion of that money should go back into Economic Development. Mr. Strandberg asked if he (Mr. Jackson) was assured that this is constitutional. He said as far as dedication, yes, but as a practical manner, the money will have to come through the state treasury and go through the process of appropriation. Mr. Strandberg asked about getting around the requirement that there be no dedication. Mr. Jackson said the state license revenues or taxes cannot be dedicated, but they are considering this as royalty or grant. Mr. Strandberg asked if they were taking the position that this is an outright grant to be distributed as outlined by the bill, and Mr. Jackson replied yes. Mr. Strandberg stated that the mineral lease provision in the constitution is pretty carefully written, to which Mr. Jackson replied that he knew you can't dispose of interests in the minerals, and said it is clear in his mind that there may be a conflict here that will require concurrence of the federal government in the federal bill. This comes in especially

in the clause permitting exchange of land between native groups and the state government. Congress has to consent to permit the state to dispose of the land, Mr. Jackson said. Mr. Strandberg questioned Mr. Jackson on the tie-in between the state and federal bills, and asked if he didn't think this section would be tied definitely to the federal action. Mr. Jackson replied that he didn't think so. Mr. Jackson said the justification for the state bill is that it provides a method of lifting the land freeze at a very early date and the concept is that the state will fund enough money to permit the Rural Affairs Commission to assist the villages in selecting lands they want. He mentioned that around Minto, they are only able to get free title to 150,000 acres. The state, he continued, will fund the money to help Minto get the key lands it wants, then ask the Secretary of Interior to withdraw the land and then the rest of the land can

be opened up. The state bill allows six months for this, which, he pointed out, will take a good deal of time, people and money to carry this out in a 6-month period of time. Mr. Strandberg asked what is meant by "key lands". Mr. Jackson said they are essentially leaving the definition up to each village, what they want. Mr. Strandberg asked about ground rules, and Mr. Jackson said that the only ground rule is that the land must be within the area they use and occupy. Mr. Strandberg then asked the definition of "use and occupy". Mr. Jackson said it's what you use and occupy compared to the next village. Mr. Strandberg asked what the next village to Minto is, and Mr. Jackson said it is Tanana, and that between Minto and Tanana the boundary line is around Manley Hot Springs. The amount of land chosen depends on the population of the village. Mr. Jackson reiterated that the

only ground rule is that the areas requested must be within the native claim area and must be done rapidly and with expert assistance to the villages and with this that the primary source of funding must be the state. Mr. Jackson said that the 6-month provision is very short and would like to see them covered by having a provision that the Governor could extend this on good cause but not to exceed an additional six months.

Mr. Harris left at this time.

Mr. Jackson said that the bill has three principal areas.

(1) It sets up Alaska Native Commission. This is primarily in here, he said, in the event that the federal bill does not pass because we need to have someone to effect the settlement. Alternately, he continued, should the federal bill pass and an administrative set up unsuitable and unacceptable to Alaska be established, the State Commission would administer the settlement. Mr. Strandberg noted that the state commission has rather broad powers, according to the bill, and he said that he would assume it to be set up to adjudicate the claims of the natives. Mr. Jackson said they do not turn over land to them, only royalties so the purposes of determining boundaries is really to determine what group a particular native is going to belong to and to determine local group belongs to which regional group. Mr. Strandberg said it is not usually the majority group affected that is chosen to adjudicate claims, and asked why 4 out of the 7 members on the commission are to be Alaska natives. Mr. Jackson indicated that the important thing was to have an Alaskan commission, and so probably there would not be too much opposition to less than a majority of natives being on the commission.

(2) It sets up a royalty from a number of sources for Alaska natives which is 5% providing land freeze is lifted. Section 150 of the bill makes certain this is considered property so that it can't be taken away from the natives by a future legislature. Section 160 sets up royalty sources which are revenues from future state selected land, revenues from tidelands and submerged lands and revenues from the state's 90% share of federal lease lands. He mentioned at this point that on page 9 of the Committee substitute, line 1, the word "temporarily" should be replaced by "tentatively". There are provisions in section 170, he continued, stating that 75% of the royalty shall be distributed to incorporated native groups, and providing restrictions on how the money is to be spent.

(3) Provides for the incorporation of native groups. These are the provisions under which the business corporations are established and it is needed in this act and it is also a key provision in the federal act. The whole idea, he said, is to reduce the natives' dependence on the BIA, so that control is by the Alaska Native Commission and the Legislature, and not by the BIA. Business corporations, as far as possible, will be similar to any other business corporations in Alaska and will operate like other business corporations.

Article 4, beginning on page 14 of the Committee Substitute deals with contracts with the Division of Lands and provides for the exchange of lands.

Mr. Miller asked how the Legislature can say something constitutes a final agreement, and asked if the natives didn't have to be in agreement themselves. Mr. Jackson explained that this is not a matter of individual natives, but rather tribal groups. These

are tribal claims, not individual, so the agreement of the tribes is what is necessary.

Mr. Jackson then proceeded to introduce amendments to the bill. Most of the amendments, he said, have been cleared with the Administration, but not all. (copy of the amendments in bill file) The first amendment, Mr. Jackson began, is on page 2, lines 28 and 29. This is where the state of Alaska vests power in the commission, and he said there has been objection to the broad scope of "power". Therefore, the amendment states:

Page 2, Lines 28 and 29: Delete all matter after "vest" and substitute:

"powers in the commission as provided by this chapter, except that any additional powers vested in the commission after the effective date of this chapter shall be subject to approval of the Congress;"

There is a correction which needs to be made on page 3, he said, lines 19, where "five" has been written in in place of the correct number, "four."

The next amendment is on page 6, line 5, where the powers of the commission are being named. The amendment is to provide that certain rules and regulations be made and followed, in the absence of a federal law, so that rolls are taken, so that the Metlakatla Indians do not take part in this claims issue, as they are not Alaska Indians and so not entitled, and problems such as that. The amendment reads as follows:

Page 6, Line 5: Delete "and"

Page 6, between lines 5 and 6 insert the following:

"(6) make rules and regulations, in the absence of appropriate federal laws and regulations, concerning the subject matter covered under Sections 206, 207, 305(a), 306, 307, 502 - 505, 507 - 510 and 512 of S. 2906 (90th Congress, 2d Session) as it finds necessary for the administration of this chapter; and"

Page 6, Line 6: Delete "(6)" and substitute "(7)"

Mr. Strandberg asked if the federal government takes the position that they will take care of everything, what reason would there be for a state commission. Mr. Jackson said there would be none provided the federal commission will be able to carry out certain minor state matters. Mr. Strandberg asked about there being a state commission if a federal commission is set up, and Mr. Jackson said there would be none should the governor deem the federal commission acceptable. If he does not, he decides to set up a state commission, but there is an alternative, that the next legislature may say we'll accept it anyway. For this reason, they would have the date April 1. Mr. Strandberg then asked if the governor could act without the consent of the legislature before that time. Mr. Jackson said he could'nt answer this.

On page 7, line 24, Mr. Jackson had another amendment but the language quoted here is not the exact wording he recommends, though the idea is there that additional provision must be made in case the 6-month period is not long enough. "provided, however, that such period may be extended by the Governor of Alaska with good cause from time to time but not for more than an additional period of six months." This is an escape clause. He said he will prepare adequate language and submit the amendment later to the committee. Mr. Strandberg asked wasn't the purpose of this to try to lift the land freeze, and asked if it wasn't there to try to force Udall,

and if so, what was the need for an escape clause. Mr. Jackson felt he couldn't be forced, and that it wouldn't work to try. On page 8 of the bill, the amendment Mr. Jackson proposed has not been cleared with the administration. This is to make certain that a future legislature cannot take away from the natives, and so makes it definitely an "irrevocable grant", removing the words "intended to be". The amendment reads:

Line 13: Delete "or" and substitute "and"

Line 14: Delete "intended to be"

Line 16: After "to" insert "sec. 140 of"

Between Lines 16 and 17: Insert the following:

"Secs. 140 - 180 of this chapter create a contract between the state, the Alaska natives and the recipient corporations and shall not be impaired."

Mr. Jackson said the clause on taxation may be amended at some future date, and other provisions, but this is just an insurance that the royalty provision will not be amended, by making it a definite grant.

Page 9, line 1, he continued, "temporarily" should be deleted, and "tentatively" be inserted in lieu thereof. He presented another amendment on page 9, line 15. He justified this by saying that without this clause, the native corporation of Minto could take the entire 5% royalty out of the state and invest it in for instance General Motors stock. The Governor insists that 75% be put in capital improvement projects. The language now is faulty, Mr. Jackson said. The proposed amendment reads:

Page 9, Line 15: Delete "public works, capital improvements, community projects, or other" and substitute "economic development projects, community projects,

On the same page, lines 23-29, Mr. Jackson said the temporary trust language needs to be revised extensively. It should read, according to his amendment:

Page 9, Lines 23 - 29: Delete all matter and substitute the following:

"Sec. 38.30.180. TRUST. The royalty share of proceeds to which a recipient corporation is entitled under secs. 140 - 170 of this chapter shall be received and held in trust by the state. After the final rolls have been completed and the apportionment of each recipient corporation determined, the legislature shall annually appropriate the royalty share of proceeds held in trust for it by the state."

On page 10, line 9, page 11, line 4, and page 13, line 26, the number "100" is felt to be too long a period of time for all the articles of the corporation and the amendments to be subject to the commission, and so some other period should be substituted in those three places. He said that 15 years has been recommended, but he said he feels that is far too small a period of time, and that it should be a minimum of about 35. Mr. Strandberg asked why, and Mr. Jackson said that in a good many of the places, the people are just now getting schools and educations, and so they need the help from the commission. His personal recommendation was 50 years, but he left it up to the committee to make a final decision.

Mr. Jackson said that page 10, line 29, dealing with second holders in stock, and continuing through line 3 of page 11, is too complex and difficult to administer, so the proposed amendment deletes the last three words of line 29, page 10, the first two lines of page 11, and the first five words of line 3 on page 11.

Mr. Conner came in here.

Speaking of the proposed amendment to line 29, page 11, Mr. Jackson said that this clause says "corporation may at any time make charitable, educational and other donations as allowed by the Alaska Business Corporation Act", and the amendment adds to this "and such donations shall not be deemed distributions."

The section on page 13, beginning line 24, is fairly important, Mr. Jackson said. It tells what you can do **in the way** of distributing money other than by way of dividends and what you can do by way of distributing land. Subsection 3, lines 18 - 23 of the same page, relates to per-person distribution by the corporation, stating that not more than 10% of the land received under Federal Alaska Native Claims Act of 1968 be distributed. 20% of the capital is all that can be distributed. The period of time this can be done is for 50 years. After that only can be done by way of dividends like any other business corporation. Mr. Jackson said that there was confusion in his mind relating to the Governor's clause of 75% going for economic development, so he said that on line 24 of page 13 he would like it to read "Other than land, the corporation shall not distribute more than 20% of its capital except capital restricted under 170 of this chapter as distributions." He said he didn't think very much of the capital can be distributed under the 75% clause to the individual. He said he is not satisfied that the language he came up with in the amendment meets the problem, but that some clarification needs to be made in subsections 3 and 4 with the Governor's 75% clause.

Mr. Strandberg questioned Mr. Jackson about subsection 3, which is not being changed. He noted that only 160 acres could be given to a family, whatever the number of people, and Mr. Jackson (Mr. Strandberg) said that is true. He commented that this section is very poorly written.

Page 14, lines 11-20 is the taxation clause. Mr. Jackson mentioned the problem which had arisen in the other states regarding taxation of native lands, where the natives had been unable to pay taxes and had had their lands taken from them. Essentially, this provides that the raw lands are not taxable, but the revenues are, so the aforementioned problem is dissolved. The proposed amendment is:

Page 14, Lines 11 - 20: Delete all matter and insert the following:

"(b) Income received by the corporation and by its shareholders from the corporation should be taxable under the state income tax laws to the same extent as taxable by the United States under the Federal Alaska Native Claims Act of 1968.

(c) Except as otherwise provided in this chapter the corporations and the individual share holders shall be taxable to the same extent and in the same manner as other business corporations and other individuals of the state are taxed."

Mr. Strandberg asked what would happen in the case of a state property tax for education, in which under this the village of, for instance, Minto would be exempt. He asked if this was what was intended. Mr. Jackson said (1) lands held by the corporations are not taxable, by individuals they are; (2) if there are any revenues, they are taxable; (3) if there are private lease holders in these lands, the lease held is taxable; (4) Minto corporation can pay in lieu of taxes to a municipal corporation. Mr. Strandberg asked if they would be required to pay these taxes. Mr. Jackson

said they would be permitted to do it. In response to a comment by Mr. Strandberg, Mr. Jackson said the state operates with ASHA that way, but Mr. Strandberg said that is quite a different operation. Mr. Jackson mentioned that this section on taxation was not written by an expert, and the amendment adopts the federal regulations by reference. Sections b and c of the original are replaced by the amendment (see previous page) and sections d and e are deleted.

Mr. Jackson proposed, next, an amendment to come between Sec. 330 and sec. 340. He said that he had received comment from Washington D.C. Municipal corporations should be separate from business corporations, he said, and so the following amendment is proposed:

Page 15, between lines 11 and 12: Insert the following:

"Sec. 38.30.³²⁷~~342~~. MUNICIPAL CORPORATIONS. This chapter does not prevent the incorporation of villages as municipal corporations, or the continued existence of villages which are municipal corporations, under state law,["]~~or under the-~~

This chapter, Mr. Jackson went on, still speaking on page 15 of the bill, affects final and complete settlements. He proposed an amendment on line 14, page 15, deleting "benefits" and inserting in lieu thereof "royalties or share of proceeds".

He said that once the natives start getting money benefits under this act it effects the settlement, they have no claim against the state. Mr. Jackson said that he recognizes that this act should eventually terminate in the course of time, and the corporations become ordinary/^{business}corporations subject to and governed by corporation law. Therefore, between lines 17 and 18 on page 15, the following amendment was proposed:

Page 15, between lines 17 - 18: Insert the following:

"Sec. 38.30.345. EFFECTIVE DATE. This chapter expires years after its effective date, but corporations created under this chapter shall thereafter be governed by applicable provisions of state law. Expiration of this chapter shall not impair vested rights accruing under the provisions of this chapter."

Mr. Jackson said that a question has come about on adopted native children with white adoptive parents, whether or not they shall receive benefit from the native claims. In order to provide that they do the following amendment is proposed:

Page 15, Line 24: After "Aleut" insert the following:

"; including but not limited to any Alaska native whose adoptive parent is not an Alaska native,"

A temporary provision needs to be added to the act, Mr. Jackson said, which needn't be in the permanent statutes, to make sure someone contacts the villages. For this reason, the following amendment was submitted:

Page 16, between lines 19 and 20: Insert the following:

" * Sec. 3. The Rural Development Agency shall provide technical assistance to each native corporation and native village in nominating lands for temporary withdrawal by the Secretary of the Interior."

Mr. Strandberg asked if this amendment would provide that the Rural Development Agency would go to work immediately on this, and Mr. Jackson replied yes. Mr. Strandberg asked for a cost figure, and Mr. Jackson said he thought it was estimated at around

\$100,000.

The next amendment Mr. Jackson proposed he said had not been approved by the Administration. Mr. Jackson said that under the ~~federal act~~ they have been asking that up to the maximum amount of land that native villages can select that villages be able to select lands even though they may have been selected by the state of Alaska. Most land, he pointed out, around Minto has been selected by Alaska and the state has no 3rd party interests, yet. This isn't a request that any lands be up for selection that have already been tentatively approved for the state, but only those with no 3rd party interests, and they are asking that no 3rd party interests be sought until the land claims matter is settled. The amendment reads:

Page 15, Between lines 11 - 12 insert the following:

"Sec. 38.30.335. STATE CONSENT TO CERTAIN FEDERAL GRANTS. The state consents to the grant by the United States to native groups of a preferred right of selection to lands open to selection within the area claimed by Indian title by such native groups and temporarily withdrawn by the Secretary of the Interior within _____ after the effective date of _____, including precedence over the selections heretofore or hereafter made by the State of Alaska under Section 6 of the Alaska Statehood Act (72 Stat. 339) to which patent has not been issued to the state upon the date of the Federal Alaska Native Claims Act of 1968 and as to which the state has not granted to third parties a right or interest prior to the temporary withdrawal of such lands by the Secretary of the Interior."

Mr. Strandberg asked if what he was proposing was to effect a freeze on land, even tentative approval lands, and Mr. Jackson said yes. The proposed amendment is:

Page 16, between lines ¹⁹3 and ²⁰4 insert the following:

" ■ Sec. 4. DISPOSITION OF STATE LANDS. (a) The state shall not select, lease, exchange or otherwise dispose of any lands selected by the state and tentatively approved, but in which no third party has any present interest, for a period of six months after the effective date of this Act and thereafter, as to lands nominated by each native group for temporary withdrawal by the Secretary of the Interior under this Act, for a further period pending subject withdrawal but not exceeding two years.

(b) The state shall not sell, lease, exchange or otherwise dispose of any lands selected by and patented to the state, but in which no third party has any present interest, and nominated by a native group for an exchange of lands under this Act for a period of three years after the effective date of this Act.

Recess:

The committee recessed at 10:00 a.m.

HOUSE FINANCE COMMITTEE MEETING

March 25, 1968

1:45 p.m.

Present: All members of the House Finance Committee except Mr. Miller who was excused. Mr. Strandberg called the meeting to order.

CSHCR 8 It was moved and unanimous consent asked that Committee Substitute for House Concurrent Resolution No 8 (Ruaral Affairs Coordinator) be considered by the Committee. No objection, so ordered. It was moved and unanimous consent asked that CSHCR 8 be reported out of committee with a "do pass" recommendation. No objection, so ordered.

HB 565 Mr. Haugen moved and asked unanimous consent that HOUSE BILL NO. 565 (community mental health program) be considered by the committee. No objection, so ordered. Mr. Haugen read from a memo relative to this program. (See file.) Mr. Strandberg said that he felt this bill should be amended. Mr. Ray commented that \$90,000 for this program was in the budget and he felt all this bill was for was to set up another Board. Mr. Strandberg said he would check the bill out further and requested that the bill be returned to the file.

HB 491 Mr. Strandberg asked for a report on this bill. It was stated that Mr. Miller was doing the research on the bill. The bill was held until Mr. Miller could report on it.

HB 624 Mr. Borer moved and asked unanimous consent that HOUSE BILL NO. 624 (income tax exemption-people sellin' fish) be considered by the committee. No objection, so ordered. There was general discussion regarding the effect of this bill on the state and estimated revenue loss. It was the feeling of some of the members that it is a special interest bill.

It was decided to hold the bill in committee for the time being.

HB 491

Mr. Strandberg said that he wanted additional information on HB 491 (teachers retirement act) and was going to discuss it further with Mr. Kubley before having the committee take action on it.

HB 577

The chairman called HB 577 (appropriating to the Agricultural Loan Act) to the attention of the committee. No one would bring it up for discussion.

Recess

The chairman recessed the meeting until 7:30 p.m.