

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2471

to the Department of Health & Welfare in the bond issue.  
said it is  
Mr. Strandberg/standard procedure so the department can  
implement the program when it has been approved by the  
voters. There was some disagreement on what this money  
is to be used for and Mr. Strandberg requested that Mr.  
McDonald check this out and give the committee a memo-  
randum on it. He said that when the bill goes on the  
floor of the House the committee must be able to answer  
any and all questions regarding it.

Mr. McDonald said that the department had asked for the  
\$1.2 million and in addition to the Fairbanks hospital,  
they are winding up four projects--at Ketchikan, Petersburg,  
Wrangell and Kodiak--and the \$100,000 committed to Juneau  
under the previous bond authorization. He felt that the  
costs of selling the bonds would come out of the \$1.2 million.  
Mr. Strandberg said that the committee would have to have  
a statement from the department on what the funds will be  
used for.

Mr. Borer asked if there is any money left from the last  
bond authorization. Mr. McDonald replied that there is  
approximately \$100,000.

Mr. Strandberg requested that Mr. McDonald get the requested  
information to the committee as rapidly as possible as it  
had been requested by the House that all bond bills be on  
the floor on the same day and it would have to be in memo  
form.

Mr. McDonald and Mr. Schwartz left the meeting.

Mr. Strandberg said the committee would review House Bill No. 643 (providing for issuance of G.O. bonds in amount of \$4,000,000 for school construction--secondary and elementary).

Mr. Strandberg noted that the Department of Education had submitted two lists of schools--the first list of the schools to be constructed or receive capital improvements under the bond authorization, and a secondary list in the event funds become available. He requested that Dr. Hartman be called into the meeting to discuss the bond bill.

Mr. Sassara asked about the Dillingham school. He felt that it should be included in the bond bill or lease.

Mr. Strandberg said he wanted to see which of these funds could be used to assist the small school districts in their construction. He said the state couldn't expect them to meet their capital improvement programs. Messrs. Miller and Borer disagreed. Mr. Strandberg thought it could be done on those school districts below a certain ADM. It would be creating an impossible situation to expect these small districts to finance their own capital improvements and then they will have to come back in to the legislature for operation money.

Dr. Hartman and Mr. Armstrong joined the meeting.

Mr. Strandberg told them he wanted to go over the whole program under the bond bill and said that he thought he could get the Administration to go along with an increase of a half a million dollars to help out the small school districts. Mr. Miller asked what projects the \$4 million in the bond issue would cover. Copies of the lists of projects were passed out to the committee members.

Dr. Hartman said that he felt that a lot of the figures shown for the various projects were high--they are estimates given the department by the Division of Buildings and are for conventional construction from "scratch." He felt that money could be saved in many places by using the relocatable classrooms, especially along the highways and barge areas. He hoped that some of these savings can be used for improvements on the secondary list. He said another factor to be considered is the 815 funds. It is not known at this time just how much will be made available. This information usually comes through the last of May or first part of June and the department would use these funds for construction before using state funds, but this is not something that can be tied down specifically on a long range basis. He stated that there are always things you would like to do and this is the reason for the second list in case funds become available.

Mr. Sassara asked how the department had arrived at the \$4 million figure. Dr. Hartman replied that originally the Board of Education had come up with a program for \$5 million and then someone came up with the \$4 million figure--he didn't know where it had come from unless it was a general administrative cut.

Mr. Sassara asked if the department had discussed the use of these funds for the small local school districts. Dr. Hartman said this had been discussed with the Board of Education and they had no objection.

There was discussion relative to matching funds by the local districts and the state. Dr. Hartman stated that in cases

where district student enrollment was about 2/3 and tuition students about 1/3, he felt a ratio of 2-1; however, there were areas where the state would probably have to provide all the money. In reply to a question by Mr. Sassara on how much money Dr. Hartman was talking about, Dr. Hartman replied that there is no limit to the amount you can use. Mr. Borer expressed his concern that if the state continues to increase funds into some of these areas it will tend to discourage them from expanding their boundaries. Mr. Miller suggested that rather than tie this to the tuition factor, why not give capital construction funds to those districts below a certain X-factor. Dr. Hartman said there was no reason this could not be done. Mr. Miller thought this would be more equitable to the small districts and would not penalize them because some of the larger districts would not expand their boundaries.

Dr. Hartman felt that there are areas that are going to have to assume more responsibility and thought possibly the third class borough concept would help in solving some of the problems. He said there are areas that do not have the ability to help themselves, but there are areas that can but don't and fall back on the state to do their work.

Mr. Sassara asked how much money would be needed if assistance to the small districts is added to the bond issue; thinking in terms of 2-1/2 to 3 years. Dr. Hartman suggested \$6 million.

Mr. Isaac of the Department of Education joined the meeting. There was general discussion relative to the improvements and construction shown on the lists. Some comments were made that it was felt that some of the improvements were "frills"

that are desirable, but not necessarily essential.

Mr. Sackett asked when the department expected to start work on the Anderson School. Mr. Isaac said it should be started by May 1. He added that the federal has, in effect, approved the request for 815 funds, but haven't said how much. Right now the school funds are frozen and the department is holding 815 projects. Mr. Sackett asked what will happen if the funds aren't available until after May 1. Mr. Isaac said as far as 815 funds are concerned it would have to wait another year.

There was another short discussion relative to the use of reclaimable or relocatable schools and the fact that the Division of Buildings is also working on plans utilizing this type of classroom buildings.

Dr. Hartman expressed the hope that the department would be able to go in with Rural Affairs and complete the project at Koliganek for two classrooms and a teacherage. Nulato is another area but the state will have to put up the dollars for the material.

Mr. Miller asked if the bond issue were raised to \$6 million how much 815 money would be available. Mr. Isaac explained that 815 funds were based on the number of children federally connected. The present allotment is based on the number of federally connected children from 1965 through the estimated number anticipated in 1969. He stated that the number of federally connected children is not increasing and to get an increase in allotment the increase in number of these children would have to be over 107% of those we had in 1965. Mr. Miller asked if the estimate by the Division of Buildings is high and savings can be had by using the relocatable class-

rooms, approximately how many of the projects on the second list was it felt could be taken care of. Dr. Hartman said hopefully three or four.

Dr. Hartman said there was another problem--at Bethel where the BIA taken 5 apartments back and the department needs housing. Mr. Strandberg asked if the department couldn't go to ASHA for these. Dr. Hartman said that housing would not be available until 1970. The department has been trying to get trailers on a lease arrangement with the manufacturers. He stated that the superintendent and some teachers are leaving because of the housing situation--need 6-8 quarters of some kind. Mr. Strandberg said he didn't see how the legislature could put anything together on this now. Dr. Hartman suggested the purchase of trailers and renting them to the teachers. Mr. Strandberg requested that he (Dr. Hartman) write the committee a letter on this--sending it to the Administration with a copy to the Finance Committee.

Mr. Ray asked if the second list is in priority order or flexible. Mr. Armstrong said it was their interpretation on priority, but if someone convinced them otherwise, it could be changed.

Mr. Strandberg said he had a question on how this should be handled. It will be a change of policy and the bond act would have to be changed so a limited amount of the funds can be used in school districts that are in bad shape and need help. He wanted some ideas on how it could be written so the larger districts don't come in and ask for more money--if that is going to happen, then it can't be done.

Dr. Hartman suggested the same formula as used in weighting the small school districts--low property evaluation would put the district high on priority and high evaluation would place the district low on priority list.

Mr. Strandberg said they would have to put the rules and standards clause in the bond issue then. This is a clause that says that money under a certain paragraph shall be disbursed under rules and standards as set by the Governor. It was stated that it was important that the formula used take into consideration the wealth of the district, the tax effort, how much is bonded for school purposes--5 or 6 criteria--that there is need in the area and that the area is making an effort to help themselves.

Short discussion on monies being spent in various areas and need. It was also suggested that a clause be included that any savings effected under any project or projects may be used to work with Rural Affairs for school improvements. Mr. Strandberg said it would be in a Letter of Intent that \$75,000 shall be used to match with Rural Affairs at Bethel and other areas.

Dr. Hartman and representatives from the Department of Education left the meeting.

Mr. Strandberg stated that he had discussed the \$140,000 further with Mr. Ward and that it should be a year by year appropriation and Mr. Ward had no objection. Mr. Strandberg said he would like to see the entire \$1.2 million appropriated into the "1968 Hospital Construction Fund." He said the committee had passed the bill out but we have to amend it now as we may have to obligate these funds before the next session.

Letter of Intent

HB 645

Mr. Miller moved to rescind the action on House Bill No. 645.

No objection, so ordered.

Mr. Strandberg noted that if the committee appropriated the full amount (\$1.2 million) in Section 4 there could be some technical problems. He said the bill would have to be reworded and make it a Committee Substitute.

Mr. Miller moved and asked unanimous consent that CSHB 645 in lieu of HB 645 be reported out of committee with a "do pass" recommendation. No objections, so ordered.

HB 643

The committee returned to discussion of HB 643 (school bond issue). Mr. Haugen suggested that the committee leave the bill in its present form. He felt that if we get into the area of the small districts, it could open it up to everything.

Mr. Strandberg reviewed the bill and suggested that the committee could strike the schools to be operated by the state at various locations in the state, leaving out the operating part; then put in rules and standards set by the Governor. Then the committee would outline in a letter of intent what the rules and standards are.

Mr. Borer stated that changes have been made in ADM, tuition, etc., and he felt the schools would need the increase worse next time and he was not in favor of more changes now.

Mr. Haugen said he thought that a good honest tax study will show the areas that need the support and he would like to see the bill held in its present form until next year.

Mr. Strandberg asked about the amount to be in the bill.

Mr. Sackett said \$6 million. Mr. Miller said \$5 million.

Mr. Strandberg reminded the committee that the Administration

was willing to go to \$5 million for special problems.

Mr. Sackett said according to the priorities given to the committee that wasn't enough money, and more requests will be coming in. Mr. Strandberg said he felt too many of the areas weren't trying to help themselves.

Mr. Borer moved and asked unanimous consent that HB 643 be reported out "do pass" with the \$4 million figure.

Objection by Mr. Ray. Mr. Ray said he didn't think it was enough money and moved to raise Mr. Borer's motion to \$5 million. Objection was heard. Mr. Strandberg suggested \$4.5 million.

Mr. Miller moved and asked unanimous consent to amend the motion to \$4.5 million. Objected to by Mr. Ray. He felt that if the committee could fund a half a million extra it could go to the \$5 million.

Mr. Strandberg called for a vote of all those in favor of amending the bill to \$4.5 million. Failed. He then asked for a vote on amending the bill to \$5 million. Failed.

Mr. Strandberg then asked for a vote on the original motion for \$4 million. Passed with 5 "do pass" and 2 "no recommendation." (Note: 1 "no recommendation" would change to "do pass" if amount raised to \$5 million; the other would change to "do pass" if amount raised to \$5.5 million.)

HB 642

Mr. Strandberg said the committee would take up House Bill No. 642 (highway bond issue). Mr. Strandberg reviewed the statute passing the last highway bond issue. He stated that this bill is almost identical to the one passed two years ago. He noted that in section 2 the total amount of bonds shall be expended to fund all or a portion of the State's share of the Federal Aid Highway program and that the clause expending

\$1 million shall be expended on highways or roads which are not eligible for designation or have not been designated as part of the Federal-Aid Highway System has been deleted.

Mr. Strandberg felt that this should be put back in the bond issue. He noted that two years ago provision was made for \$750,000 a year of the bond funds were to be used for administrative and engineering portion of the budget. These provisions would make it the same as the other one and it worked out all right.

Mr. Borer asked how much of the highway program this bond issue is intended to fund out. Mr. Strandberg replied the state's share of the total highway allotment for two years. He then had a memo from the Department of Highways which sets out the use of the \$10.2 million (in file) and has the Governor's approval. He also read a memo from Highways relative to the off-system roads (in file) conditions, but cautioned that the latter memo has not been approved by the Governor as yet and was for committee information only. Mr. Strandberg felt strongly that the extra \$1 million should be included in the bond issue for the off-system roads. Mr. Miller asked if this bond issue is predicated on the orderly flow of federal money. Mr. Strandberg said yes. Mr. Strandberg said that if the state doesn't find the money for these off-system roads we are going to be in trouble. Mr. Miller moved and asked unanimous consent that Committee Substitute for HB 642 with a clause adding \$1 million for off-system roads be reported out of committee with a "do pass" recommendation. No objections, so ordered. Mr. Strandberg requested that all back-up material for this

bill be retained in the file.

*Court  
Bldg  
in  
Anchorage*

Mr. Sassara advised the committee that Mr. Tallman of Anchorage would like to talk to them very briefly regarding the proposed extension of the Court House in Anchorage. Mr. Strandberg asked Mr. Sassara to bring Mr. Tallman in.

Mr. Tallman told the committee that he had discussed this matter very briefly with Mr. Ward of the Department of Administration. He stated that he was concerned with the proposed extension of the court building to the east of the present building being used. Mr. Tallman had proposed to construct a building to the north of the court building--the basement would be utilized for parking, the first floor would be offices on short term leases and nothing unique in plans for that floor. The second floor was the important one as it was engineered on the same level as the state level of the present court space and would have access to this space by way of an overpass across the alley. He said he could get the easement if he could show the need. He planned to put in 3 or 4 court rooms on this second floor. (Mr. Tallman passed out schematic drawings and plats of the building and area for the committee to review) It was his understanding that \$265,000 was being appropriated to purchase the two lots east of the present court house. His other alternative was to sell his lots to the state and felt that he could offer his at \$100,000 less than the \$265,000. He felt that either by purchase of his lots or construction of the building by him for use by the state would save the state money.

In reply to a question on how much he wanted for his two

lots, Mr. Tallman replied \$165,000.

Mr. Ward advised the committee that no price had been negotiated for the lots to the east of the court building.

Mr. Sassara asked if the plan was to construct the building and lease it to the state. Mr. Tallman replied that his plan was to construct the building and lease the second floor to the state, plus any office space they might need on the first floor. He discussed the access to the present building from his proposed building and said the "hook-up" would be easier via the overpass from the north than from a building to the east because of the construction features of the present building.

Mr. Strandberg asked if Mr. Tallman had discussed this with the Department of Administration. Mr. Tallman said only briefly. Mr. Strandberg stated that the committee had been glad to have the opportunity of hearing from him but this was an area for Administration and the legislature doesn't get into the details.

In reply to a question relative to the present court building, Mr. Ward explained that the present court building in Anchorage and Fairbanks are leased and the lease runs until 1988 with an option to buy after 10 years. However, it is possible that the owners may be willing to sell now. He stated that it is a difficult decision -- there is \$14 million authorization for construction of buildings and if they bought the court buildings (Anchorage and Fairbanks) it would take the money away from other needed construction and with the bond market as bad as it is now, want this money available in

capital improvement fund. On the basis of long range planning it was decided to have the land available and perhaps could proceed with ASHA and that was the reason for requesting the money to purchase the land in Anchorage.

Mr. Tallman left the meeting.

HB 644

Mr. Strandberg stated that the committee would discuss House Bill No. 644 (airport bonding).

Mr. Ward explained to the committee that the ratio of federal and state matching funds is 62-1/2 to 37-1/2, but it usually works out to 60-40. The proposed bond issue is programed so that federal funds will be matched through 1971 fiscal year. He stated that this is so that each even year there will be a bond election to continue the program-- the next one will be in 1970.

He stated that they had started with 1966 and worked up the figures on federal and state funds. The first three years are actual figures:

Federal: 1966 - 1968	\$12,320,000
State: 1966 - 1968	8,214,000

Estimated:

Federal: 1969 - 1971	\$16,277,000
State: 1969 - 1971	10,851,000

Total:

Federal: 1966 - 1971	\$28,597,000
State: 1966 - 1971	19,065,000

Mr. Ward stated that the Department of Public Works is anticipating more discretionary funds and additional funds were added to the bond issue to match the discretionary money.

Discussion relative to municipally owned airports ensued and the fact that they are eligible for federal matching

funds. It was felt by members of the committee that the way the bond issue is written it will tie up all federal matching monies for Alaska and there will be none available to the municipal airports. If there is no FAAP money available to these airports, it will be necessary for them to come to the state for assistance or turn the airports over to the state.

Mr. Ray moved and asked unanimous consent that Section 1, page 1, line 20, be amended so that after the word "state" the clause "or its political subdivisions" be included and that this clause be inserted wherever necessary in the bill. No objections, so ordered.

Mr. Strandberg moved and asked unanimous consent that the total amount of the bill be raised to \$8,800,000. No objections, so ordered.

It was brought out that it would now be necessary to change the section on bush airports.

It was moved and unanimous consent asked to raise the figure in section 2, page 2, line 9, to \$1,110,000 for bush airports. No objection, so ordered.

Mr. Strandberg suggested that under section 3, page 2, line 25, the entire last sentence of the section be struck. In discussion which followed it was brought out that if this sentence is removed, the department would not be able to use any of this money until it is appropriated by the next session of the legislature. Mr. Ward stated that he did not feel it was a big point whether it was left in or not as the department has more room to operate than other departments. It was finally decided by the

committee to leave the sentence in the bill.

Mr. Miller moved and asked unanimous consent that Committee Substitute for House Bill No. 644 be reported out of committee with a "do pass" recommendation. Objection was heard. After a brief discussion regarding use of funds in addition to matching federal funds, the objection was removed. There were no further objections and the motion passed unanimously.

SB 399

Mr. Haugen moved and asked unanimous consent that Senate Bill No. 399 (oil and gas properties production tax) be considered by the committee. No objections, so ordered.

HB 376

Mr. Ray moved and asked unanimous consent that House Bill No 376 (oil and gas tax) be considered at the same time. Objections. Mr. Strandberg stated that the committee didn't want to bring out two bills at the same time.

Mr. Ray withdrew his motion.

Mr. Miller moved and asked unanimous consent that SB 399 be reported out of committee. No objections. The bill was reported out of committee with individual recommendations: 1 "do pass," 3 "no recommendation" and 3 "do not pass."

Recess:

Mr. Strandberg recessed the meeting for a half hour.

Mr. Strandberg reconvened the meeting at 4:25 p.m. All members were present.

HB 682 &  
HR 619

Mr. Strandberg said the committee would consider the ferry bond bills at this time. He then read a memorandum relative to these issues (in bill file). Mr. Strandberg said that the bill should be raised \$1 million and include the Yukon River ferry or put the Yukon River ferry out as a separate bill. It was his suggestion that it be included and the additional \$1 million put in the ferry bond bill.

It was recommended that the committee use the contents of House Bill No. 682, make it a Committee Substitute for House Bill No. 619, adding a third section to Section 2, page 2, providing \$1 million for constructing a ferry to operate on the Yukon River and its tributaries, and in Section 2, page 2, line 9, strike the word "only", and raise the total amount of the bill to \$18,000,000. No objections.

It was moved and unanimous consent asked that Committee Substitute for House Bill No. 619 be reported out of committee with a "do pass" recommendation. No objections, so ordered.

Recess: Mr. Strandberg recessed the meeting and stated that the committee would reconvene at 8:00 p.m. tonight.

Meeting recessed at 4:55 p.m.

Mr. Strandberg reconvened the meeting at 8:00 p.m. with all members of the House Finance Committee present.

SB 309 am Mr. Strandberg said that the committee has Senate Bill No. 309, amended, (G.O. Bond for Pioneer Home) to consider.

Mr. Haugen moved and asked unanimous consent that Senate Bill 309 am be considered by the committee. No objection, so ordered.

Mr. Strandberg stated that this bill authorizes issuance of G.O. bonds in the amount of \$2 million for construction of an Alaska Pioneer Home in the Southcentral area, site to be chosen by the Pioneer Advisory Board. He reminded the committee that at the time the last Pioneer Home bill was passed the House Finance Committee had passed a bill like this one except that the location was to be determined

by the Governor and it had been amended go build the Home in Fairbanks with the understanding that the next one would go to the Anchorage area. This bill leaves the determination of the site in Southcentral to the Advisory Board, but a commitment was made last time that the next home would go into the Anchorage area. He asked the committee if there were any questions.

Mr. Miller replied that he had no question on the bill, but would like to see the amount raised for an extension to the Fairbanks Home. He stated that the Division of Buildings had designed central facilities for 150 guests and as the building now stands it has 63 rooms. Mr. Miller felt that an additional \$1.5 million would complete the original concept of the Fairbanks Home. He further described the facilities in the Home which are not being utilized to full capacity because of lack of space for the additional guests.

Mr. Ray moved and asked unanimous consent that Senate Bill No. 309 be increased to \$3.5 million, \$1.5 million to be used to construct a wing to the Fairbanks Home.

Mr. Borer asked if a policy was going to be established to construct regional homes all over the state. He moved and asked unanimous consent to amend Mr. Ray's motion to increase the amount \$3 million and establish homes on the Copper River Flats, Southcentral and Southeastern Alaska. Objection was heard. Mr. Borer withdrew his amendment to Mr. Ray's motion. After discussion relative to needs of the state in all areas, Mr. Ray withdrew his motion.

Mr. Haugen moved and asked unanimous consent that Senate

Bill 309 am, in the amount of \$2 million be reported out of committee with a "do pass" recommendation. No objections, so ordered.

HB 696

Mr. Haugen moved and asked unanimous consent that House Bill No. 696 (relating to G.O. bonds in the amount of \$2.5 million for the University of Alaska) be considered by the committee. No objection, so ordered.

Mr. Miller stated that he did not believe the amount in the bill was sufficient to make the capital improvements required at the University, and that the amount should be increased to include other improvements and construction. He cited the definite need for utilidor expansion and a social science building. Mr. Strandberg suggested that the committee delete the \$2.5 million and put \$6 million in the bill. Mr. Miller argued that this would not give enough money to complete the projects under the bill and the additional improvements. Mr. Strandberg commented that the representatives from the University had given a good justification for the science building. There was discussion relative to the Mines Building which the University officials had requested. Mr. Miller felt that could wait until 1970. It was noted that if the committee approved an additional \$6 million for this bond issue, it would be one of the smallest bond issues ever requested for the University.

Mr. Miller moved and asked unanimous consent that House Bill No. 696 be increased \$6,190,000. Mr. Strandberg suggested that the figure be amended to \$6 million even.

Mr. Haugen moved and asked unanimous consent that House Bill No. 696 be increased by \$6 million with provision for a

Social Science Building and Utilidor Expansion. A vote was called and motion passed 4 to 3.

Mr. Strandberg requested that a committee substitute be prepared for House Bill No. 696 raising the total amount to \$8.5 million and provision made for the science building and utilidor expansion.

Mr. Miller moved and asked unanimous consent that Committee Substitute for House Bill No. 696 be reported out of committee with a "do pass" recommendation. No objection, so ordered.

Recess:

Mr. Strandberg said there would be a 10 minute recess and the committee would reconvene to close out the rest of the budgets.

Meeting recessed at 8:55 p.m.

After Recess

9:00 p.m.

Present: All members of the finance committee and Messrs. Kubley and McMurray.

OFFICE OF  
GOVERNOR

Mr. Sassara moved and asked unanimous consent that \$15,000 be added to the budget for the Tokyo Office. No objection, so ordered.

Tokyo Office

Gov's Crime  
Commission

Mr. Haugen moved and asked unanimous consent that \$10,000 be added to the Governor's budget for a Crime Commission, as a separate line item, per SB 253. Mr. Ray objected. By vote of the committee, the motion passed, 4-3.

Local Affairs

An additional \$30,000 has been requested in Local Affairs to match federal funds requested under Title 9, Housing and Urban Development. Mr. Haugen moved that action on this matter be deferred until Mr. Kubley arrived. It was so ordered.

Taiya Comm.

Mr. Haugen moved and asked unanimous consent that \$7,500 be added for the Taiya Commission. No objection, so ordered.

Personal  
Services

An additional \$12,000 is being requested for personal services in the Governor's office for reclassification of two positions. Mr. Haugen moved and asked unanimous consent that the \$12,000 be added. There being no objection, it was so ordered.

Local  
Affairs

Mr. Kubley came in, so the committee reverted to Local Affairs. Mr. Kubley said that the \$30,000 goes along with a bill now in the Senate Finance Committee providing for codification of city and borough laws. He said that should the bill fail to pass, there would be no need for the \$30,000. There being considerable question on whether the bill would pass, the committee decided to delete the requested additional funds.

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Nuclear Compact Mr. Haugen moved and asked unanimous consent that \$5,000 be added to the Governor's budget for the Western Interstate Nuclear Compact as provided in House Bill 517. No objection, so ordered.

DEPT. OF LAW A \$50,000 increase has been requested, for 2 Attorney V positions and one secretary. Senator Vance Phillips stated that the Senate Finance Committee has granted 1 of the Attorney V positions and the secretary, and to do the same, Mr. Sassara moved and asked unanimous consent that \$30,000 be added to the budget. No objection, so ordered.

DEPT. OF  
EDUCATION

Scholarship  
SB 378

Mr. Miller moved and asked unanimous consent that the figure \$50,000 added per Senate Bill 378. <sup>(Central Administration)</sup> No objection, so ordered.

aska Trans.  
Comm. SB 357

This is to increase the number of members on the Alaska Transportation Commission from 3 to 5. Mr. Haugen moved and asked unanimous consent that \$5,000 be added, per Senate Bill 357. Mr. Sassara objected. On discovering that the bill is still in the Senate Commerce Committee, the committee decided not to add it into the budget.

DEPT. OF  
COMMERCE  
ASHA

\$95,000 is being requested for the ASHA program for the Alaska Native Housing Program. ASHA has spent \$25,000 and Mr. McMurray felt they should be reimbursed. He said that if the federal program passes, the \$95,000 will be needed to carry out the program. The Governor, he said, has assured the United States Senate that this would pass. The anticipated cost of administration is between \$92,000 and \$97,000. Mr. Strandberg suggested a separate line item in the budget bill appropriating through to ASHA. Mr. Freer suggested placing

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LEGISLATIVE  
INTENT

DEPT. OF  
PUBLIC SAFETY

the funds under the Department of Commerce to be administered by ASHA. Mr. Miller moved and asked unanimous consent that an additional \$95,000 be appropriated to the Department of Commerce with a letter of Legislative Intent that \$25,000 is to pay previously incurred costs.

\$7,300 has been requested in additional funds for the Department of Public Safety for a Clerk IV position at Sitka; \$7,400 was requested for for a Clerk IV position at Soldotna, and \$142,700 because of the 2% vacancy and turnover factor used now. The two Clerk positions will be used also by the Department of Revenue. Mr. Haugen moved and asked unanimous consent that all three figures be accepted. There being no objection, it was so ordered.

DEPT. OF  
INDUSTRIAL DEV.  
ZONTA BOARD

\$2100 was requested for the Zonta Board. The committee decided against the additional funds.

INDUSTRIAL DEV.  
REINDEER

\$75,000 is being requested for the development of a program at Golovnin for reindeer processing. Mr. Strandberg said they think they can take over the cold storage plant at Golovnin and get something going in the reindeer industry for the amount of \$75,000, according to Commissioner Murkowski. Mr. McMurray explained how this is planned. (Explanation given in Murkowski's letter of March 20, see file) Mr. McMurray said that the state will be reimbursed and the plant will be put up for sale to private operation. After the state first goes in, EDA will take over, he said, and then the sale to private firm. Objections were raised by Messrs. Borer and Sassara, who felt that the state getting into an industry-running operation such as this for the reindeer industry will mean that other industries will demand similar support which could lead to problems.

Mr. McMurray stated that the reindeer is an area of concentration now by the state, and this is a way to get it moving within a minimal amount of time. Mr. Haugen moved and asked that \$75,000 be added to Code 700, Industrial Development. Mr. Ray objected. By vote of the committee, the motion passed, 5-2. A letter of intent is to be written that the state will get back its money.

LEGISLATIVE INTENT

DEPT. OF NAT. RESOURCES  
Agric. Revlv. loan Fund

It is being requested that the Agricultural Revolving Loan Fund be raised to \$300,000. \$194,000 is needed to buy up the bad loans, and that would leave them a little over \$100,000 combined with what they estimate they have left currently (around \$65,000) to operate on. In answer to a question, Mr. Strandberg said that the Grange bill is going to be a separate program. Mr. Haugen moved and asked unanimous consent that \$125,000 be added to the Agricultural Revolving Loan Fund. No objection, so ordered. A letter of intent is to be written that \$194,000 is for the purpose of buying the bad loans and the additional is for the program.

LEGISLATIVE INTENT

CAPITAL IMPROVEMENTS  
Nat. Resources  
Palmer - Fair Building

Mr. McMurray stated that the request for \$50,000 for a Fair Building at Palmer is a result of discussion between the Governor and Mr. Kerttula. This is a logical site for a state fair program, Mr. McMurray said. Mr. Strandberg said that in addition at the time they went into the the A67 loans, Palmer evidently got short changed on a request for a building in the area. The Palmer area will match this \$50,000 with \$50,000 of their own. Mr. Miller moved and asked unanimous consent that \$50,000 be placed in the Capital Improvements budget for this fair building. No objection, so ordered.

\$30,000 is requested as an addition for Marine Science Oceanography, to be matched by \$11,500 University funds, plus \$22,500 federal grant from the Bureau of Commercial Fisheries. The balance of \$25,000 would be contributed to the University to be used with whatever University funds are necessary to match National Science funds of \$50,000, to bring to Alaska five of the top oceanographic experts in the nation for the mineral program. . The second group would be a seminar group, and will not be restricted but will be committed to the entire oceanographic picture of the state. Mr. McMurray said the administration will have no part to play in choosing the members of the committee or places that will be visited - this will be entirely up to the University. The first program is wholly to do with <sup>the</sup> mineral program and the second program is devoted to the entire oceanographic program. The National Science Foundation will provide funds for the second program. The first is tied in with the Bureau of Commercial Fisheries. Mr. McMurray stated that both programs are being requested by the governor at the request of the University and Board of Regents. Mr. Ray called for an executive session at 10:00. At 10:15 the regular meeting started up again, and Mr. Strandberg announced the committee would complete work on the bond package. CSHB 696 and CSHB 619 were returned to the committee and signed (they had been voted upon earlier in the evening). Mr. Miller moved and asked unanimous consent that CSSB 371 (Revenue bonds - Fairbanks International Airport) be brought up. No objection, so ordered. Mr. Miller moved and asked unanimous consent that it be passed out with a

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"do pass" recommendation. Mr. Borer objected. Mr. Strandberg said, in answer to a question, that the figure is \$9,225,000, raised by the Senate Finance Committee from the \$7,000,000 in the original bill. On vote of the motion, it passed, 5-2.

UNIV. OF ALASKA

(increase)

Reverting back to the University of Alaska Budget, Mr. Sassara moved and asked unanimous consent that \$30,000 be added to the budget for Marine Science Oceanography. Mr. Ray objected. On vote of the committee, the motion passed 5-2.

DEPT. OF COMMERCE  
SB 161

Mr. Ray moved and asked unanimous consent that \$8,600 be added (bonding & licensing requirements for construction contracts) to the Department of Commerce budget, per SB 161. Mr. Strandberg objected. On vote of the committee, the motion passed, 6-1.

CAPITAL IMPROVEMENTS

Federal Apportionments

The next four items are requesting federal apportionments for certain programs included in the budget, and are not included in the budget as it came down, Mr. Freer said.

Hosp. Const.

\$1,400,000 was requested for federal apportionment for two years. Mr. Haugen moved and asked unanimous consent that the figure \$1,400,000 be accepted. No objection, so ordered.

Fed. Aid to Airport funds

Mr. Freer said they need to appropriate balance of federal aid to airports. Mr. Haugen moved and asked unanimous consent that the figure \$3,130,000. No objection, so ordered.

Fed. Highway Aid Funds

The federal aid to highways funds are being requested so they can start obligating 1970 funds. Mr. Haugen moved and asked unanimous consent that the figure \$42,400,000 be accepted. No objection, so ordered.

Dept. of Nat. Resources

Mr. Freer said this was \$921,000 at the time the budget came down in land and water conservation funds. Subsequent analysis was made and it was determined there was really only a balance of

land & water conservation act

\$525,800 to be appropriated, so the figure should be changed. Mr. Haugen moved and asked unanimous consent that the figure \$921,000 be changed to \$525,800. No objection, so ordered.

Historic Preservation Planning

An additional \$20,000 for Historic Preservation and Planning, to be matched with \$20,000 federal funds, is being requested. This is an addition to the capital improvements budget of \$40,000. Mr. Haugen moved and asked unanimous consent that the figure \$40,000 be accepted. (\$20,000 federal funds, \$20,000 general funds) No objection, so ordered.

Fish & Game Public Works

Mr. Freer said that when the budget bill came down, it had \$20,000 for trailers at King Salmon in Fish and Game and it should be in Public Works. Mr. Haugen moved and asked unanimous consent that \$20,000 be deleted from the Fish and Game Capital/<sup>improvement</sup> budget and added to the Public Works Capital Improvement budget. No objection, so ordered.

Messrs. Kubley and McMurray left at this time.

Dept. of Law

The subject of requested funds for renovation of the Attorney General's office was brought up. Mr. Borer raised an objection to this, stating that if they are going to need a supplement later anyway, he could see no reason for padding this budget.

The committee decided not to fund this renovation.

LEGISLATURE

In the legislature, Mr. Haugen moved and asked unanimous consent that an increase <sup>due to the cost being higher than originally thought</sup> \$3,000 be accepted for a collater/. No objection, so ordered.

Mr. Miller moved and asked unanimous consent that the sound system proposed, costing \$15,000, be accepted. Mr. Sassara objected, and the motion failed on a committee vote of 3-4. Mr. Miller moved and asked unanimous consent that the \$31,500 requested for preparing a new index for Alaska Statutes be accepted. The motion failed by a 0-7 committee vote.

Mr. Miller moved and asked unanimous consent that \$13,000 be appropriated for students to be brought down and on a 3-4 committee vote, the motion failed.

Mr. Strandberg moved and asked unanimous consent that \$957,200 be accepted for Legislative Affairs. No objection, so ordered. He moved \$216,600 be accepted for Legislative Audit. No objection, so ordered. Mr. Strandberg said this makes a total (for a 60 day session) of \$1,173,800 for the legislature budget.

NATURAL RESOURCES  
Agriculture

Due to the increase in Code 31 of the Agriculture budget, the total Agriculture figure is raised, so Mr. Sackett moved and asked unanimous consent that the figure \$582,100 be accepted for Agriculture Division. No objection, so ordered. Mr. Borer reopened the Rural Development budget. He said he thinks grants and claims should be increase to \$400,000 because this is such valuable aid to the native villages. No objection, so ordered. Mr. Borer moved and asked unanimous consent that a total figure of \$482,800 for Rural Development. No objection, so ordered.

OFFICE OF GOVERNOR  
Rural Dev.

Athletic Commission

Mr. Miller reopened the Athletic Commission. He stated that he had talked with the Commission director, who said that they were planning on being much more active this year, so Mr. Miller moved and asked unanimous consent that the Commission's budget be raised to \$4,000. Objection was heard, and on vote by the committee the motion failed 2-5.

Road in Douglas

Mr. Ray raised a question about money for the road in Douglas, and Mr. Strandberg said it could be funded out of special projects in Highways.

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CAPITAL IMPROVEMENTS

Court System

Mr. Strandberg moved and asked unanimous consent to open the Alaska Court System capital improvements budget. No objection, so ordered. He moved and asked unanimous consent that the \$265,000 be reinstated. (The committee had earlier zeroed out the funds ) Mr. Borer objected. He felt the money shouldn't be restricted to the two lots as it is now. Mr. Sassara stated, as he had told the committee at an earlier date, that the price for the land is just too high, and he amended Mr. Strandberg's motion to \$200,000. Mr. Miller objected to the amended motion. On committee vote of the amended motion, it failed 2-5. Mr. Strandberg moved again the figure \$265,000 be accepted. Mr. Sassara objected. By vote of the committee, the motion passed 5-2, with Messrs. Ray and Sassara voting no. Per Mr. Borer's objection, a letter of intent is to be written stating that the \$265,000 is not necessarily to be used on the land suggested.

LEGISLATIVE INTENT

Department of Education

There is to be another item put in to match Rural Affairs for the Bethel school. Mr. Sackett moved and asked unanimous consent that \$75,000 be added. No objection so ordered.

LEGISLATIVE INTENT

There is to be a letter of intent that this is to be matched with Rural Affairs money for the Bethel school but not necessarily confined to the Bethel school.

Mr. Sackett asked about Clear school, stating that they are not going to get their federal funds.

Recess:

There was an 11:30 recess.

The recess ended at 11:45.

Mr. Sackett moved and asked unanimous consent to add \$275,000 to the general receipts and delete from federal receipts, for the Clear School. Objection was heard. On vote of the committee, the motion failed 3-4.

On page 309 of the budget document, in the program statement for Beltz school, Mr. Sassara moved that "Homer" be changed to "Nome" as this is an error in the document. No objection, so ordered. Mr. Haugen moved a total for Education capital improvement budget of \$1,163,100, and asked unanimous consent. There being no objection, it was so ordered.

Natural Resources

Mr. Haugen moved and asked unanimous consent that the figure \$1,135,800 be accepted. No objection, so ordered.

Public Works

Mr. Ray moved and asked unanimous consent that \$240,000 be added to the Public Works capital improvements budget for a parking lot back of the State Office Building in Juneau. This would be a two deck parking lot. The present parking lot holds 50 cars, and Mr. Ray said the new one would hold 100 or 150 cars. There was discussion on having a small charge for spaces not taken up by designated persons. The committee decided to write a letter of legislative intent for the Department of Administration to investigate the possibility of renting spaces in this parking lot. In answer to a question, Mr. Ray said that the figure he moved was the figure recommended by the Division of Buildings. There being no objections to the motion, it was so ordered.

LEGISLATIVE INTENT

There was some discussion on the \$50,000 in the Public Works capital improvement budget for remodeling of the Fish and Game

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headquarters in Juneau. It was brought out that there is no expansion involved here, only remodeling inside.

**Waters & Harbors**

Mr. Ray moved and asked unanimous consent that the figure for the Juneau Harris Harbor be cut to \$72,000. No objection, so ordered. Mr. Haugen moved and asked unanimous consent that \$15,000 be appropriated for a gridiron for Kake. No objection, so ordered. Mr. Sassara moved and asked unanimous consent that \$25,000 be added for Whittier, for a finger pier and log boom. No objection, so ordered.

UNIVERSITY OF ALASKA

Mr. Borer moved and asked unanimous consent that the figure \$10,500,000 be accepted for the University of Alaska. Mr. Miller amended the motion to \$10,684,500 and Mr. Ray amended the amendment to \$10,284,500. He was ruled out of order. Mr. Borer asked Mr. Miller what changes in the University's program justified a 20% increase. Mr. Miller said the expanded community colleges, increased faculty salaries, and the research program expansion. Mr. Borer amended his motion to \$10,600,000, and Mr. Miller withdrew his amendment. Mr. Ray objected. On vote of the committee, the motion passed 6-1 with Mr. Ray objecting. (This includes the \$30,000 previously approved for Marine Science.)

**EDUCATION  
District School  
Support**

\$1,881,800 is the total cost of Senate Bills 47 and 88, providing for new ADM and tuition raises. This takes care of those districts to bring tuition more in line with costs. Mr. Miller said it takes \$30.00 - \$15.00 goes down the line and \$15.00 varies with the district. The total for the school support package is \$1,881,800, a. Mr. Miller moved and asked unanimous consent that the figure be adopted, and be made Code 8. No objection, so ordered.

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Mr. Borer moved and asked unanimous consent that a new total of \$28,505,100 be accepted for District school programs. No objection, so ordered.

Teacher Salary

Mr. Miller moved that the figure \$2,200,000 be accepted for Teacher salary increases. Messrs. Ray and Sassara objected. Mr. Sassara amended the motion to \$2,800,000. Objection was heard, and on vote of the committee, the motion failed 2-5. The original motion was voted on, and passed 5-2. There was a discussion on cost of living factors, as there is a \$200 differential in salary between SE teachers and SW. HB 685 will have to be rewritten and put in 1% raise for SE area,

Natural RESOURCES

Mr. Borer reopened Natural Resources. He moved and asked unanimous consent that equipment be raised from \$150 to \$200, making a new total of \$155,700. No objection, so ordered.

LEGISLATIVE INTENT

Legislative intent is to be written for raising legislative employees to meet the overall raise.

Adjournment:

Meeting adjourned at 1:15 a.m.

HOUSE FINANCE COMMITTEE MEETING  
March 30, 1968  
9:20 a.m.

PRESENT:

All members were present.

HB 624

Mr. Haugen moved and asked unanimous consent that HOUSE BILL NO. 624 (An act granting an income tax exemption to persons who sell certain fish) be considered by the committee. No objection, so ordered. Mr. Haugen explained the background on why bill has been proposed. Mr. Ray expressed opposition to the bill. The bill was passed out of committee with a majority making no recommendation, and Mr. Haugen signing "do pass".

HJR 79

Mr. Haugen moved and asked unanimous consent that HOUSE JOINT RESOLUTION 79 (relating to certain items in a budget cut proposed by a group of members in the House of Representatives, - Forest Roads and Highways) be considered by the committee. He recommended a "do pass" recommendation, and all members concurred.

HB 677

Mr. Sassara moved and asked unanimous consent that HOUSE BILL NO. 677 (Appropriating funds to the Office of the Governor, Secretary of State) be passed out of committee with a "do pass" recommendation. There being no objection, it was so ordered.

HB 544

Mr. Miller moved and asked unanimous consent that HOUSE BILL NO. 544 (relating to the minimum teachers' salary in the Southeast area) be reported out of committee with a "do pass" recommendation. Mr. Borer objected. He said that it puts Kodiak into the same base salary as Fairbanks, and the whole Glennallen area where access to stores is very difficult. He will bring up an amendment on the floor, however, rather than in committee. All members voted "do pass", Mr. Borer's recommendation conditional

on the amendment.

HB 685

HOUSE BILL NO. 685 (relating to the pay plan for certain state employees) was brought up. There is a finance committee substitute for the bill and all members signed "do pass."

SB 368

Mr. Miller moved and asked unanimous consent that SENATE BILL NO. 368 (appropriating to the Department of Fish and Game -- for purchasing real property near Fairbanks for wildlife conservation purposes) The majority report was "do pass" with Messrs. Sackett, Borer and Ray signing "no recommendation."

SB 369

Mr. Ray moved and asked unanimous consent that SENATE BILL NO. 369 (appropriating to the Office of the Governor for Economic Opportunity Program) be passed out with a "do pass" recommendation. There being no objections, it was so ordered.

SB 375

Mr. Haugen moved and asked unanimous consent that SENATE BILL NO. 375 (Appropriating money for erecting a building for use by the Alaska Department of Labor, Employment Security Division) be reported out with a "do pass" recommendation. There being no objection, it was so ordered.

SB 378

SENATE BILL NO. 378 (Scholarship loans) was brought before the committee. Mr. Borer expressed the feeling that the restriction to Alaska colleges should be deleted, and will present an amendment to that effect on the floor. All members of the committee signed the report "do pass" with the exception of Mr. Borer who signed "no recommendation."

SB 253

SENATE BILL NO. 253 (establishing the Governor's Planning Council on the Administration of Criminal Justice) was brought before the committee. It was reported out with a majority "do pass" recommendation, except for Mr. Sassara who signed do not pass unless amended.

SB 299

SENATE BILL NO. 299 was brought before the committee (National Guard Mutual Assistance Compact). The majority report was "do pass", with Messrs. Sackett, Ray and Sassara signing "no recommendation."

CSSB 325

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 325 (control of predatory animals) was brought before the committee. It was reported out with a majority "no recommendation" and Mr. Sackett signed "do not pass."

SB 388

SENATE BILL NO. 388 (Trawl licenses) was brought before the committee, but no action was taken.

Recess:

The committee recessed at 10:15 a.m.

HOUSE FINANCE COMMITTEE MEETING  
March 31, 1968  
1:15 p.m.

Present: All members of the House Finance Committee.

Mr. Strandberg called the meeting to order. He stated that the first bill to be considered was Senate Bill No. 47 and that the details of this bill had been worked out with the Commissioner of Education.

SB 47 Mr. Haugen moved and asked unanimous consent that Senate Bill No. 47 (changing the average daily membership allotment in Public School Foundation Program) be considered by the committee and that it be reported out with a "do pass" recommendation.

There was a short discussion relative to the percentage factors. After a call for a vote by the chairman, the bill was reported out of committee with 5 "do pass", 1 "do pass if allotment is raised by \$25", and 1 "no recommendation."

HB 577 Mr. Miller moved and asked unanimous consent that House Bill No. 577 (appropriating \$125,000 to Dept. of Natural Resources) be considered by the committee. It was explained that this bill is for the purpose of supplementing the funds available in the Farmer's Revolving Loan Fund. There was considerable feeling in the committee relative to this bill. It was recommended that in Section 1, line 9, the figure "\$125,000" be deleted and the figure "\$75,000" be inserted. After a short discussion the committee agreed and Mr. Strandberg requested that an amendment be prepared. Mr. Miller moved and asked unanimous consent that House Bill

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No. 577, as amended, be reported out of committee with a "do pass" recommendation. Objected to. After a call for a vote, the bill was reported out of committee with 6 "no recommendation" and 1 "do pass."

HB 616

It was moved and unanimous consent asked that House Bill No. 616 (relating to collective bargaining representation for certain state employees) be considered by the committee. No objection, so ordered.

It was questioned why this bill was before the committee.

It was explained that there is a cost factor involved as representatives from the Department of Labor would have to attend any mediation meetings. The estimated cost factor was between \$60,000 and \$75,000.

Mr. Miller moved and asked unanimous consent that House Bill 616 be reported out of committee with a "do pass" recommendation. Objection was heard. On a call for a vote by the chairman, the bill was reported out of committee with 3 "do pass" and 4 "no recommendation."

Mr. Strandberg stated that he wanted to check out some additional information on HB 565 (relating to community mental health program) before it is considered by the committee.

CSSB 125 am

Mr. Borer moved and asked unanimous consent that Committee Substitute for Senate Bill No. 125 am (requiring the furnishing of probably cost of bills favorably reported out of committee) be considered by the committee. No objection, so ordered.

Mr. Borer requested that the bill be amended by adding a new sentence in section 1, line 17 as follows: "The estimate or statement shall be made by the department or departments

affected." No objection.

Mr. Haugen moved and asked unanimous consent that CSSB 125 am be reported out of committee with a "do pass" recommendation. Objection. The chairman called for a vote and the bill was reported out of committee with 1 "do pass", 1 "do not pass" and 5 "no recommendation."

HB 350

It was moved and unanimous consent asked that House Bill No. 350 (annual membership fee for members of Alaska Bar) be reported out of committee with a "do pass" recommendation. No objections. The bill was reported out with 6 "do pass" and 1 "no recommendation." So ordered.

CSHB 678

Mr. Sassara moved and asked unanimous consent that the committee consider Committee Substitute for House Bill No. 678 (relating to carriers). No objections, so ordered. Mr. Sassara explained that the bill changes the weight fees and is supposed to be self-supporting. There was some discussion on whether the bill is going to accomplish its purpose and questions on the wording defining roads. Mr. Strandberg requested that the bill be returned to the file and it will be taken up again tomorrow. No objection.

HB 326

Mr. Sackett moved and asked unanimous consent that House Bill 326 (exemption from state income tax by certain persons). No objections, so ordered. In discussion it was brought out that many people upon reaching retirement age or disability retirement move from the state because of high taxes and high cost of living. This bill is designed to assist these people and keep them in Alaska.

Mr. Ray moved and asked unanimous consent that House Bill No. 326 be reported out of committee with a "do pass"

recommendation. No objections, so ordered.

Recess: Mr. Strandberg recessed the meeting until 8:30 a.m. tomorrow.

Meeting recessed at 2:00 p.m.

HOUSE FINANCE COMMITTEE

April 2, 1968

9:00 a.m.

Present: All members were present except Mr. Sassara who was testifying before another committee.

HB618 HOUSE BILL NO. 618 (relating to the repayment of loans from the centennial loan fund) was discussed by the committee and voted out with "do pass" recommendation.

HB676 HOUSE BILL NO. 676 (relating to reimbursement for securing evidence) was discussed briefly and noted that the bill was to increase amount allowed from \$1,000 to \$3,000 for information provided by "informers". HB676 was voted of committee with "do pass" recommendation.

HCSB47 HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 47 had been returned to Finance Committee and the following amendment was proposed by the committee:

Page 2, line 11: insert new sec. (c) as follows:

(c) The commissioner shall make such adjustments as are necessary to insure that no district receives less than \$15 per pupil in ADM under this section when increased payments to the district from State tuition over the prior year are considered. There being no objection, the amendment was accepted by the committee. It was moved and unanimous consent was asked that HCSB47 as amended be reported out. No objection so ordered, and passed out with "do pass" .

HB659 HB659 (relating to the definition of certain words regarding

gas production) was discussed by the committee, and Mr. Tom Kelly, Commissioner, Department of Natural Resources. Mr. Kelly endorsed the bill as a necessary and progressive step and detailed the reasons to the committee. The bill was reported out of committee with "do pass" recommendation.

recess: The committee recessed at 9:45 a.m.

1:30 p.m.

Present:

All members of the House Finance Committee were present, except Mr. Borer, who was excused.

SCR 10

The committee considered SENATE CONCURRENT RESOLUTION NO. 10 (directing the Department of Highways to conduct a feasibility study on the opening of Whittier Tunnel). After a discussion, Mr. Sackett moved and asked unanimous consent that it be reported out of committee with a "do pass" recommendation. There was an objection, and on a vote of the motion it passed 4 to 2. All members signed the majority report of "do pass", except Messrs. Haugen and Ray, who signed "no recommendation".

SB 313

SENATE BILL NO. 313 (relating to refunding a portion of the revenue from taxation of aviation fuel to municipalities) was discussed, and Mr. Ray moved and asked unanimous consent that it be reported out of committee with a "do pass" recommendation. Messrs. Sackett and Sassara objected, and after a brief discussion withdrew their objections. There then being no objection, it was so ordered.

HJR 35

The committee considered HOUSE CONCURRENT RESOLUTION NO. 35 (relating to the establishment of physician-anesthetist teams to be transported to certain communities), and Mr. Strandberg called the members' attention to a letter relating thereto from the Legislative Committee of the Anchorage Medical Society, in opposition to the resolution. After a brief discussion, Mr. Miller moved and asked unanimous consent that the committee report the resolution out with a "do pass" recommendation. No objection, so ordered.

R 74

After a discussion of COMMITTEE SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 14 (proposing amendments to the Constitution of the State of Alaska providing for the disqualification, suspension, removal from office, retirement and censure of justices and judges, and providing for a Commission of Judicial Qualifications), Mr. Miller moved and asked unanimous consent that it be reported out with a "do pass" recommendation. There was an objection to the motion, and on a vote it failed. Mr. Strandberg moved and asked unanimous consent that the resolution be reported out with "no recommendation". Mr. Sassara objected. On a vote, the motion passed 5 to 1. All members signed the majority report except Mr. Sassara, who signed "Do not pass until question of constitutional convention resolved".

B 388

The chairman requested Mr. Haugen to obtain further information from the Department of Fish and Game, and to obtain an opinion from the Office of the Attorney General concerning the constitutionality of the amendments proposed by Resources Committee on SENATE BILL NO. 388 (relating to beam trawl, otter trawl and scallop dredge licenses) before the bill is discussed further by the committee.

Recess:

The committee recessed at 2:00 p.m.

HOUSE FINANCE COMMITTEE  
April 2, 1968  
7:30 p.m.

Present: All members of the Finance Committee were present, except Mr. Ray who was excused. Also present were Senator Hammond, Representatives Stevens, Wiggins, Hensley, and Paukin, Messrs. Don Wright, Roger Connor, Phil Holdsworth, Barry Jackson, Cliff Groh, Mr. Kent Edwards of the Attorney General's Office, and Mr. La Rocca (Fairbanks News Miner).

CSHB 672

NATIVE LAND  
CLAIMS BILL

Copies of a draft substitute for HB 672 were passed around to the committee members and other persons attending. (This is not the Resources committee substitute, but one done through the finance committee with the administration) Mr. Strandberg stated that this bill as shown in the draft has the Governor's approval in total. Mr. Kent Edwards Deputy Attorney General, was present to discuss the bill and the changes made. <sup>The point was made</sup> that the changes made are not all finance committee recommendations. The first change, Mr. Edwards said, is on page 1, lines 12, 13 and 14. (NOTE: All page numbers and line numbers refer to the Resources Committee substitute, not the draft, unless otherwise specified.) This change consists of shortening the sentence, by deleting what was felt to be superfluous language. Line 24 of the same page has been changed by the deletion of "and federal lands". The reason for this, Mr. Edwards said, is that there is a change made in the proceeds from the various types of lands later on in the bill. As the committee substitute was written, the proceeds from the federal leases and federal lands were involved in this bill, and have been deleted, so the only proceeds being talked about now are proceeds from state

lands. On page 3, line 13, after the word "created" the words "in the office of the Governor" were added. The purpose of this change, Mr. Edwards said, is to make this commission attached someplace to state government. The other change on this page is on line 19, where "five" members has been changed to "four." On page 4, on line 10 after the words "state" the words were added "and such removal and determination by the governor is not subject to judicial review." These words were added with the concurrence of Messrs. Jackson and Connor, Mr. Edwards said, saying that it was not the intent necessarily that this type of determination be something which would hang on forever in the courts - and with judicial review the whole operation of the commission could be halted until such review was complete. Line 12, the sum of \$50.00 was changed to \$35.00. The reason for this is to bring it in line with other boards throughout the state. There was some discussion relative to the amount and Mr. Strandberg noted, in response to Mr. Sassara's expression of concern that the amount was too low, that the people involved have a good deal to gain, so he felt the standard board figure of \$35.00 was sufficient. The next change is on line 25 of the same page, the section on Employees and Expenses. The entire section was rewritten, Mr. Edwards said, and the changes make the positions of the employees hired including the executive director in the partially exempt classified service, and ties them in with the state salary schedule. The next change is on page 5, line 10 - Section 100. This section was also rewritten. The whole section has been revised, primarily the first sentence, but in substance there is very little change, Mr. Edwards stated. Section (b)

now gives examples of the functions of the commission, but not limiting functions to those specified. Mr. Sassara, referring back to lines 16, 17 and 18 of the same page, where it states that they may also "accept and carry out the functions delegated to it by the Secretary of the Interior, . . . . . if the acceptance of the later delegated functions do not increase the expense of commission operations which would otherwise be entailed under the appropriations made by the legislature" asked about the purpose of that section. Mr. Edwards said that the purpose of that is that if the federal government does adopt some federal legislation and they delegate the state commission to carry out the provisions of the federal legislation, this protects the state commission from bearing expenses more than they had deemed necessary, so this gives the legislature the opportunity each year of determining how much money the commission should operate on, <sup>each year</sup> taking into consideration what functions what may be delegated to it during that fiscal year, so that if they feel they can only afford so much, the federal government can't give them more to do.

Mr. Sackett inquired about the change in line 23, which in the proposed bill reads (line 21 of the proposed bill) "determination if authorized by federal law". Mr. Edwards said that this section as initially written seems to refer actually to land and this bill is dealing with giving monetary compensation to the natives of the State and the state is not making any determinations as to the land. This function they would carry out, Mr. Edwards said, would be something related if they were getting land which would mean it would be under the federal law. The federal/<sup>government</sup>would be responsible for determining how the land boundaries would be determined, so this would not be

necessarily a function of the commission.

Mr. Sassara raised question about subsection (6) on page 6 of the draft. His concern was that conflict would arise between state and federal. Mr. Edwards indicated that determination of which superseded which would be a legal matter, and Messrs. Strandberg and Jackson both indicated that the section should be broad. It was pointed out this is an amendable portion of the bill.

On page 7, line 17, a new subsection has been added under (a). This is felt to be covered in subsection (1), but is a further clarification should it be needed. Line 21 of the same page, paragraph (a) has been completely rewritten. The first change is essentially the same - whereas the Resources Committee Substitute gives a 6 month period for the freeze to terminate, this proposed bill puts in a date certain, the date being October 10, 1968, which is 6 months approximately from the time the bill would probably be passed. The second change is the addition of two limitations on the proceeds, which read: "until the amount received from the state totals \$50,000,000 or until a period of fifty years elapses after the effective date of this chapter, whichever occurs first." The purpose of this is twofold. Primarily, the 50 year limitation puts a deadline on this so that it doesn't carry on indefinitely. Mr. Borer recommended on page 7, in this same section, the addition of the word "permanent" to make certain the freeze is lifted permanently. Mr. Edwards indicated that subsection (b) and (c) clarify this sufficiently. Mr. Strandberg stated that every effort has been made in this bill to prevent a reimposition of the land freeze.

Mr. Sackett, inquiring about the 5% royalty extending until the amount received from the state totals 50 million dollars or until fifty years elapses, asked what would happen if after 50 years the sum of 50 million dollars hadn't been received, and he was answered that no more money from the state would be given, that 50 million is a maximum, not a minimum, figure. Mr. Edwards said that after lengthy discussion, it was decided that 50 years was a sufficient amount of time for fifty million dollars to be realized. Mr. Sackett objected, stating that all the revenues are not state revenues. Mr. Edwards admitted that expecting at least \$1,000,000 a year is just forecasting, but felt it was <sup>not</sup> an unreasonable expectation. The next change is on part (c) of the same section. On line 7 of the committee substitute, after the word "protest" in the definition of "land freeze" all the language was stricken and new wording labeled subsection (2) was inserted in its place, which was designed to get at the problem <sup>of</sup> the present powers that the Secretary of the Interior has of making temporary withdrawals and of "lifting the land freeze" but then reimposing it over a major section <sup>which</sup> of the state, later on in the bill as you see, has agreed to limit its selections to. If the Secretary of the Interior made a temporary withdrawal within that area the state is reserving its rights of selection for the next 18 months it could in effect cause a complete land freeze again as far as the state is concerned because the state is agreeing under this bill to put a voluntary land freeze as far as it is concerned on the major portion of the state outside this area; so this is put in to protect a withdrawal in the area <sup>in</sup> which the state has agreed to reserve its selection. This affects about 12

villages, Mr. Edwards said. The next change is in the next section, 150. This was changed so that the sections referred to are more specific. He (Mr. Edwards) noted that there is an error on the proposed bill, which is that the word "and" should be stricken before 170 (f) and be inserted after that, followed by 340. This maintains the original intent. The next section; 160, was also changed. On line 18, after the word "revenue" the words "other than taxes and receipts from licenses". The purpose for this is that dedicated funds of those types are prohibited by the Constitution and this is one way of making it specific that they are not talking about taxes and receipts from licenses. The next change is to change the royalty sources so that they are only talking about lands that have been selected in the past and lands that will be selected in the future by the state under sec. 6(a) and (b). That excludes all tidelands and submerged lands, all lands under federal lease, and lands selected by the state which are currently under state lease or have been in the past under state lease. In section 170, rearranging was done so that so that the last part of (a) was made a new (c), so that the original (a) was preserved in its entirety. In (b) there was a reduction in the percentage that had to be used for specific purposes, from 75% to 50%, but the language was changed for the specific purposes to be only construction and maintenance of public works projects, and the rest was deleted. (c) was part of (a) previously. (d) in the new bill is a revision of (c) in the other bill, (e) is the same as the old (d); and a new section, (f) was added with the purpose of getting at the oversight regarding the restriction of how the proceeds are to be spent.

Having in (b) the requirement that 50% be spent on public works projects, the question arises what if they are not, and for this reason, Mr. Edwards said, the new section was added. The section says if they are not and it is determined by the legislative audit committee or a court of competent jurisdiction or the commission that they have not spent the money in accordance with the law, then the amount spent improperly will be withheld until such time as the proper ratio is again maintained by the non-complying native corporation. If on the date the proceeds are cut off, a non-complying native corporation has not regained its proper ratio, the amount of money being withheld by the state will revert to the state and be forfeited by the corporation. Mr. Sassara raised questions on this section. His first question related to the review of the corporation budgets. In answer to his queries, Mr. Edwards said that the legislative audit would have jurisdiction over the budgets; even if the commission had okayed them, the audit committee could still disapprove them. Mr. Sassara also asked if the intention is that the state control what is done with the profits and Mr. Edwards said no, regulations in this bill have nothing to do with income derived from anything other than total proceeds distributed under this act. He said there are provisions later on in the bill on how the various corporations can use their various income and capital, but those are recommendations of the native groups themselves.

In response to a question from Mr. Sackett, pertaining to Royalty Sources, Sec. 180, Mr. Edwards said that there are changes in the concept of the bill. In the original committee substitute, even though it applied only to lands selected after, it also applied to federal lease money, and also revenues received from state tidelands and submerged lands. These have been removed in the draft. Mr. Sackett raised a question about the use of the word "are" selected by the state, on line 26 of the draft. Mr. Edwards said that this being a continuing bill, the language does provide for lands selected in the future. Mr. Holdsworth interjected a comment that the state has sales which are tenure contracts in effect now. Mr. Strandberg said he thought this had been taken care of but that it should be checked. This is with reference to line 28 of the draft. Next, Mr. Edwards referred to Sec. 180, on page 10 of the draft. This was "Temporary Trust" on page 9 of the Resources substitute, and is now titled "Trust." The change basically is that now they have an annual appropriation by the Legislature instead of having these funds held in trust and then set out once the corporations are in existence. As the bill was written before, it didn't really describe how the proceeds would be turned over, and this change, Mr. Edwards said, was Mr. Jackson's suggestion. On page 10, Sec. 200, subsection (c) line 28, a comma has been added after "stock must be", a comma has been added on the next line after "at least" and all remaining words beginning with "of the incorporated" and extending through the next two lines and the first five words of line 3, page 11, were stricken. This in effect, Mr. Edwards

said, makes more lenient those who they hold as second holders of stock. This was at the request of the native groups also. The next change is in section 220, subsection (b), line 28, "and" was inserted before "educational" and "and other" was deleted, following "educational." In answer to a question by Mr. Sassara, Mr. Edwards said the reason for this was that it was felt giving authorization to donate to any causes under the Alaska Business Corporation Act was too broad. Mr. Sassara raised some objection, feeling there were already so many controls on how they spend their money. Mr. Strandberg said no, that they had very broad controls of their money. The next change is in section 230. The last few lines were changed to comply with other changes in the bill, so that there were no references to federal leases. It was made to be general language, just saying "money received from the royalty and share in revenues granted by this chapter." The next change is in section 270, page 13. (page 14 of the draft) In subsection (4), a change was requested by Mr. Jackson, Mr. Edwards said, to make it clear that what is being referred is the percentage of the unrestricted portion of the funds received by the state. They had originally talked about 20% and since we were talking about only 50% being unrestricted the 20% was just changed to 10%. Mr. Edwards said that the last three words, "other than land" in the draft should be struck, and a comma should be added after the third word, "land", of the section. The next change is in section 290, page 1 line 14 of the draft, line 7 of the Resources committee substitute, where the entire line 7 has been deleted and a period placed after "Commission" in line 6.

The next changes are in Section 300, Taxation. Subsection (a) was changed to clarify what corporations were being referred to, and also, to correct the wordage in the original substitute under which the lands are taxable only if the federal bill passes, so that lands are taxable unless restricted by federal law. In subsection "d" following the first word, "distributions", the words "from capital" were added. In subsection "e", the last word "commission" was corrected to read "corporation." Mr. Edwards said there was alternative wording which was not placed in the draft which would strike out subsections b through e, and just say that the corporation shareholders shall be taxed to the same extent as any one else under state law, but this is what in effect the subsections do say, and it is spelled out more completely as now worded. Section 330, Exchange of Lands, is the next change. The change here was the insertion at the beginning of the sentence on page 15, line 6, of the words "With the consent of, and in accordance with regulations made by the commission". As previously written the exchange provision indicated that as soon as native groups could show that they had lands of equal value that they wanted to exchange with lands owned by the state the state would automatically have to exchange them. This puts a little reservation on it to say that they can only do it with the consent of the commission. Mr. Edwards said there were some people who wanted even more reservations put in, but this was a compromise measure. Considerable discussion followed, with Mr. Sackett raising question about communities such as Minto which have no land around them which has not been selected. Mr. Sassara raised a question about "disposed" of lands, asking what was considered "disposed of" --

whether or not lands with short-term leases would be considered disposed of. He felt that in place of " if the same have not been disposed of" the wording should be something like "if third party interest has not been created". Mr. Sassara felt that the language as it is might not be to the natives' best interest. Mr. Jackson said he didn't object to the language. In answer to a question by Mr. Sackett, Mr. Jackson explained that the bill does not say the natives can't trade any land outside their area of aboriginal use and occupancy. The next section, 340, was changed to conform with other changes in the bill, but not in substance, except that the design of the section now is to refer to the sections which are not amendable. Subsection (b) is an addition which says that if the natives rejected the provisions of the bill, by not accepting any of the royalties for six years, this would be deemed a rejection and so the funds would revert back to the state and the entire contract would be null and void. In answer to a question by Mr. Sassara, Mr. Edwards said that the claim the natives have is against the federal government, and that the state cannot settle that claim, but for the purposes of the bill, it is assumed that the natives have a claim against the state. Mr. Sassara asked that if the federal government reimposes the land freeze, but the natives have already accepted some of the royalties, which according to the bill settles all claims against the state, would this mean they couldn't again, not having received full satisfaction of their money, come up with a claim against the state, and Mr. Edwards said it did mean that, that the state was forever free from further claims once any royalties were accepted, and that this is a

condition of the bill. He said that they are accepting this possibility if they accept the bill. It does not impair their claim against the federal government. Mr. Sassara felt it was wrong for them to lose their rights as to a claim against the state if the federal government imposes a land freeze. Mr. Edwards explained that the purpose of this bill is twofold. One is that it is a means by which the state can attempt to assist the natives in establishing their claim now pending before the federal government, by giving this \$50,000,000 themselves to encourage action by the federal government, by example. The other purpose is to lift the land freeze for the benefit of the entire state. Mr. Edwards, again in response to Mr. Sassara, said that the natives could still continue their claims as to unappropriated public lands. Mr. Sassara felt there could be conflict here.

The next sections, 350 and 360 on the draft are new sections, Mr. Edwards stated. Section 350 is the crux of the compromise being spoken of. What it comes down to is that/<sup>only</sup>in the area, bounded on the east by 141° west longitude, on the west by 152° west longitude, on the north by the 66° north latitude, and on the south by the Pacific Ocean (and here Mr. Edwards showed the area spoken of on a map), for 18 months following the effective date of the act, shall the state exercise any rights of selection, without the consent of the native group claiming the area to be selected. The purpose for the latter clause, he said, is that even now there have been instances where to get federal funds for airports and such, it is necessary for the state to have clear title to the land, and various

native groups have now consented to deed needed land over to the state for such purposes. Section 360 is a provision which merely makes clear the bill doesn't affect existing municipal corporations. The last change is in (2) of the old Sec. 360, now 380. This change is done at the request of the native groups, and consists of the addition on line 24 after the word "Aleut" of a comma, followed by "including but not limited to any Alaska native whose adoptive parent is not an Alaska native,".

Recess: The committee recessed at 9:00 for 10 minutes.

(The following is a transcript of the meeting after the recess except for statements in brackets, which are summarizations of discussion.)

[Mr. Miller asked Mr. Jackson if he had read the proposed committee substitute to which Mr. Jackson replied yes.]

Mr. Miller: Would you say that if the committee passes intact, and this is an abstract proposition, if we pass intact this committee substitute, do you feel this would represent an acceptable settlement? -- not necessarily what you want, now, but . . .

Mr. Jackson: Let me say this. Generally, I think this is a good bill. I still have some qualifications on it, and I'd like to bring these out and let the committee dispose of them as they see fit. As far as the \$50,000,000 is concerned, I would advise my clients to accept it. Finally, I think it's more important we get a bill out, something on the lines of this, than the details at this stage. The effect upon the settlement of the federal . . . of the federal settlement will be so beneficial that I'd be willing to give a few million dollars here and there gladly just to get the bill through, because this is only

a portion of the overall settlement, and the money the state is contributing to this is a very small part of what is going to be contributed in the long run. \$50,000,000 sounds like a lot of money. Some people were talking here about \$1,000,000 a year. \$1,000,000 is \$12.00 per capita, and \$6.00 has to go into public works, so this is only a small portion of an overall settlement; but I think if we can get this bill through in some form that is satisfactory to this legislature and the administration I think it will be a great gain to the natives and to the entire economy of the state.

Mr. Miller: Then you feel, as just one of the attorneys representing the groups, that if we pass this substantially intact this will be acceptable to them for a settlement of the "losses"

Mr. Jackson: I'd like to point out that one of the key problems as far as the lawsuit is concerned, the question has been raised, is there a claim against the state. The prime claim is against the United States, of course, but the claim that we are making on behalf of Minto and on behalf of Nenana is that we use and occupy the lands of Nenana and Minto and that the state has no right to select lands in that area because it is under use and occupancy and therefore not vacant lands open for state selection. Now the attorney general is convinced that we are wrong. I am equally convinced we've got a hell of a good case and we might win it. We're not going to win it short of the United States Supreme Court, and whoever wins it there is going to take it to Congress to get relief, and we think a settlement is in the best interests of both parties. Now, going through the proposed committee substitute which has been placed before you. I have

a problem with page 2, line 27,<sup>in</sup> which the criteria listed for acceptability of the federal commission include that it must provide that the State of Alaska may vest power in the commission. Now, I mentioned that we have a comparable problem later on in this act where we have said that the state commission could accept federal powers but it doesn't say that there's any control over what federal powers could be dumped on the state commission and I got a response from Capital Hill that this particular language was too broad and would not be acceptable to Congress because it would in effect say that the State of Alaska at any future date could dump any kind of power on the federal commission, so I drafted up the proposed amendment which says essentially that any future powers after this act is passed which are proposed to be given to the federal commission are subject to the consent of Congress. I am not saying that this bill should be tubed if this amendment is not made, and if it is that important, I would rather that the bill come out as is on these particular lines. However, if you feel it is worthwhile putting in such language I have had it prepared by Legislative Affairs Agency and you look at the page references, the page references here are, however, to the Resources Committee substitute and not to the one you have before you.

Mr. Strandberg: Didn't we have a problem on this one, Kent? Doesn't it mean that the state couldn't invest any other powers in the commission without the approval of Congress?

Mr. Edwards: Yes, this is one of those border-line ones, and we passed it around and balanced it around, and seemed to feel more to leaving it out than putting it in.

MR. JACKSON: I'm certainly not going to insist on it. I think you can see the wisdom of it or not, and whatever the committee does in its discretion is fine with me. The next point I'd like to raise is on page 8 of the new draft where it talks about the total amount being \$50,000,000 and 50 years, and comparing that also with the royalty sources at the bottom. If this language passes as it is, I expect to recommend to my clients that they accept it. However, I would like to point out that I am not altogether satisfied we would receive \$50,000,000 from the limited royalty source that is now in the bill. I think we probably will, but frankly I don't know. A great deal depends on how much land the state selects within the next 20 or 30 years. It's obvious to me there's not going to be very much money coming into the natives over the next five or ten years, as the bill is now written. I'm willing to accept this in principle because I recognize the need for easing this tax on the state general fund, but I would like to be able to give my clients some assurance that they are going to get \$50,000,000 sooner or later. I would like to have more money than is here provided, but I question whether more than \$50,000,000 could be sold to this legislature. Now, I do have a very serious objection to the language in (c). I recognize the problems that the state has in what might be called a sub rosa reimposition of the land freeze. There are a number of ways that this could happen. The Secretary could lift the land freeze generally and then proceed to put most of the state into Indian reservations and into wildlife withdrawals and things like this and effectively hamstring the state's selection from here on out. At the same time, the very basis of the agreement between the

natives reached in the land claims task force and the state and the Department of the Interior was that native communities would be able to select some small amount of land out of the land they now use and occupy and that they would have first choice on where this land is. We had anticipated asking, and it was a feature of the original bill when this bill was introduced, we had anticipated asking that during the six month's period within which the land freeze must be lifted, that the state assist the natives in determining what are the key lands and asking the Secretary of the Interior to make temporary withdrawals around these villages in question to protect these particular lands until the federal act can pass. That language was rejected by the administration, and any temporary withdrawal under subsection (2) would be a violation of the terms of the settlement and would terminate the royalty, and this to me seems to be unacceptable. I recognize the need of the state to have a limit on the withdrawal, and at one point in the original draft it said in effect 40 million acres. It was never the intention that this could be in one particular area but that it would be for each village. Now I have proposed an amendment which again I would like the committee to consider, but what they do with it I leave in their discretion.

MR. STRANDBERG:           The intent of this was to be sure that by subterfuge, which assuredly the Interior Department is not above <sup>not</sup> doing, that they would/in effect reimpose the land freeze, and that's the purpose of that section.

MR. JACKSON: I have no objection to leaving that language in if we can have this type of a temporary withdrawal permitted, excluding a temporary withdrawal which will terminate not later than six months after the federal act which may have to be made

for a native village within the area of use and occupancy of such village and which does not exceed an acreage of the product of 500 and the number of residents of the native village. Now for Minto which has in residency perhaps 150 or 200 people this would permit the reservation of 100,000 acres or 150,000 acres at most, which is very small compared to what they actually use and occupy. This was a concept of the task force proposal and it was a concept, however, <sup>that</sup> at that time we would not attempt to make such reservations until after the federal act passed. Attorney General Boyko said what if we do agree to make these now, would you be willing to lift the land freeze immediately or within six months; and we said if we can work it out we're willing to consider it, and this is the type of approach we thought we had when the administration bill was brought down. At the same time I want to emphasize we do not wish, and we are willing to put in money each year, whatever is necessary, to make sure that the Secretary of Interior does not by subterfuge reimpose a general land freeze or a land freeze in the areas where the state is likely to want to select land.

MR. JACKSON: Mr. Chairman, I'd like to say that we've had some discussion on the problems of lands that have been tentatively approved, which have been selected by the state, in the Minto area, for example; and I had a meeting this afternoon with the Commissioner of Natural Resources, and reviewed with him the problem, and he readily concedes that villages which are in areas which have been state selected should be able to get some reasonable amount of land for itself, for that village. He had not considered it in this light up until this time, and apparently had assumed that the natives would be able to pool their selection rights and move into the land, and take very large tracts of the land that the state had

selected, and that at least has not been my idea for Minto. I just wanted some reasonable amount of land here and the state can have the rest of it. I was thinking in terms of that we would like 10% and you would have 90%, so when I mentioned that he said, "Well, you know the boroughs in Alaska get 10% of the state lands within their boundaries, maybe we can work something out." I said that I hoped we could reach some kind of agreement on an approach to handle the villages within the state selected areas - there are only about 12 or so, & that we can work this out in time to go back to the hearings in Washington D.C. which will be late in May or June with some kind of united front between the state and the villages concerned. It does remain a key problem, which I'm not satisfied that this bill in its present form answers.

MR. EDWARDS: I'd like to make one comment about the language of the proposed amendment, without commenting on the amendment itself. I think the language has a serious loophole in it, the problem that arises because of the fact that it bases the termination date of this temporary withdrawal on passage of the federal act, and you can imagine if the federal act doesn't pass, then you have this thing that goes on ad infinitum, without any automatic cutoff.

MR. JACKSON: If you do adopt this, I'd put a maximum term of three or four years on it. I would be satisfied with that.

MR. EDWARDS: The other thing is that because of the large area that these claims are filed in, even though you put a limit of say 40,000,000 acres on it, that again you're more or less -- conceive of the area of claim and the amount of the state that it covers, and you're talking about an undefined acreage as to where it applies in there, I think that you have a problem there as to how much of the land you're really tying up as a result of making

these temporary withdrawals, exactly where they are.

MR. JACKSON: I'd like to show the committee briefly a map which has been prepared by Mr. Don Wright with the help of some state officials which shows, which gives some idea as to where the villages are likely to be selecting their lands.

[Here Mr. Jackson showed a map which indicated which villages were in areas not state or federally selected, which were and the size of the villages,]

Now, there are problems; we've got villages in the Yukon withdrawal, we've got villages out on St. Lawrence Island which are totally within the federal withdrawal. We are hoping that through the federal act 2906 to begin to get into some of these federal withdrawal lands and get some title for these villages of at least a small portion of that ground. We have a number of villages located within state selections, and again hope to find some means of being able to give the villages a portion of their historic use and occupancy areas. Again, we're talking in total terms of - well, within the state selected areas I would say of 18 million acres the invasion would probably not be of more than 1 or 2 million acres if we got our way completely. These are the dimensions of the problem we are talking about. Compare this on the other hand to this rather large piece which is the reservation of Chardalar, which is a rather small group of Indians. One thing I'm very pleased with is that the natives of Alaska have not followed the BIA's suggestion that instead of the land settlement such as the ones outlined that we turn most of Alaska into Indian reservations.

MR. SACKETT: Barry, according to the deductions of the BIA, how much of Alaska do you say would be under reservations should we all go for the reservation system.

MR. JACKSON: Should you go to the straight reservation system

the impression I got, and I have not seen the report, but the impression I got from a BIA employee was about 200 million acres of reservation.

MR. STRANDBERG: Well, I don't think there's any change - I don't think there's any way that such a thing would happen. In fact, they're on the border line of reservations right now.

MR. JACKSON: Politically, I don't think the secretary would do it. I'm saying that this was in a proposal made by the field office representative. However, a substantial amount of land could be put into reservations if the Secretary wanted to do it and that's what the natives wanted.

MR. STRANDBERG: On this land freeze deal, there's no question in my mind that if we're just going to rewrite it so that there's any way to reimpose the land freeze, why ---- I'm sure it's the intent of the administration that the land freeze be lifted if we're going to go for the \$50,000,000. Now, anything to try to change that, we are going to run into trouble. Now, if compromises can be worked out on this village deal, - - we talked about one, on the basis of radius and on the basis of a population/<sup>factor</sup>that was much lower - about half - of what the congressional bill is; it's on a temporary basis. In other words, so many acres per individuals - [indiscernible] so if you cut that down -

MR. EDWARDS: An attempt was made to try to draft something up along those lines and that was how this provision that we've acquired regarding this agreement by the state to select only limited areas - this was intended to get at the same purpose in a much easier and simpler manner.

MR. STRANDBERG: That's where this other was suggested by the Department of Natural Resources, isn't that right? And we were working on the other line.

MR. EDWARDS: They were going to try to figure out population in the area and how much would be encompassed, and it was just impossible to do, and this is the approach that they suggested . . .

MR. STRANDBERG: To assure them that they could go in and take these village withdrawals, that that wouldn't be hard - but my idea was that this other was better, that they say that for 18 months we won't withdraw anything in that area, but in exchange for that - - - and you've only got 12 villages and they're already within lands state selection so you wouldn't get anything out - Seems to me to be a logical solution.

MR. JACKSON: A lot of those lands that have been selected have never been tentatively approved. They haven't gotten further than the mere selection.

MR. HOLDSWORTH: Only 3 and 1/2 million acres - Most people don't realize that.

[indiscernible]

MR. JACKSON: Well, I looked at the Minto map and it looked to me like, according to the one down there at the office, it looked to me like most of the Minto lands were merely selected and not tentatively approved. Now, maybe that land status map is not up to date.

MR. STRANDBERG: Well, what's the matter with the other approach. We're talking about the same problem. If the state says, all right, we're not going to go in there and select anything for the next 18 months, except for this one area, now, it seems to me that would be a far better compromise, because we were

working on the other line and rejected it because we thought this would be more acceptable, so then it's up to the federal government if they want to put a temporary withdrawal in there until the final selection was made, then they could go ahead. Wasn't that what we were talking about, for village protection?

MR. EDWARDS: Well, we were talking about that we would agree not to select within a certain radius around the village, but then we would have to define the villages and the sizes . .

MR. STRANDBERG: And that gets to be an awful deal, so then they came up with this other approach, so then that's let the federal government go ahead and let the procedure go ahead and make the village selections under whatever enabling legislation is passed.

MR. JACKSON: The other approach is a very definite benefit and help to the bill, there's no denying it. We still have the problem, and I think it's a major problem, of the villages within the area to select, and not all that land has as yet been selected, and ~~not~~ even some that has been is in merely selected status and has not been tentatively approved.

MR. STRANDBERG: Well, you can't have everything, Barry. This is a compromise deal, and if we get something that's going to solve the major portion and then be assured that these people who are in this area get other land of equal value it seems to me that would be a far better solution for the whole problem, as long as those people are protected on the same per capita basis.

MR. JACKSON: Well, let me pass on from this. I think you see the problem that I have, and I'd like to say, though, only that the only clients I have signed contracts with all happen to be in areas where the state has selected all of their land, so I of course am concerned about this particular problem. Now, in royalty sources,

there has been a suggestion made on line 28 that we exclude existing state contracts of sale as a royalty source. This further cuts away at royalty sources. . . . . On page 8, line 28, "as amended except those lands which are or have been under state lease on or before the effective date of this chapter." It has been suggested that that should be state lease or contract, and I'm just pointing out that this further chips away at the royalty source, and further delay the time . . . .

MR. SASSARA: Why are you bringing it up . . .

MR. STRANDBERG: I think that the intent was to include contracts, because they've contracted with people over a ten year period , that's what you're talking about, for the purchase of land, and the title actually hasn't passed, but there's a lot of land being purchased that way.

MR. JACKSON: I'm not saying don't add. I'm saying if you do, realize then that what you're doing is you're cutting away at another current revenue source.

MR. STRANDBERG: I don't think so, Barry, because there wasn't any intent to include it in the first place - lands that were in contract. Was it your intention?

MR. JACKSON: Under my original proposal I wouldn't have included any lands under current lease, but then I would have included the tidelands and submerged lands. I don't find that in this bill. I think there are some changes that need to be made which are really technical on page 9, subparagraph (f), and I think I can read you through it fairly quickly. I would suggest that line 20 read "distributed to a recipient under this chapter are not used in the manner prescribed in (b) of this section, there shall be withheld from the next annual appropriation of royalties owing the Alaska

recipient under this chapter a sum equal to the amount improperly spent. The amount so withheld shall be distributed to the recipient only upon certification by the legislative audit committee to the legislature that the ratio of expenditures required under (b) of this section has been adjusted by the non-complying recipient native corporation in such a manner that the corporation is now in compliance.

. . . . .

Line 27 of page 10, the first word I think should be "members". On page 11, line 11, the period should be 50 years.

MR. SASSARA: How did that happen, Harold. I thought we had decided on something less than 100 in committee.

MR. STRANDBERG: We figured since the proceeds were going to go to 50 years, we didn't see how they were going to be able to get rid of everything , so we thought we would just broaden it . .

MR. JACKSON: The reason we have 50 years, Mr. Chairman, is that I received a response from Capitol Hill - I can't attribute it - but the Congressional committees concerned felt that 100 years was far too long and they suggested that these corporations should be free of any control from BIA or the Alaska Native Commission or anyone else in 15 to 25 years, and the stocks should then be free. I felt that when I discussed it with other native leaders that 15 to 25 years would not be acceptable to us, and that we would go for 50. This seemed to meet general consensus, and I think I spoke on this subject when I testified before the committee last week.

MR. EDWARDS: The only concept difference between the years 50 and 100 as I understand it is that on one side the argument was that the purpose of the corporation was to try to perpetuate the money and the investments for future investments, and that if the corporation dissolves too soon, it distributes all of the things

that it has to present living members, and the benefits being retained for future generations would be really quite narrow. That's the only bearing element as to how long the corporation should stay in existence. This doesn't require that if you cut it off this happens, but it's seen as a protection for future generations, and whether it's needed or not, the concept is something that is definitely up to the committee and I'm sure it can be negotiated, whatever they think is best.

MR. JACKSON: The next correction which I would like to have made is again changing it to 50 on page 13, line 12. Here we're talking about partial liquidation or liquidation of the business corporation, and the reason for cutting it to 50 years is this is going to be the period/we are going to control this corporation or have control over the corporation. The policy of preserving for a longer period which was mentioned by Kent would suggest maybe it should be for more than 50 years. I think we have to be consistent, though. If we are going to turn these people loose and terminate the controls of the Alaska Native Commission after 50 years, I think it has to be for all purposes.

MR. SASSARA: On page 12, Sec. 230, "Capital", why do you limit the capital to just these three categories of monies?

MR. JACKSON: Well, this can be amended. What I was trying to put across here in this language was that the royalties received by the corporation cannot be passed on to the shareholders as dividends. Ordinarily the corporation which owns royalty interest is permitted to pass on those profits as they are received by the corporation as dividends. Now, the tax treatment, as to whether they are/a return or not . . . is something else again. This in effect says that this is going to be the capital of the

corporation and therefore is not subject to being distributed as dividends.

MR. SASSARA: Now are there other monies that might come from say the federal government? Is it possible the federal government might give them an outright cash grant - that wouldn't be considered part of the capital? Not under this definition . .

MR. JACKSON: I think it should be.

MR. SASSARA: It should be, but it wouldn't be under this language. Don't you think it would be better if it made reference to any funds received from the federal government as a grant or other compensation under the land claims settlement?

MR. JACKSON: I think that would be desirable, and I think the language "the money received from the royalty in revenues received from the outer continental shelf," should be expanded to cover any revenues . . . .

MR. STRANDBERG: What we're trying to do here is on the basis of certain income settle this claim and provide a structure for a native corporation. ....

MR. JACKSON: The way I looked at the way it is left now is just with the feeling that if Congress decided not to go to the Outer Continental Shelf and have some other kind of cash lump sum distribution, a future legislature can amend this section.

MR. STRANDBERG: This was in the original draft.

MR. JACKSON: Yes.

MR. STRANDBERG: And this was approved by the task force?

MR. JACKSON: Yes.

MR. SASSARA: That's not the point. Mr. Chairman, I think it would have been better possibly to have not mentioned the Outer Continental Shelf at all and just say monies that might be accrued

as a result of making a land claims settlement. Congress could very well decide they don't want to give them anything on this Outer Continental Shelf and make an outright cash settlement. Now, we certainly would want that to be shown as part of the capital.

MR. STRANDBERG: You should put or any other federal receipts received as a settlement under the native land claims act of such a date, so that it's tied down. That would be my objection, putting it in too broad, because there might be some other grants by Congress that would not be as a result of the land claims.

MR. SASSARA: No, you would want to tie it directly to the settlement.

MR. JACKSON: I'd have no objection.

MR. STRANDBERG: Will you fix that up then? Let's go on now.

MR. JACKSON: The next problem comes up under taxation. I have no serious objection to the language that is now in the bill. I thought that we might use a little different approach, because I had hoped to have b, c, d, and e redrafted by someone who really knew tax law, but we were never able to get this done. It was suggested to me by Washington counsel that since our income tax laws were taken from the federal maybe what we should do is adopt by reference the federal income tax treatment, and then say that we will treat the income and so on the same way the federal government does in federal income tax.

MR. STRANDBERG: This is an amendable section, isn't it?

MR. JACKSON: Yes, it is amendable.

MR. STRANDBERG: I wouldn't see any reason for changing it if this is a section that can be amended.

MR. JACKSON: I'll simply read the amendment to you and you'll see what I'm getting it - not so much that you adopt it but because I think the theory involved is important. "Income received by the corporation and by its shareholders from the corporation shall be taxable under the state income tax laws to the same extent as taxable by the United States. Except as otherwise provided in this chapter the corporations and the individual shareholders shall be taxable to the same extent and in the same manner as other business corporations and other individuals in the state are taxed." This includes business license taxes, it includes payment of sales taxes and so on. I'm not saying you have to adopt this amendment. I haven't even made copies of it for that reason. Rather than hold up the bill, let it go through with the language that is now in it.

MR. STRANDBERG: Well, of course I think that the important part here rather than trying to tie down any method of taxation, the important thing here is to have in what's included and what's excluded. Then when we see what the federal bill does, this section could be amended. There may be reasons for not having this tied down to federal income tax. We may not be with it all the time. . .

MR. JACKSON: I have two other possible amendments the committee may wish to consider. One makes it clear that this act expires 50 years after the effective date and the corporations created under the chapter continue to exist but are governed under ordinary Alaska business corporation law. And if you want such an amendment, I have appropriate language. It is non-essential to the bill.

[there was discussion relative to the amendment - final opinion seemed to be that the amendment was unnecessary, but Mr. Jackson felt its value was that it would help the bill in Congress]

MR. JACKSON: The final possible amendment I have for you is if we are going to recognize temporary withdrawals around some or all the native villages by the Secretary, a key to that program working out is the State assist the villages in determining what lands they ought to ask the SEcretary to withdraw for them. If we do do that I think it ought to be recognized in the bill so that there would be some authority for the state to spend money to . . .

MR. STRANDBERG: Wait a minute. We went into that, and the final suggestion was to stay out of that, isn't that right, Kent? We decided just to stay out of that. That's a federal problem and we say we're going to stay out of that, we're not going to select any lands in that area, and we leave it to the federal government to take care of that portion of it. They're supposed to pass an act which is an attempt to settle the native land claims, so that if we stay out of that, there is no reason why the state should get mixed up in anything regarding the monetary part of selecting it. We say if they pass it, they should take care of that section. . . .

MR. JACKSON: Well, within the area that's open for state selection the state is free to select those lands from now on out as soon as the land freeze is lifted. The only comeback that the village people have is in the exchange in lands.

MR. STRANDBERG: The only thing that I can see that has to be worked out is this problem with Minto and Nenana, if we assure them that they will get the equivalent of the land they're entitled to under the federal act, and that it be in as acceptable shape as possible. Now maybe there's some way that that can be worked out. We didn't talk about that. The only thing we talked about when we

talked to those natural resources people was the one idea, but I just can't see, and I've worked on this thing as you know quite a bit, I can't see us getting the state into this mess, getting into a variation of the federal act. It's a federal problem, and what the state's saying here is we're willing to put up \$50,000,000 for a 50 year period to get the land freeze lifted. We're waiting for the federal act to come out. Then, we say we're not going to make any selections in any areas except as outlined, so that leaves it up to the federal government if the federal act passes.

. . .

MR. SASSARA: What happens if the federal government doesn't do that and these people are left to their own resources to make these selections.

MR. STRANDBERG: The federal government most assuredly is not going to pass an act when they're dealing with federal land, and selections under a federal settlement, they'll surely provide funds for making these selections.

MR. SACKETT: Barry, were you talking about temporary withdrawal or permanent?

MR. JACKSON: Temporary, only for the purpose of getting into the non TA lands.

MR. SACKETT: This is for the next six months.

MR. JACKSON: Well, it would be pending the passage of the federal act.

MR. JACKSON: I am mostly concerned here about the villages within the area the state will be able to select as soon as the land freeze is lifted. I'm concerned with preserving some lands for them, before the federal act is passed.

MR. STRANDBERG: Well, the provisions as outlined here says

for eighteen months they're not going to select any land.

MR. JACKSON: Outside of that area. I'm concerned with the villages in that area.

MR. GROH: Mr. Chairman, the bill provides I think that the land freeze has to be lifted throughout the state within six months by Sec. 140, so the eighteen month period is not applicable to the land freeze in general. It's only . . . all the eighteen month provision says is that the state will not select outside the rail belt area for eighteen months, so from the standpoint of my clients, and I realize that legislation can only come through compromise and through discussion, but from the standpoint of the people that I represent, Section 140 which I understand is on page 7 of the draft and says that the native people of Alaska have to convince the Secretary of the Interior to remove the land freeze by October 10, 1968, or they don't get any state royalty, I think I would have to advise, at least so far as my clients are concerned, I would have to tell them that I don't think that is practically feasible. I don't think that anyone in this room or this state, no matter what we do in a six month period, is going to convince the Secretary of Interior to lift the land freeze absent the passage of a federal act, and I don't think the federal act is going to pass within six months. I'd like it to pass tomorrow but I don't really believe it's going to pass, and from my clients' standpoint, I really for that reason don't think that this bill means anything, because I don't think you're ever going to pay the first nickel on it. I honestly don't believe you are, and I don't think that anything is going to happen from it, and I'd like for just a moment, if I may, talk about the history of this land claims task force, and I've followed all the meetings and I'm sure you've

all heard this before, but the original requests of the native people and what came out of those task force meetings was far different than what this bill is. It's hardly recognizable. The original bill said 5% of all proceeds of all monetary revenues received by the state from the sale, exchange or other disposal of lands including submerged lands and tidelands as well as all federal revenues from federal lands that the state gets. There was no time limitation. There was no limitation as to amount, and now we have a time limitation to 50 years and an amount limitation of \$50,000,000, and if you assume that there are 40,000 native people in the state, that's \$1250 per capita over a 50 year period; if you assume there are 60,000 that's \$833 per capita over a 50 year period; if you assume there are 80,000, which I think there are, that's \$625 per capita over a 50 year period. From the standpoint of the people that I represent, I don't think that's acceptable. This bill is far different - far different - than the task force ever agreed to.

MR. EDWARDS: The whole concept of this bill is trying to make sure that that is no just words, that it is meaningful, that a land freeze has to be lifted so that the state can start selecting land again.

MR. GROH: Well, let's assume for the purposes of discussion that all 80,000 native people in the state as defined in this bill went to Washington and went to Udall and said Sir, lift the land freeze, please. We all consent. And he says I'm not going to do it because under the law I am your Guardian and I am obligated to protect you, and as far as I am concerned I'm not going to lift the land freeze. If that occurs, this bill is absolutely meaningless.

It doesn't achieve anything as far as the native people are concerned. I think there is reasonable probability that in fact he will say that. That's no reason to penalize the native people of the state if you assume that out of the 365 million acres in the state, 103 million of which was granted to the state in the statehood bill, if you assume that the native people have any interest in that land on the basis of aboriginal use and occupancy then it seems to me, I think is as a matter of fact established, I think that the state has a separate obligation to settle with the native people, and I respectfully submit that this bill does not accomplish that.

MR. EDWARDS: Mr. Chairman, if I may respond to that, I think that this bill in no way penalizes the natives. This bill is intended as an example setting for the federal government to show them that the state is concerned and the state is willing to put out \$50,000,000 or whatever comes out under this bill, that much money, to show that the state is willing to try to help solve the problem and to show that the state is willing to try to restrict the areas of its selection so that the majority of the native villages can get land around their villages, and the state is saying that we have another problem, is that you are holding back the economic development of our state, Mr. Secretary, by having this arbitrary land freeze over the entire state of Alaska, and if you want to continue doing this, you realize that you're doing it now at the cost of benefits being given to the natives of the State of Alaska. If he doesn't think that's reasonable, and if he thinks he should still continue it because he's being a better protector, well then that's his decision, but I can't see how because of passing a piece

of legislation that says if he will become reasonable on this thing and try to help a solution that the natives can get up to \$ 50,000,000 that they're being penalized.

MR. GROH: Well, because it's a practical matter. If all you want is our cooperation, why don't you extend the 6 month period to 18 months and we'll cooperate. We'll cooperate with you at 6 months and we'll cooperate with you at 18 months. To have the land freeze on the state of Alaska for another year and a half or two years would just be an economic disaster, but don't you see. Mr. Chairman, we have no control over that. We don't have any control over whether the land freeze continues or not.

Adjourned: The meeting was adjourned until 7:00 a.m. the following morning.

HOUSE FINANCE COMMITTEE

April 3, 1968

7:00 a.m.

Present: All members of the finance committee were present, except Mr. Ray. Also present were Kent Edwards, Barry Jackson, Clifford Groh, and Representative Hensley.

Mr. Strandberg opened the meeting, a continuation from the previous evening, and Mr. Jackson was given the floor.

MR. JACKSON: I've been thinking about the problems over the night. The problem here is that the task force attempted to come up with a compromise solution which they thought was acceptable in principle to both the Interior and the state, and in the course of that compromise solution they gave away a great deal of what they felt were the native rights in Alaska. That solution proposed that the freeze would not be lifted until 6 months after federal act passed. This was the earliest that we could see it could be done, and make a reasonable procedure to protect the villages in the meantime. We advised both the Interior and Mr. Boyko that we were willing to consider an earlier method if it could be worked out. Mr. Boyko came up with the idea of six months after the state bill being adopted together with a crash program on the part of the state to assist the villages in determining what were their key lands and advising the Secretary of the Interior that these were the key lands and that he could temporarily withdraw those lands, and that this would be satisfactory to the state, and that is in the original bill that went down. Now, we have come up with what was an attempt by the administration in good faith to reach a different approach, and that was the agreement not to select in the north and in the west for a period of eighteen months. Incidentally, that 18 months comes up, and I get conflicting reports, I am told <sup>that</sup> the Division of Lands

or Resources has no intention of selecting lands in those areas for 5 years, and I was advised by Don Wright, of the Cook Inlet Native Association that two or three years therefore would probably be okay in the bill. However, when I discussed this with Kent the other day, he said it was his understanding that it would only be for one year, and I said that would be far too short, how about 18 months. The more I think about it, the more I think 18 months is far too short. However, this can be a valuable feature in reaching a solution . The problem I run into is that within the villages inside this area they now have no protection whatsoever. Most of the good land has already been selected in these areas. Most of it except for 3 1/2 million acres has gone to at least tentative approval and there have been many 3rd party interests created, in at least all of the land which has apparent economic value at this time. There's not much left in those areas for the villages to select and now we're going to say that they have to give up their rights to any remaining lands whether they have been selected and not TA'd or even TA'd and no 3rd party interests, and we've got to open up the rest of the land around their villages for future state selections, where it's likely to be a year or two years before Congress can pass a bill. Fore these reasons, I cannot accept the proposed committee substitute unless there is a provision for some type of temporary withdrawals for the villages. I suggest 500 acres per person within the area of occupancy of the villages, primarily for those villages within the so-called rail belt area, but it's got to be because otherwise I have to advise my clients that there's nothing in it for them in this settlement, and there's nothing in it for them for another reason, and that is that if in the course of compromising this out, the task force proposal to the

state eliminated the Sec. 28 lands, the federal leasehold lands, because - well, there were a number of reasons for it - but first of all, they were trying to reach a compromise position. We did include the submerged lands because we knew it was a major revenue source in the future, and it is today, but we also excluded existing contracts and leases on the tidelands and submerged lands as well as the state selections in order not to have any impact on the state's general fund. Now, however, the tidelands and submerged lands have been stripped out of the proposed committee substitute, and any examination of the funds that will be received off the other lands in the future, lands which are not now under lease would show that it's going to be a pittance for at least 10 to 15 years, so my clients are giving up their rights to challenge state selection, not only future state selection, but existing state selection, on all of their lands in return for a pittance somewhere in the future which maybe they'll get, and it's not a guarantee of \$50,000,000. Next, I have no objection to a limit being placed on royalty, and 50 years I will not object to, but, when we put a maximum limitation on the state royalty it gives great ammunition to the Bureau of the Budget which intends or would like to put a maximum dollar figure on the Outer Continental Shelf royalty which is supposed to be granted under Secretary Udall's proposal to the natives. Now, there already is under the Outer Continental Shelf royalty a year limitation. It's 25 years excluding years of less than \$1,000,000, and it's 10% for 25 years. With a maximum dollar figure on state royalty, especially when it's combined with rather limited source of revenue for this 50 year period, I cannot accept it. These things have to be in the bill somehow. I'm not saying how it's going to be in. I'm willing to compromise and work this out, but I can't

go back to my clients and say we've been fighting for all this time to save some of your lands for yourself, and now there will be none but you may get some money sometime in the future, and maybe we'll be able to get some land from the federal government in the future if the state hasn't selected it all or patented it all. It's just too far, Mr. Chairman. This has been a process of compromise, but as far as I'm concerned, the natives have been doing 90% of the compromising from November 1, and it's just gone beyond the point of compromise for us. I'm willing to work this out in a responsible manner, but I cannot accept the bill as it's now written. Now, I realize there are problems and I'd be willing to answer any questions or help any way I can.

MR. STRANDBERG: Let's get one thing clear. Mr. Edwards is representing the Governor. There's been a lot of meetings and a lots of discussion. However, I want to make it clear that if there was ever any impression that the previous statements made were necessarily his policy, I want to clear it right up. Any compromise that you've reached has been with the Attorney General and the task force and not with the Governor. He's animate on one thing, and that is lifting the land freeze. This question of the land within the areas selected, I feel that the general idea there is that we are not going to give up any lands that we've already selected, but that doesn't rule out some alternate compromise or some assurance for the villages that the villages will be protected, with the possibility of selecting alternate state land if the federal government will do this then the state will do that - I don't say that that area couldn't be compromised, but you don't you agree that as far as the October 10 deadline on the land freeze, that's a must? -- And the exclusion of the other royalty

provisions are a must. We can work out some of the rest of it. I would suggest that we try to get together with Kent and see if we can work something out, but this committee is not the place to work out the technical details of some type of compromise. I don't think we are going to gain anything by continuing this hearing at all.

[after further discussion on reworking the bill, Mr. Miller asked Mr. Jackson what specific points of the bill are no longer acceptable to him.]

MR. JACKSON: I tried to outline them. I'll go through those again. I'd like to say one other thing, Mr. Chairman. At one point the task force was thinking of not trying to get a state royalty and not trying to lift the land freeze early but just leaving this in the hands of Congress, and the state bill in that case was going to consist of provisions for the state corporation solely, in order that if the federal government did make their settlement the natives would have state corporations not under BIA to handle the money, and if it ever comes down to this I would like to see at least those provisions go through. Then we came up with the idea that maybe we could provide a state royalty in return for the natives saying in essence to the state will waive our rights to object to state selections as long as you give us some limited area. If we can work this out, fine. If we can't, then we might just as well strip those parts out of the bill and put through the parts of the bill which I think are acceptable to everybody, the corporation provisions, which are the essential feature of the federal settlement. Now, to me the most critical areas are the questions of temporary withdrawal around the villages of some kind, and assistance to the villages in making those.

MR. STRANDBERG: Now Barry, I want to argue with you a little.

# **CORRECTION**

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