

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2480

HOUSE FINANCE COMMITTEE MEETING  
Thursday, March 13, 1969  
9:00 a.m.

Present:

All members.

HOUSE  
BILL 166

Mr. Hohman moved and asked unanimous consent that the committee consider HOUSE BILL NO. 166 (Michael Murphy Scholarship). No objection so ordered.

Mr. Hohman then moved and asked unanimous consent that HOUSE BILL 166 be reported out with a "do pass" recommendation. Mr. Borer objected and signed the report "no recommendation," while the rest of the committee signed "do pass."

HOUSE  
BILL 40

Mr. Haugen moved and asked unanimous consent that HOUSE BILL NO. 40 (relating to the purchase of fish by the pound) be considered by the committee. Mr. Hohman objected briefly then withdrew his objection. The committee discussed briefly the fines involved and Mr. Haugen moved and asked unanimous consent that the committee adopt the Resources COMMITTEE SUBSTITUTE FOR HOUSE BILL 140. No objection so ordered.

It was then moved and unanimous consent asked by Mr. Haugen that Resources CSHB 140 be reported out with a "do pass" recommendation. There was objection and the bill was reported out with the following recommendations:

"do pass": Messrs. Hohman, Sackett, Borer, Haugen and Bradner

"no recommendation": Messrs. Ray and Croft

There being no further bills at this time, Mr. Ray announced that the committee would review the budget for the Department of Economic Development.

Dept. of  
Economic

Development:

Present from the Department of Economic Development were Mr. Frank Murkowski, Commissioner; Evertt W. Bunes, Deputy Commissioner; Larry Dinneen, Director of Industrial Development; Mike Miller, Publicity Director of the Travel Division; John Kent, Administrative Officer; and Ted Borden Deputy Director of Industrial Development.

Commissioner's Office

Personal

Services:

Mr. Ray said the Department requests an increase of \$7,200 from \$113,400 to \$120,600 (6%). Reclassification of the Deputy Commissioner, \$492; and Administrative Officer II to Administrative Officer III, \$792; \$408 increase for messenger II; \$408 increase for Clerk I; which makes a sub-total increase of \$516. Mr. Ray said if you add increased employee benefits of \$2,138 and reinstatement of one-half of the vacancy and turnover factor, \$2,200, then you have the Governor's allowance increase of \$5,000 for a total of \$118,400. Mr. Ray said the subcommittee recommended the figure be reduced (\$2400) to \$116,000. Mr. Ray explained they would put back the vacancy and turnover factor. Mr. Murkowski explained that they have to hire more temporary employees. He explained that the work load picks up in January, February and March and they utilize these funds to pick up these items. Mr. Croft asked what step the employees are budgeted at and Mr. Murkowski said Step C. Mr. Murkowski further explained that the office is averaging 700 to 800 inquiries a day. Mr. Kent gave the statistics on the number of inquiries and said these are unanticipated increases of over 100% in inquiries.

Mr. Kent said next year this could jump another 50%.

Travel:

Mr. Ray said the Department requests an increase of \$3,200 from \$13,000 to \$16,200 (25%). Increases in all categories are requested but the Governor's allowance of \$14,000 provides a \$900 increase in outside travel and \$100 in outside per diem. He said the subcommittee recommends a reduction of (\$1,000) to \$13,000 which is the same level as last year. He said the subcommittee believes the Los Angeles trips and the San Francisco trips can be coordinated and the Seattle and Portland trips can also be coordinated.

Mr. Murkowski said that the justification for travel is something that is hard to put down in detail. Mr. Murkowski said that he was sure the committee was aware of the Los Angeles Trade Fair and he felt that they should be doing three or four of these a year. He said there are about 30,000 people a day going through the Fair and as far as the cost of travel there is no question about the return to the state. He added that he did not feel the state was doing enough in this area.

Contractual  
Services:

Mr. Ray said the Department requests an increase of \$7,100 from \$23,400 to \$30,500 (30%). Increases of \$1,700 in equipment rental for proportionate share of MTST and Xerox, and \$4,300 in professional fees for consultant services and travel expense at the state's invitation provides the majority of the increase. He said the Governor's allowance is \$30,100. The subcommittee recommended the figure of \$6,000 for code 380, with a final figure of \$28,100.

Mr. Murkowski said he would like to remind the committee that Economic Development is the only department which shows an over-all reduction of approximately 10%.

**Commodities:** The Department requests a \$600 increase from \$2,000 to \$2,600 and Mr. Ray said the Governor's allowance approved the figure. Mr. Murkowski said the over-all increase in inquiries was the reason they asked for this additional \$600 and so Mr. Ray said the subcommittee would approve the \$2,600. After a brief discussion on this, the final figure was reinstated at \$2,600. Mr. Croft commented that actually the Department isn't asking for less, the Governor has cut this budget and Mr. Murkowski said this was right.

**Equipment:** Mr. Ray said the Department requests \$350 for a new typewriter and \$450 for a dictating machine. The Governor's allowance approved the figure of \$800 and the subcommittee recommended no change.

**Inter-Agency Charges:** Appropriations of \$4,600 for Central Duplicating Service and \$3,000 for E.D.P. for a total of \$7,600 have been requested by the Department, Mr. Ray said and the Governor's allowance approved. Mr. Ray said the subcommittee recommended that both figures be broken out for compilation in a master list at a later date.

Mr. Borer asked how the central duplicating was working out and Mr. Kent said they were happy with it but felt it could be improved by adding more sophisticated equipment.

**Branch Office Anchorage** The Department requested an overall appropriation of \$29,900 to set up this office. The Governor's allowance approved the request and the subcommittee recommended no change.

Branch Office  
Fairbanks

Mr. Ray said the Department requested an overall appropriation of \$32,400 to set up this office. The Governor's allowance denied the request and the subcommittee recommended no change. Mr. Murkowski said that he felt that because of the increased activity on the North Slope this office at Fairbanks should be allowed. He said the contacts in this area were numerous and the development inquiries were hard to handle from Juneau. He mentioned the development of the Interior Forest in regard to the timber industry and said this is largely a matter of getting large lots put up for sale. He said it was impractical to send people from Juneau to Fairbanks because of the loss of traveling time. He said this is a situation that if it doesn't come now it has to come next year and he feels that the time to open this office is now. Mr. Bradner asked what type of contacts would be made in this office and Mr. Murkowski gave an example of three major Japanese organizations interested in the possibility of pulp mills. Mr. Murkowski said that their job is promotion and this is about 90% of their effort. Mr. Bradner asked if some of this wasn't being performed by the University of Alaska. Mr. Murkowski said the University is involved in research and the Department is involved in promotion. He said the University is doing an in-depth study on the economy of Alaska and the Department's area is contact with possible investors.

Industrial Development

Personal  
Services:

The Department has requested an increase of \$9,400 from \$195,300 to \$204,700 (5%). Reclassifications of the Director, \$1,092; Deputy Director \$1,224; Clerk Steno, \$696; Clerk Typist \$60; and Development Specialist \$168 plus reinstatement of one-half vacancy and turnover factor of \$1,700 makes up the request, Mr. Ray said. New positions of Dev. Spec. Oceanography and Dev. Spec. Art and Crafts totalling \$31,000 have been denied by the Governor's allowance which is \$204,400. Mr. Ray said the subcommittee recommended a disparagement in the Governor's allowance figures on page 39 and the Department request. The Department requested a decrease of (\$21,700) to \$173,600 but the Governor's allowance increased the figure to \$204,400 making apparent errors on line 4 of \$15,672 and line 10 of \$12,876. Assuming these are not errors but actually approval of two new positions, Mr. Ray said, they find the method of entry highly irregular. Mr. Ray said the subcommittee also recommends increasing the vacancy and turnover factor \$1,800 to \$3,500. The subcommittee also reserves the recommendation of another decrease of (\$31,000) until explained for a total possible decrease of (\$34,400). It is further noted the requested transfer of two positions was denied by the Governor's allowance which probably explains the difference.

Mr. Murkowski said the Department had asked for an Economic Information Division which was disallowed. He said this is the manner in which they reinstated these positions after they had deleted them to put them in the Economic Information Division. After a brief discussion on this, Mr. Ray summarized that the Department is actually getting the same 14 people with increases in reclassification. Mr. Ray questioned this reclassification in view of the fact of the pending state employees' pay raise. Mr. Ray specifically questioned the reclassification of the Director of Industrial Development. Mr. Murkowski explained that the Director of the Travel Division was at a higher range and as the two directors are both involved in the same level of work it was felt they should be on the same pay scale. He also added that the Director of Industrial Development now has a much broader area of responsibility.

Travel:

Mr. Ray said the Department has requested an increase of \$5,000 from \$23,000 to \$28,000 (23%). The Department request has been predicated on the establishment of a new division and new personnel (oceanography). Since this reorganization has been denied the Governor's allowance has reduced the Department request (\$4,800) to \$23,200. Mr. Ray said the subcommittee recommended that they reluctantly agree with the Governor's allowance, subject to reconsideration.

Contractual  
Services:

Mr. Ray said again this is a budget preparation predicated on the establishment of the new division which was denied.

He commented on Code 320, printing of industrial promotion brochures, pamphlets and reports for industry both in and out of the state. These would include but not be restricted to specific industrial programs based on one or more resources.

Mr. Murkowski noted that the figure (1) referring to Code 320 (Budget & Management showed the 320 figure for rent in Juneau and Anchorage) was added by Budget and Management.

(The following explanation was not given to the committee on Code 380 (Federal Grant for State Technical Services Program, \$41,000) but is inserted for the edification of the members:)

The \$41,000 is the anticipated federal funding and no state funding is needed. The state's participation of 25 percent is realized by utilizing the present staff of Industrial Development to carry out the STS program. This money is used, e.g., to bring research personnel into the state to hold seminars, four of which were held in the past year on subjects ranging from plastics, peat, to hydroponic farming (growing things in water).

Mr. Murkowski called this an in-kind type of funding where no general fund money is used, just the services of his staff. Mr. Croft asked what the Department would lapse this year and Mr. Kent said less than 5 percent and added they are running very close to their budget. Mr. Croft asked what

caused the lapse last year and Mr. Murkowski said they had difficulty in finding personnel, and Mr. Dineen interjected that they were unable to start the Industrial Development Program until November, which accounted for some of it.

Mr. Murkowski explained the lapse in the Travel Division, saying they didn't feel they could rely on the information they were getting from the IBM in Administration, and though they tried developing their own figures for purposes of knowing where they stood, it still was not satisfactory.

Recess:

The meeting recessed at 9:55 a.m.

AFTER RECESS  
10:20 a.m.

Dept. of  
Economic  
Development  
(contd)

Mr. Haugen was absent.

The Department requested a \$1,000 decrease predicated on the new division, which was denied, so Governor's Budget Review Committee re-instated it under this Code.

Equipment:

Mr. Ray said the Department request of \$800 is for two typewriters, with subcommittee recommending no change.

Grants, Claims  
& Shared Revenues:

The Department requested \$100,000 for the Regional Development Loan Fund and this request was denied. Mr. Murkowski told the committee that this was the fund for the Small Business Development Corporation which is a loan program administered by the Department of Economic Development. He said, currently, they have made one loan to the Greater Anchorage Development Corporation in the amount of \$58,255 for relending to: Glenn Rich Motel, Ridgeview Manor, Kailof Marine and Ship

Ahoy Lodge. For the benefit of those members not completely familiar with the Small Business Administration 502 loan program, Mr. Murkowski summarized it by saying that when a person or company has obtained a SBA 502 loan, his department can take part in this loan through the local development corporation, mainly because some of these small towns simply can't come up with the whole amount. SBA will loan 80 percent and theoretically the local corporation will raise the other 20 percent but through the state, the Department can put up 50 percent of the 10 percent which in turn stimulates the local participation, according to Mr. Murkowski. He said they secure their loans with second mortgages, with, of course, SBA getting the first mortgage. They have pending applications of \$74,000 out of the current funds, but if the program is not funded, then they will not be able to process these applications. He felt that these loans create a stimulus to the communities to get involved in some of these projects which are somewhat of a high risk nature. He said it was interesting to note, however, that every loan they had made to date is current, with no one ever missing a payment. When Mr. Ray suggested this program be combined with the one handled by Department of Commerce (Alaska Development Corporation) Mr. Murkowski was quick to point out that this was an entirely different type program -- his program brings in 80 percent federal funding, while the Alaska Development Corporation is funded entirely by the state. He commented

on the fact that he personally thought all of these loan programs should ultimately come under one area. As it stands now no one person is responsible, there is no one who has overall familiarity with credit, insurance, etcetera, and he thought the state had enough loan programs in operation now to warrant putting this under one "roof." Mr. Ray admitted this was a problem.

Mr. Ray commented on the reindeer and agricultural program, saying this is the reindeer slaughter house in Nome and the pea picking program.

Mr. Hohman discussed an economic development project for the bush area. This concerned a fishing project on Univak Island.

Mr. Hohman said there is halibut of a commercial value and the people are asking for about \$3,000 to get this started.

Mr. Murkowski said this program could not be utilized for such a program, because the amount of money involved is too small for the SBA 502 program. Mr. Ray thought this should be handled by the Rural Development fund, and said to make the note of this in <sup>the</sup> Rural Development budget.

Mr. Murkowski said that he was sure the committee was aware of the Look North publication by his department and felt this was an excellent promotion item for Alaska. He mentioned the publication How to do Business in Alaska and gave a brief description of some of the other publications, along with the scope of their activities. One problem they have had with their publications is the various tourist groups

buy them, and money goes into general fund, so they are unable to reprint these. Mr. Ray informed Mr. Murkowski if he was asking for an increase that the procedure is that this must be approved by the Governor. Mr. Ray wondered if he did ask for an increase how much it would take to cover this area with a maximum effort. Mr. Murkowski said in this particular effort of publications that they could do a pretty good job with the money allocated but in the area of films they are weak. He said they need a tourist film and an industrial film which would cost \$60,000 (\$30,000 a piece).

#### Alaska Travel

##### Personal Services:

Mr. Ray noted the Director and Deputy Director had been reclassified.

Mr. Miller said in regard to the Convention Specialist that if he were obtained, one convention could pay for this position. Mr. Murkowski said they couldn't find a man that will take this job without having a promotion fund to work with. Mr. Ray said it should be noted that the vacancy and turnover factor of 2 percent will be approximately \$3,500.

##### Travel:

This showed an increase of \$2,100 requested and the Budget Review Committee allowed a \$600 increase. Mr. Ray asked about the possibility of covering some of the events listed by correspondence and Mr. Miller that this isn't really satisfactory. He said in the past they have contracted with someone in the local area to cover these different events.

He explained to get the real flavor of a story you have to be there and work with the people. Mr. Miller said they can do more good in three or four days by talking to people than they could if they corresponded and sent literature. He said they do, however, follow up these contacts with literature. He added that the travel business is a very personalized business.

A brief discussion followed on the travel agents and the fact that most of their transportation is paid to these events.

Contractual  
Services:

Mr. Ray asked for an explanation of the various increases and decreases under this code which resulted in the Budget Review Committee allowing \$403,200 versus the \$375,000 for FY68-69. Again, literature (Alaska Recreation Guide, How to See the Real Alaska, etc.) was passed out to members to show the results of money expended in this area. Mr. Ray questioned the \$50,000 under Code 320 for brochure printing which was specifically earmarked for Marine Transportation. He felt this should come under inter-agency charges and the Department should be reimbursed by Public Works. Mr. Kent said this was the method that Budget & Management wanted them to use. Mr. Ray said the committee would check this out and see about transferring the charge to Marine Transportation. Mr. Murkowski said that \$25,000 of this is an expansion in the media advertising program. Mr. Croft asked why the Governor gave them more than they requested, and Mr. Murkowski referred to the \$50,000 put in by Budget Review Committee for Marine

Transportation brochures; however, they were cut \$25,000 on the request (under 320) for national media advertising and public relations.

Commodities: Mr. Ray said this was a decrease of \$2,800, from \$33,500 to \$30,700.

Equipment: Mr. Ray said the requested increase was disallowed, and this was kept at the same level of \$2,500.

Grants, Claims  
& Shared Revenue:

Mr. Ray asked what the tourist matching grant was. Mr. Murkowski explained this is matching funds for community projects for tourists such as benches, repairing totem poles, etcetera. Mr. Miller explained this was to go to support such organizations as Chamber of Commerce or other non-profit organizations and they had to limit this to \$500 for any one group.

Mr. Miller mentioned the importance of providing tourist information in Prince George. It was stated that it was impossible to find out information in Prince George regarding ferry schedules, road conditions etcetera. Mr. Miller added that this is where many tourists decide whether or not to come to Alaska via the Canadian Highway or the Alaska ferry system so it is vital that they have a place for tourists to get this information.

Inter-Agency  
Charges:

Mr. Ray asked about the \$6,900 for Division of Buildings and Mr. Murkowski explained this is for the Tok facility.

Economic Information  
Division

This division has been disallowed by Budget Review and the subcommittee recommends no change. Mr. Croft asked for comments by Mr. Murkowski on what he had in mind for this division, and Mr. Murkowski elaborated on this for the benefit of the committee. He said in the Industrial Development Division staff its primary objective is in the promotional field, but they are now trying to get the "ball rolling" on various facilities available, contacts with interested investors coming in with more travel facilities, etcetera. Specifically, this division would put together and make detailed analyses of how many tourists, where they come from, etcetera, in the area of economic development research. He said it is an area where they want to do a feasibility study. He said they are requiring more and more sophisticated information and wanted the Economic Information Division to be a start. He added, with a state as sophisticated as Alaska, they have only one economist. A lot of material is available from the University of Alaska but what they are attempting to do is not.

Centennial  
Commission:

This program no longer exists.

District  
Development

Mr. Ray asked why the \$96,000 in this area couldn't be used in some other part of the program. Mr. Murkowski said they are presently held up by the Department of Administration and they have been advised they cannot utilize those funds for any other purpose as it was in legislative intent. The federal had funded half of it but they could not go ahead on that basis. Mr. Murkowski said the new program is designed for the bush country where the state participated 25 percent and the federal government participates 75 percent. He said they are still in the process of negotiating this with the federal government. Mr. Hohman said all they had to do is to re-establish legislative intent but Mr. Murkowski said the federal government is holding the funds back. Mr. Ray asked why they couldn't put this in Rural Development and Mr. Murkowski said it is strictly for this particular program and they hope a portion can be utilized in a new program.

Recess:

The meeting recessed at 11:25 a.m.

HOUSE FINANCE COMMITTEE  
Thursday, March 13, 1969  
1:30 p.m.

Present:

All members were present. Also present were Senator Blodgett, Representatives Kerttula and Fink, Claude Millsap, Director of the ABC Board, ABC Board members Duan Hall, Tom Brink, and Michael O'Neill, Carl Sullivan representing the Anchorage Cabaret and Bar Owners Association, James Rhodes, from the Attorney General's Office in Anchorage acting as consultant for the ABC Board, and Brooks Hanford, representing Alaska liquor wholesalers.

HB 213

Chairman Bill Ray called the meeting to order and read to the committee a telegram from Lt. General R. A. Breitweiser, pertaining to HOUSE BILL NO. 213 (An Act to repeal tax credits for purchase by military instrumentalities). General Breitweiser, in the telegram which is filed in the House files, said that he is opposed to the enactment of this bill and stated it would result in the Military in Alaska purchasing and importing alcoholic beverages from outside the state. Representative Fink said that he introduced this bill per recommendation of the Tax Study by Peat Marwick, Mitchell and Company. According to the study, he said, there are states where the Military pays the state tax as well as those where they do not. During the past year Armed Forces sales accounted for credits of approximately 17% of liquor excise taxes. Mr. Fink said that it seems to him with the various benefits enjoyed by the Military in the state, they ought to at least be willing to pay appropriate taxes. They pay other taxes without complaining, he noted. He said that

if this bill passes and the Military refuses to buy alcohol inside Alaska that he will do his part in getting Alaska's congressional delegation to go over the Military budget and determine how much they are spending on flights back and forth to carry alcohol. He said that he personally feels that it is a big bluff, and that after a few months buying liquor outside they'll go back to buying from Alaska dealers. Mr. Ray asked if they have an estimate on what would be gained by this, and Mr. Fink said \$636,754 would have been the amount this year. Mr. Sackett asked Mr. Millsap if there would be any security measures his Division would have to implement if the bill passed. Mr. Millsap said that they would have to "beef up" considerably their enforcement agency personnel. He said it would create an enforcement problem. Mr. Ray said it is the belief of some people that certain tax free liquor is being taken from the military to the general public and Mr. Millsap said that although he has no definite proof but he would say this is definitely happening, especially in Anchorage and Fairbanks. Mr. Ray asked if there is any indication that this is going to minors, and Mr. Millsap said that he has no proof but thinks so. He said that the ABC Board does not get into the specifics of arrests of minors in bars. In response to a question by Mr. Fink, Mr. Millsap said that it is a possibility that the military would not pay the tax and the wholesalers would be cut out, both. Mr. Fink asked if Mr. Millsap felt this would or wouldn't increase the tax income on liquor and Mr. Millsap said that he couldn't say. In response to further questioning, Mr. Millsap said that he has reason to believe there is some liquor flowing to Military

bases on a direct basis, although the wholesalers have denied this. Mr. Ray asked if a civilian person working or living on base can buy liquor tax free and Mr. Millsap said that he believes that they are allowed all the privileges of the military on base, but that the law specifically states that the privileges of military tax free alcohol is only for the military. There is sufficient threat of legal action to make it unattractive for civilians to bootleg tax free liquor. In response to questioning by Mr. Kerttula, Mr. Millsap expressed the opinion that the military does far more for Alaska than for the other states, and spend more in Alaska than any other agency. He said he thinks they should be left alone for the time being. Mr. Ray read a letter from a local dealer in the Anchorage area which stated in part "As you know the military buy about 16% of the State total Liquor State tax free. My guess is locally the Military buy about 30% of the total volume. The Military underbuys a local liquor dealer on tax alone 80 cents a fifth. \$1.00 a quart, \$2.00 a half gallon. Even with this difference I often undersell the Military and get a few pennies for myself and the State Tax for Alaska. Any raise in the liquor tax, which is already the highest in the U. S. A. , will remove my Military customers and deny the State the Revenue from Military sales. I feel there is a strong possibility that for this reason alone total Liquor Tax collections will go down instead of up. The above of course applies also to other Liquor stores in towns near Military Bases. It is an unfortune that we Retailers faced with the above situation are in conflict of interest with the Liquor Wholesalers - mainly Odom. The Military does not have to buy from Alaska Wholesalers. Accordingly most Wholesalers have put on pressure to keep the Military State-Tax-Free. A lot of hankie-pankie goes on with the Military sales. Recently two Wholesalers (with no raise to them) raised the price on 7 Crown, Seagrams VO and Canadian Club way up just before Christmas. I now find the local Military (not including State tax) underbuying me about \$6.00 a case on VO and Canadian Club. Add the tax and they are underbuying me over \$1.30 a fifth. This raises the question of whether the Wholesale works for the State of Alaska and the Taxpayers or is deliberately trying to keep the Military happy at the expense of the Alaska Taxpayers. (A case of VO fifth costs the Wholesaler about \$45.00 to \$47.00 FOB Seattle."

Mr. Ray asked Mr. Hanford is this is a correct picture, and

Mr. Hanford said that the man who wrote this letter has a grudge against the Military. Mr. Hanford said that the Military accounts for 18% of their business and they don't want to lose it. Mr. Fink asked Mr. Millsap if he doesn't think the Military provides the same services to other states as to Alaska and Mr. Millsap said no.

Mr. Hanford stated that to his knowledge there is no alcohol being brought in/directly at this time.

After considerable discussion trying to determine the volume of business the 18% figure Mr. Hanford quoted represents, the meeting recessed.

Recess:

After Recess  
2:45 p.m.

Alcoholic  
Beverage  
Control

Personal Services:

Mr. Millsap introduced the members of the Board, Mr. Rhodes, and Mr. Sullivan. Mr. Ray noted that there was a \$7500 increase in personal services, for a documents clerk who was zeroed out by the Budget Review. Mr. Ray read a memo that Mr. Millsap had sent to Mr. Morrison explaining the need for this person, pointing out that the investigative personnel are being called into the Anchorage office to do office work and so aren't filling the positions they are supposed to. Mr. Ray said that he recognizes the difficulties but he thinks some of the problems were generated by the move to the Anchorage area. When the Board was in Juneau they would use help from the Department of Revenue. Mr. Millsap said that the majority of the licenses are in the Anchorage and Fairbanks areas. Mr. Ray noted, however, that most of them are within municipalities which take care of them. Mr. Millsap said that the ABC Board has tried to establish closer liaison between the law enforcement agencies.

Mr. Brink noted the increased caseload over the last three years which has also added to the need for additional personnel. Mr. Ray expressed the feeling that service to Southeastern has been inadequate. In response to questioning by Mr. Ray, Mr. Millsap said that persons seeking license forms and instructions in Juneau can get them from Jerry Cuzzin, in the Revenue Office. Mr. Millsap admitted need for a girl in Juneau, but said he needs one also in Nome, in Fairbanks, and especially this one clerk in Anchorage in his office. Mr. Ray commended Mr. Millsap on the small size of his budget. Mr. Millsap said that his original budget was \$154,000. Mr. Croft requested that Mr. Millsap send the committee a copy of his original budget. Mr. Ray said that would be improper procedure, so Mr. Croft requested that the budget be sent to him personally, with a copy for the chairman which is, of course, customary procedure.

Adjournment:

Meeting adjourned at 3:25 p.m.

HOUSE FINANCE COMMITTEE MEETING  
Friday, March 14, 1969  
9:00 a.m.

Present:

All members of the House Finance Committee were present. Also present were Messrs. E. H. Hill, Alaska State Council of Carpenters, and Dwayne Carlson, Alaska State Federation of Labor, who were present to discuss the problem of obtaining safety engineers for the state.

Mr. Hill said that it is impossible to try to get qualified safety engineers for \$600 to \$800 a month. Mr. Croft said that he is very concerned with the safety program and said that during the Labor budget review Commissioner Moore had been asked if this would allow them a satisfactory safety program, and he had said it would. Mr. Croft noted that the Director of the Safety Section has a salary of \$14,900, or \$1,233 a month. Mr. Hill said this was adequate but noted they are only allowed one director. He said the Division of Personnel regulated how much they can be paid. Mr. Haugen suggested that Mr. Hill talk with the Personnel Director and then report to the committee.

In answer to a question by Mr. Borer on the per capita accident rate in Alaska, Mr. Hill said that Alaska is the highest in the nation on a man-hour basis.

Mr. Bradner asked about the turnover of the inspectors, and Mr. Hill said it has improved somewhat.

Mr. Carlson said that the inspectors positions are normally filled by older workers, and he said that not one of the inspectors has a safety engineering background. Mr.

Carlson referred to HB 101 (An Act relating to harmful or dangerous substances). He said that the Judiciary Committee requested a fiscal note on the bill, and it came back with a figure of \$10,000 per inspector a year. He said that the same type of job in California starts around \$12,000 to \$14,000 a year. He said that one of the reasons the accident rate in Alaska is so high is that there is an inadequate number of inspectors in the state. He noted that in all of Southeastern Alaska they have one inspector and one safety engineer. He said that on an average logging camps wouldn't even be inspected once a year. Even if they had the higher salaries, there still are not enough slots for safety inspectors and engineers, however. He mentioned that one of the problems as a result of this high accident rate is the backlog in Workmen's Compensation, which is a division of the Department of Labor. He said that a position had been approved by the Legislature for an Administrative Assistant for this Division but it started at \$612 a month so the Personnel division did not allow it and gave the Department a Clerk V position instead. He said the Workmen's Compensation Division actually needs a Deputy Director to adequately fill the position when the director is away on hearings. Mr. Ray asked if the Department of Labor was subfilling positions and Mr. Carlson said he was not familiar enough with the Department to answer that. He said he was familiar with Workmen's Compensation and said the Secretary could be moved into the Administrative Assistant job but she didn't want to because of the inadequate salary. Mr. Carlson noted that there is one safety inspector to cover

the entire area of the North Slope. He added that industry has made some big strides in safety programs, but the state needs to provide more along these lines.

Mr. Borer asked if any of the major insurers have a safety program for inspecting their companies, and Mr. Carlson said not in the construction industry, but that he thinks this is an area the state should be involved in. Mr. Croft said that he thought Commissioner Moore was in a position of defending the budget after it had been approved by the Governor's committee but added that the Finance Committee would like to establish an adequate safety program. He said that he would contact Commissioner Moore and request a copy of the original Labor Law Enforcement budget.

Mr. Carlson questioned the authority of the Personnel Board and wondered if there was something organized labor could do about this. Mr. Haugen noted that they have had two or three Personnel Directors since statehood, and Mr. Bradner said that with the reclassification problems they have been having, that possibly the Personnel Board needs to be broadened. Mr. Carlson said he was specifically concerned about the Workmen's Compensation Division saying that this area really needs to be improved. He said that originally they had requested a Deputy Director but that the position started at \$1060 and he really didn't feel that was an adequate salary.

Mr. Hill and Mr. Carlson left the meeting at this time. It was moved and asked unanimous consent that the committee consider HOUSE BILL 213 (An act relating to excise tax

credits on alcoholic beverages; and providing for an effective date). There being no objection, it was so ordered. After a brief discussion it was moved and unanimous consent requested that COMMITTEE SUBSTITUTE FOR HOUSE BILL 213 be passed out of committee with a "do pass" recommendation. There being no objection, it was so ordered.

HB 161

Mr. Croft moved and asked unanimous consent that the committee consider HOUSE BILL 161(Relating to fiscal responsibilities of the Department of Revenue). No objection, so ordered. After brief discussion, Mr. Croft moved and asked unanimous consent that HOUSE BILL 161 be passed out of committee with a "do Pass" recommendation. No objection, so ordered.

At the conclusion of the bill session, Mr. Willard Bowman, Director of the Human Rights Commission, entered the meeting for the purpose of presenting his budget.

State Commission  
Human Rights

Mr. Ray left the meeting and Mr. Croft assumed the chair.

Mr. Croft said the Commission is asking for a \$15,700 increase which the Governor allowed. Mr. Sackett noted that there is a 21% increase in this budget.

Personal  
Services:

Mr. Croft asked if the increase in Personal Services resulted from a reclassification, and Mr. Bowman said this increase is primarily due to realignment of his job, the secretary, and also the field representative in Fairbanks who was at range 13 and is now at range 17. He explained that this makes the field representative in Fairbanks on the same level with the one in Anchorage. Mr. Croft said there was an increase in employee benefits of 12 to 14%, but there was no increase in number of persons. Mr. Sackett

asked if all the positions were filled, and Mr. Bowman said yes. Mr. Bowman noted that they have two positions which were funded from a grant from the federal government which ends in July. He said they have requested another grant but at this time don't know whether they will receive it or not. He explained that these jobs are temporary at this time. In answer to Mr. Sackett, Mr. Bowman said these positions would not be requested from the state should the federal government deny them.

Travel:

Mr. Croft noted that the Governor's allowance for travel is \$13,300. Mr. Hohman asked who the Anchorage field representative is, and Mr. Bowman said Lawrence Dennis.

Contractual Services:

Mr. Croft said that the Governor's allowance was \$13,100 and the increase was primarily in equipment rental.

Commodities:

Mr. Croft noted that commodities have increased \$400. No questions.

Equipment:

There was no requested amount in this item.

Mr. Hohman asked if the Commission had just filled the position in Anchorage, and Mr. Bowman said all their positions have been filled since July; they had a secretary on the EEO grant and they rehired that position about four months ago. Mr. Sackett asked about operations last year. Mr. Bowman said it was in two phases. First, their complaint load, which is dealing with complaints from people who claim they have been discriminated against. Second is the education phase, where the commission uses public speaking in classrooms, high schools, churches, etcetera, and also films to further their goals. He said that the education phase of their program is their primary goal. He said that they are

putting on a conference in Fairbanks next week where they are asking all of the oil companies, transportation companies, state agencies, etcetera, to attend a two-day conference in which they will discuss the total employment process in the Fairbanks area. He said they had such a conference in Nome last year. The purpose of the conferences is to draw the attention of employers and prospective employees and to encourage non-discriminatory practices. He mentioned that in the North Slope they are stressing the responsibility of hiring Alaskan and Native Alaskans. He said that he is aware that this is a tough year, budget wise, but said he feels the commission is doing a needed service for the state. He said that they feel the Legislature should look into the possibility of increasing the commission's office to the point where they have other offices throughout the state. He said that it is difficult to handle complaints through the mail. He said that the Southeastern area of the State has been neglected because of transportation costs, and added that he thought the state was obligated to look at the possibility of opening an office in the Southeastern area. Mr. Bradner noted that because the particular types of complaints handled by the commission are of a delicate nature, they are difficult to handle by mail, and Mr. Bowman agreed, and said that oftentimes it is just a matter of personality conflicts that could be straightened out with a phone call.

Recess:

Meeting recessed at 10:00.

After Recess  
2:15 p.m.

Present:

All members of the House Finance Committee as well as Senator Vance Phillips and Mr. Dick Freer, Budget and Management. Mr. Ray read a letter to the committee from Governor Keith Miller dated March 13, 1969 (letter appended) and asked for Mr. Freer's comments.

Mr. Freer said that \$9,283,000 was the amount appropriated out of the general fund by the 1967 Special Session of the Legislature. He noted the two disaster relief measures: 1) the \$10 head tax and 2) the 1¢ oil and gas tax. The language in these taxes provided that these tax revenues would fund the disaster relief but no money could be expended until the general fund had been reimbursed. He added that it was projected that it will be 1972 before there is enough revenue to reimburse the general fund. The money received goes straight into the general fund as a revenue reimbursing it from the appropriation and a record is kept so they will know when enough money has gone into the general fund to offset the appropriations that were made. He reminded the committee members that some of the bills passed in the Special Session had a terminating date of June 30, 1969, e.g., \$400,000 to the Fairbanks hospital, shortfall in revenues in Fairbanks, extraordinary expenses, so any balances in those appropriations will lapse at that time.

Mr. Ray asked Mr. Freer if it was his belief at this time that there was \$500,000 in the disaster fund. Mr. Freer said it was appropriated to the special revolving fund and

it is sitting in this special fund and can't be touched until the general fund has been reimbursed. Mr. Ray asked if they called all the outstanding flood legislation and if there would be a balance of \$4.9 million that would lapse into the general fund. Mr. Freer said that any unexpended balances that have terminating dates or any money remaining that is not encumbered would then lapse into the general fund. He cautioned them that some appropriations do not have a terminating date and it could be carried over. Mr. Ray felt there was a great deal of confusion among the members of the legislature and he personally had been under the impression that this disaster tax money was put into the disaster fund, and Mr. Freer reiterated that only \$500,000 had gone into the fund itself.

Mr. Borer spoke out quite vehemently on the letter from the Governor and requested that a committee be appointed to meet with the Governor. Mr. Ray appointed Messrs. Borer and Croft as a subcommittee to discuss the contents of the letter with the Governor.

DEPT OF LABOR

Mr. Ray left the meeting and Mr. Sackett assumed the Chair. Mr. Sackett said there was a total increase of 11.6% in the Department of Labor's budget, which was \$4,545,100. The percentage of increases are as follows:

Labor Law Enforcement	20%
Fishermen Fund	.05%
Second Injury	140%
WIN	70.3%

Mr. Sackett said that he would like to make his recommendation on the Department with the exception of Fishermen's Fund. He explained they are working on getting a Director for this section.

The breakdown Mr. Sackett recommended is as follows:

Labor Law Enforcement	\$ 615,400
* Sick & Disabled Fishermen	176,000
Second Injury	108,000
Employment Security	3,114,700
WIN	<u>516,000</u>
TOTAL	\$4,530,100

\*This is subject to change following Mr. Sackett's investigation.

Administration Mr. Sackett recommended this be \$129,300. He explained that  
Personal Services:

Budget and Management took \$1400 for vacancy and turnover factor and he recommended another \$1,300 which made this \$2700.

Travel: Mr. Sackett recommended the figure of \$16,000 which was the Governor's allowance for travel.

Contractual: Mr. Sackett recommended this figure be \$50,000 which is a decrease of \$3,700. He explained the general increases here are in communications, printing and advertising and rents. He said he thought equipment rental should be cut. In addition printing and advertising should be cut in view of what the Department was allowed last year. Mr. Sackett felt the figure was too high. He said that this \$50,000 was still \$15,000 over last year's level.

Commodities: Mr. Sackett recommended a figure of \$4,000 which is a decrease of \$200. He said code 490 is a new program of \$500 that they didn't have last year, which is for specialized maps, film, bulletin boards, etcetera. He said he thought \$300 was sufficient for this.

Equipment: Mr. Sackett recommended the figure of \$800. He said that the original requested \$1,700 for dictating equipment, but was an error. (See letter in file.) Mr. Sackett said this is a total of \$293,100 for this section.

Labor Law  
Enforcement

Mr. Sackett said the Governor allowed the figure of \$288,800 which is a 20% increase. He recommended the amount of \$283,700.

Personal  
Services:

Mr. Sackett said this section is requesting three new people (Labor Law inspector, Safety Inspector and a Boiler Inspector) for a total of \$33,600 and he recommended no change here. Total for Personal Services is \$229,400.

Travel:

Mr. Sackett said he recommended the Governor's allowance on travel, \$32,700. He said they had increased their travel 11% which included the North Slope. He said they anticipate 12 trips to the North Slope in 1969-70 and each trip costs \$900.

Contractual:

Mr. Sackett recommended \$17,300 for contractual services. He said printing and advertising, code 320, was up \$1,200. Mr. Sackett recommended the following:

Communications, code 310	\$ 6,000
Printing & Adv., code 320	2,500
Rents & Utilities, code 330	000
Repairs, Services and Alterations, code 340	300
Transportation of things code 350	1,000
Equipment Rental, code 360	6,000
Insurance & Bonding, code 370	500
Prof. Fees & Services, code 380	500
Other Contractual, code 390	500
TOTAL	\$17,300

Mr. Sackett said he felt a general increase was necessary based on the three new people.

Commodities:

Mr. Sackett recommended a figure of \$1,800, which is also the authorized figure from last year.

Equipment:

Mr. Sackett recommended this be \$2,500. He said this includes desks and chairs for the new positions. He eliminated one of the films requested, a polaroid camera, one of the

tape recorders and also the Kit for artificial wounds.

Workmen's  
Compensation

Mr. Sackett recommended a total of \$90,600, breakdown as follows:

Personal Services	\$ 64,300
Travel	15,700
Contractual	7,800
Commodities	2,000
Equipment	700
	<hr/>
	\$90,500

Personal  
Services:

Mr. Sackett said the Governor's recommended increase over last year was a 12.8% increase. He recommended the vacancy and turnover factor be increased to \$1,300 from the Budget Review recommendation of \$600, which would make the total for personal services \$64,300.

Travel:

On the travel, he recommended eliminating the trip to Atlanta, Georgia, and recommended a total of \$15,700. He explained that the board holds hearings every three months, or four times a year. This figure would allow them to meet six times a year.

Contractual:

Mr. Sackett recommended this be \$7,800 with the following:

Communications	\$3,000
Printing & Adv.	1,500
Rents & Utilities	1,000
Repairs, Serv., & Alt.	000
Transportation of Things	100
Equipment Rental	000
Insurance & Bonding	200
Professional Fees & Services	1,000
Other Contractual	1,000

---

\$7,800

Mr. Sackett explained his reason in cutting printing and advertising by saying the Governor's allowance was a 40% increase. He said his reason for cutting rents and utilities by \$600 was that the Workmen's Compensation Board holds their hearings in state owned buildings and this rent was not necessary. He said in Printing and Advertising he allowed

\$1,500 which was \$500 over what was allowed last year.

Commodities: This was recommended to be \$2,000 which Mr. Sackett said was the same as the Governor's allowance.

Equipment: This figure was \$700 Mr. Sackett said, which is the same as the Governor's allowance.

Employment of the Handicapped

Mr. Sackett recommended this total be \$5,700 with the following breakdown:

Travel	\$4,600
Contractual Services	900
Commodities	200
	<hr/>
	\$5,700

Mr. Sackett explained that this committee is just an advisory committee and that the actual work is done in Vocational Rehabilitation, Department of Education. He said that after discussion on this it was his opinion that this group could not really perform any accomplishments until they had a full-time director and a significant increase in their budget, and said that they should look into the possibility of increasing this in the future.

Contractual: The breakdown Mr. Sackett recommended for this code is as follows:

Communications	\$200
Printing & Advertising	300
Prof. fees & services	300
Other contractual	100
	<hr/>
	\$900

He said this is a 300% increase over last year and he felt this could should be cut in view of the past expenditures.

Commodities: This code is recommended at the same figure of \$200.

Employment Advisory Commission

Mr. Sackett recommended this figure be the same as the Governor's allowance of \$32,300 and recommended approval of this amount.

Mr. Sackett concluded his presentation by saying that the subcommittee would recommend its views on Fishermen's Fund as soon as this had been investigated.

Adjournment: The meeting adjourned at 3:30 p.m.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

March 13, 1969

The Honorable Bill Ray, Chairman  
House Finance Committee  
Alaska State Legislature  
Juneau, Alaska

Dear Mr. Chairman:

Since there seems to be some confusion as to the estimated fund balances on June 30, 1969 and June 30, 1970, I felt that the following comments might be in order.

The three areas which affect the projected general fund balance for June 30, 1969 of \$15,852,700 are:

(1) Estimated Unrestricted General Fund Receipts	\$116,782,900
(2) Estimated Supplemental Appropriations	5,425,000
(3) Estimated Lapses	6,000,000

Any increases in items (1) and (3) or decreases in item (2) will effect an increase in the balance projected.

Any decreases in items (1) and (3) or increases in item (2) will effect a decrease in the balance projected.

If we look first at the \$116,782,900 in estimated receipts, you will recall that in our discussions with the Department of Natural Resources early in the session, it developed that receipts based on oil and gas production for the current year indicated a shortfall of about 4.7 million dollars. However, other revenue areas have historically exceeded our estimates by 2 to 4 million dollars. Should this hold true for the current year, the above estimate should be substantially met.

Item number two, Supplemental Appropriations, was made up of the following:

H.B. #69	Reimbursement to ASFA	\$ 41,100
H.B. #61	Revenue Shortfall, University of Alaska	600,000
H.B. #63	Loss of Personal Gear, Fish and Game Employees	2,700
H.B. #65	1968 Fire Suppression Costs	1,000,000
H.B. #66	Winter Road Supplemental	350,000

March 13, 1969

H.B. #67	Department of Law Supplemental	\$ 75,000
H.B. #68	Marine Transportation Supplemental	2,215,900
H.B. #69	Miscellaneous Claims from Prior Years	3,200
H.B. #71	Department of Education Supplemental	1,055,400
H.B. #72	Department of Natural Resources Supplemental	13,000
H.B. #73	Secretary of State Supplemental	53,600
H.B. #74	Department of Public Safety Supplemental	15,700
		<u>\$5,425,600</u>

To date, the only indicated changes are a committee substitute to increase H.B. #67 by \$35,000 and the possibility of eliminating H.B. #61, providing for \$600,000 to the University of Alaska.

The lapse estimate figure of \$6,000,000 was made up of \$4,000,000 as an average amount which has been lapsed over the past 2 to 3 years from normal appropriation areas and \$2,000,000 estimated lapses from disaster appropriations made after the 1967 Tanana Valley flood. There does not appear to be any need at this time to consider any material changes in these figures.

The only change projected for the \$9,791,200 fund balance for June 30, 1970 would be to decrease this figure by the amount of approved expenditures over my original budget request. My proposals to date amount to approximately \$2,500,000, leaving an estimated fund balance as of June 30, 1970 of just over \$7,000,000.

Sincerely yours,

Keith L. Miller  
Governor

HOUSE FINANCE COMMITTEE MEETING  
Saturday, March 15, 1969  
11:15 a.m.

Mr. Ray assigned the following bills to members:

HOUSE BILL NO. 48 (Western Interstate Nuclear Compact)

-- Mr. Bradner

HOUSE BILL NO. 148 (A.B.C. Board) -- Mr. Borer

HOUSE BILLS NOS. 156, 157, 158, 174 (state employees' pay raises) -- Messrs. Ray, Croft and Haugen

HOUSE BILL NO. 186 (Sales competitive oil/gas leases)

-- Mr. Hohman

HOUSE BILL NO. 251 (purchased services - H & W) -- Mr. Sackett

HOUSE BILL NO. 276 (appropriation H & W) -- Mr. Sackett

HOUSE BILL NO. 159 (Corp. income taxes, due date) -- Mr. Hohman

Mr. Ray then presented the following tentative schedule for next week:

Monday, 9:00 a.m.: Closeout of Commerce

1:30 p.m.: Review, Division of Buildings, Public Works

Tuesday, 1:30 p.m.: Review, Department of Administration

Wednesday p.m.: Review, subcommittee, University of Alaska

The committee then dispersed on subcommittee work.

Adjournment: The meeting adjourned at 11:30 a.m.

HOUSE FINANCE COMMITTEE MEETING

Monday, March 17, 1969

9:00 a.m.

Present: All members except Mr. Bradner. Mr. Freer from Budget and Management was also present.

Dept. of  
Commerce

Mr. Ray announced that the committee would close out Department of Commerce, with the exception of the Division of Insurance. The committee had earlier voted in favor of having the Director, Mr. Fritz, appear before the committee before making any final decision on this budget.

Mr. Sackett, in summarizing the budget for the Department of Commerce, presented the following statistics for increases and decreases as compared to the prior fiscal year:

Regulation of Business & Professions: 6% increase

Regulation of Public Service: unknown since there may be additions by the Governor

Veterans' Service Council: 6.1% increase

Native Housing: Same level (however, Mr. Sackett is requesting an increase of \$5,000 to avoid a supplemental.)

He noted that this was the only department to have kept within the overall 5% increase limit set by the Governor. In summarizing the total department breakdown, he presented these figures:

Personal Services:	8%
Travel	11%
Contractual Services:	48%
Commodities:	13%
Equipment:	-(57%)
Grants, claims and shared revenue	Same
Inter-Agency:	3%

Regulation of  
Business & Professions  
Commissioner's

Office

Personal

Services:

Mr. Sackett said the subcommittee recommended the

vacancy and turnover factor should be \$2,100 instead of \$1,100. This made the total figure of personal services \$104,200. Mr. Ray asked why the Department reclassified downward and Mr. Sackett said in the budget instructions from Budget and Management, salaries are to be shown in the Step C category; however, last year Commerce was allowed to budget according to each person's particular pay step but this year they were requested to return to the Step C system. Therefore the positions were not downgraded but simply restored to the usual budgeting procedure.

Travel:

Mr. Sackett said the subcommittee recommended that travel be \$2,500 which is the same as the Governor's allowance. No objection, so ordered.

Contractual  
Services:

Mr. Sackett said this code was recommended to be \$27,400 which is the same as the Governor's allowance. No objection, so ordered.

Commodities: This figure remains the same -- \$3,500. No objection, so ordered.

Equipment: This code showed a 0 figure.

Inter-Agency  
Charges:

Mr. Sackett said this figure would be broken down at a later date.

The total figure for the Office of the Commissioner was recommended to be \$144,300. No objection, so ordered.

Banking

Mr. Hohman gave the following percentage increases in Banking:

Personal Services:	4% increase
Travel:	50% increase
Contractual Services:	20% increase
Commodities:	the same as last year
Equipment:	-(14%) decrease

Personal Services:

Mr. Hohman said this is a total 7% increase. The only change made in this part of the budget was to make the vacancy and turnover factor \$900 which makes the total for Personal Services \$57,300 and the total for the Banking Division \$74,300.

Mr. Borer asked Mr. Freer what they were intending to do with the vacancy and turnover factor and Mr. Freer said they had intended to do away with using this tool for budgeting. They were planning to do this over a two year period and they had removed half of the vacancy and turnover factor this year. He explained this was a problem for smaller programs to handle this type of an application against the budget. He said there were some areas where this worked but the smaller programs had run into difficulty.

Travel:

Mr. Ray questioned the increase of 50 percent in Travel and Mr. Sackett said under Contractual Services they had allowed for a CPA to audit non-insured banks twice a year and the increase in travel would provide for these trips.

Mr. Hohman moved and asked unanimous consent that the figure of \$74,300 be adopted.

No objection so ordered.

Weights & Measures

Mr. Sackett said the Governor's allowance for this program was \$215,400 and the subcommittee recommended 213,700.

Personal Services:

The only change the subcommittee recommended, Mr. Sackett said, was that personal services be \$175,500. This was to increase the vacancy and turnover factor by \$1,700 which made a total of \$3,400 for vacancy and turnover.

Mr. Sackett said if HOUSE BILL NO. 40 (fish by the pound) passes there will probably be an increase of \$18,000 in Weights and Measures.

Mr. Ray added there was a fiscal note of \$18,500 placed on this bill; however, no one from the Department had made any statements regarding this.

Mr. Hohman said the subcommittee recommended a change in Personal Services by adding \$500 for vacancy and turnover which made this total of \$66,500 the new total for Personal Services. The new total for Central Licensing is \$115,200. Mr. Freer remarked that there was pending a request from the Governor regarding Central Licensing and he said this was to upgrade and keep it as a section but raise the supervisor to Administrative Officer, add an Inspector and two additional clerks. Mr. Freer requested that this particular part of the Commerce budget not be closed. Mr. Ray noted that this is a temporary figure for Central Licensing.

There are no changes on this section of the budget. However, Mr. Sackett said this is subject to Mr. Hohman's investigation regarding Contractual Services. Mr. Ray commented that they provide enough to cover their request from the fees they collect that go into the general fund. Mr. Haugen remarked that Mr. Toner would like to discuss the area of travel with the committee. It was requested that the secretary contact Mr. Toner's office.

Central  
Licensing

Engineers &  
Architects

(The following information on travel for the Engineers and Architects Board was elicited via a telephone conversation with Mr. Felix Toner:

There is \$2,000 (or \$500 a trip: \$300 for travel, \$200 for per diem) requested for travel for two Western Zone meetings, one for engineers and one for architects and two National meetings, one for engineers and one for architects for a total of four trips. Certain of these meetings are attended by more than one engineer or one architect and when the money is allocated with \$300 for travel and \$200 for per diem, and especially if the meeting is in the East, this \$500 is split two ways, it does not go very far and these people must pick up the difference. The problem area is that they would prefer it not to be broken down, or in other words, allocated \$500 strictly for travel and then in cases where it is not entirely used for one trip, it can then be used on another. The Board would like to be allowed the freedom in their budget to spend this without the breakdown of per diem, e.g., an engineer could attend a meeting in the East where the ticket will cost considerably more than the \$300 so he has to pay the difference, but his per diem expenses could be less than \$200. In other words, they could apply some of the per diem money towards the fare or vice versa as the case may be. To summarize, the Board needs more flexibility within the \$2,000 outside travel request.)

Contractual  
Services:

Mr. Hohman said there was a question on Codes 310 through 380 and this was work that was contracted out as shown in Code 380. Mr. Sackett moved on the figure of \$20,900 for this Section. No objection so ordered.

Native Housing

Mr. Haugen said that \$65,000 had been spent last year out of the \$95,000 appropriated. Mr. Ray questioned this and Mr. Sackett said this is money that was used for administrative costs. Mr. Ray asked what they had done and Mr. Sackett said they had selected ten towns and were arranging to meet with these towns. Mr. Sackett wants the figure increased to \$100,000 to avoid a supplemental.

Regulation of  
Public Service

Utilities  
Commission:

Mr. Sackett said there is a recommendation coming from the Governor (SENATE BILL NO. 128) on this section and that this will be discussed later.

Transportation  
Commission

Mr. Freer said that there would be a request from the Governor on this also (SENATE BILL NO. 134) requesting additional money for the Transportation Commission. Mr. Croft asked if there is an increase in any of the regulatory fees and Mr. Freer said yes.

Personal  
Services:

Mr. Sackett said the vacancy and turnover factor was recommended by the subcommittee to be \$3,600 (Budget Review Committee recommended \$1,800) which made the personal services total \$182,200, in lieu of \$184,000 recommended by Budget Review Committee.

1: The Governor's allowance was \$16,000 and Mr. Sackett said the subcommittee recommended this be \$13,500 which was intended to cut out the outside travel.

Contractual Services: Mr. Sackett said the subcommittee recommended this figure be \$34,300 instead of the Governor's allowance of \$38,600.

Mr. Sackett said the subcommittee felt an increase of \$3,000 in equipment rental, Code 360, was too much for one year, and therefore recommended a cut of \$4,300.

Commodities: Mr. Sackett said the subcommittee recommended the total for commodities be \$4,000 representing a decrease of \$600. He said the explanation given for Code 480 does not "jive" with the rest of the budget.

Equipment: The subcommittee recommended the Governor's allowance of \$1,500 for equipment.

Inter-Agency Charges: Mr. Sackett said the subcommittee recommended the same figure of \$20,000 for Inter-Agency Charges.

Mr. Sackett said that the subcommittee recommended the overall figure for this budget of \$255,500, which is nearly at last year's level. Mr. Ray moved and asked unanimous consent that this figure be adopted.

Mr. Borer objected.

Mr. Croft asked if this is subject to the committee's reconsideration after the Governor's bill of \$73,000 comes down to the committee. He stated he felt they should consider the

Governor's bill and Mr. Ray said any budget could be re-opened with four votes. Mr. Borer stated his objection was the figure of \$255,500.

Veterans  
Affairs

Mr. Hohman moved and asked unanimous consent that the committee adopt the figure of \$196,600 for this program. No objection, so ordered.

Veterans  
Service

Mr. Hohman moved and asked unanimous consent that the committee adopt the figure of \$24,000 for Veterans Services. Mr. Borer said he would like to amend the figure to \$30,000 and explained that this section doesn't have a secretary and they need this support. He added that there should be an allowance for the extra duties as a result of the Vietnam conflict.

The committee voted on the figure of \$30,000:

Yeas: Mr. Haugen and Mr. Borer

Nays: Messrs. Croft, Ray, Hohman, and Sackett

Upon the defeat of this motion \$24,000 was accepted.

Recess:

The meeting recessed at 9:50 a.m.

After Recess  
1:35 p.m.

DEPARTMENT OF  
PUBLIC WORKS

Division of  
Buildings

Present:

Director's  
Office

Personal  
Services:

All members of the committee were present with the exception of Messrs. Hohman and Bradner. Also present were Messrs. Harold D. Strandberg, Commissioner; Tracy D. Kaldor, Administrative Director; and Carl P. Johnson, Director, Division of Buildings; all from the Department of Public Works.

Mr. Ray called the meeting to order, and referred to page 244 of the Department of Public Works' Budget Request Book 1.

Mr. Johnson said that the increase in personal services of \$70,400 would actually be \$68,100 with the vacancy factor decreased to \$2,300. They asked for a transfer of four positions, but the Governor's Office eliminated one of them. This is brought about by the addition of four positions in this section which are deleted in other sections. They have also asked for the position of Administrative Officer and have deleted one Architect to take care of that, and have asked for the addition of a Clerk Typist III to make better use of the steno help. In answer to Mr. Croft's question, Mr. Johnson said they do not plan on lapsing anything this year.

Mr. Croft questioned the fact that with the unusual expenses of the Fairbanks flood in 1967, they still show a lapse of \$46,621 on page 244 in 1967-68. Mr. Strandberg said there was special money appropriated for the flood.

Mr. Ray wondered if the 1967-68 actual expenses in the Director's Office would have been approximately \$80,000 without the Fairbanks flood. Mr. Strandberg said there is no connection between a lapse one year and another year. Mr. Kaldor called attention to the fact that the Governor's allowance figure of \$126,000 on page 244 is the total allowance of pages 246 and 247, and that one position, the Administrative Officer, was deleted.

Mr. Ray referred to page 246 which shows the four positions they requested be transferred into the Director's Office: A Clerk Typist III and Building Management Specialist II transferred from Maintenance; a Clerk Steno II transferred from Construction; and a Clerk Steno II transferred from Planning and Design; totalling approximately \$31,000 plus employee benefits. In addition, they are requesting one new Clerk Typist III for \$5,880 plus employee benefits. They would rather have the person than the Selectric typewriter and have turned the typewriter back already. They took out one position of Architect and were going to put in an Administrative Officer in the Director's Office, but the Governor's allowance deleted the Administrative Officer, therefore, they lost the Architect and the Administrative Officer.

Mr. Croft questioned page 245 of the workbook and Mr. Ray replied that it is an explanation of the increases.

Page 246 shows an increase of five positions (from 7 in

1968-69 to a request of 12 for 1969-70), and Mr. Croft questioned the fifth position as only four were explained as transfers from other sections. Mr. Johnson replied that the fifth position is the Accountant II which was approved in October 1968. This should have been shown on page 247 as a new position.

Mr. Johnson also mentioned that the Accountant II, PCN 1-128, is funded out of the receipts program and the receipts come from the Capital Improvement Program or ASHA. There is no connection with remote housing.

Mr. Ray noted that the vacancy and turnover factor Governor's allowance is only \$1,200 as compared to \$2,300 for 1968-69.

Travel:

Mr. Johnson said that the Governor's allowance is a decrease of \$300 from the \$1,600 they requested, or an allowance of \$1,300. Mr. Haugen asked what the area of the cut was, and Mr. Strandberg replied that probably one or two trips were cut out.

Contractual Services:

Mr. Johnson said there is an increase of \$2,800 which is based on actual costs, postage, telephone, telegraph, Xerox rental, etc., all of which exceeded last year's authorization by \$2,800. The Governor's allowance approved the requested figure of \$7,300.

Mr. Ray said this is a substantial increase, and asked why it cost 60% more to do business this year. Mr. Strandberg said they are doing more work and they would probably find that the \$4,500 is not a good figure and they will

be making line item transfers before the end of fiscal year 1968-69.

Mr. Kaldor added that Xerox rental is running double this year.

**Commodities:** There is an increase of \$700 in commodities, from \$4,000 in 1968-69 to \$4,700. The Governor's allowance approved the request of \$4,700. No questions.

**Equipment:** Mr. Johnson said that the requested figure of \$800 represented the increase as there was no authorization in 1968-69. This increase was for a desk and typewriter, etc., for the requested position of Administrative Officer, which was not allowed. The Governor's allowance of only \$100 is for item No. 4, a secretarial chair to replace a chair acquired by surplus in 1962.

**Inter-Agency Charges:** No inter-agency charges, they have been transferred to Planning and Design, and Construction Sections.

**Custodial Services** Mr. Johnson said they have an increase of \$24,500 in personal services less the vacancy factor of \$3,500.

**Personal Services:** They have two new custodial positions; one for \$11,760, one for casual labor amounting to \$500, and overtime amounting to \$500, plus employee benefits of \$4,640. These total \$17,400 plus vacancy factor of \$3,500, make up the \$24,500 increase. It was noted that they have more buildings to take care of.

**Travel:** There is no travel.

**Contractual Services:** There is an increase of \$17,400 in contractual services, which sounds like quite an increase; however, Mr. Johnson

said, the IBM generator uses 40% more power and runs 16 hours a day. (EDP runs two shifts per day at the present time) Mr. Ray asked why that isn't charged back to EDP. Mr. Johnson said that is not the way it has been done in the past, they pay all the power for all the buildings. Mr. Ray left to attend a 2:00 p.m. meeting. Mr. Croft took over the chair.

There was a brief discussion on the use of electrical power.

Rents and  
Utilities:  
(330)

Mr. Croft went on to Code 330, rents and utilities, in which there is an increase of \$16,900. He noted that the only items paid out of that code are lights and power, water and sewage, and garbage. Mr. Kaldor referred to page 262 for a comparison of these expenditures from fiscal year 1963-64 to fiscal year 1967-68.

Mr. Borer said that the figures on page 262 were based on an analysis that they have annual costs of about \$64,000 on the 330 Code, and are requesting \$84,700. He didn't understand why they were asking for so much over prior years. Mr. Johnson reiterated the increase is due mainly to the IBM generator running 16 hours a day.

Mr. Hohman arrived.

Mr. Borer said that page 262 doesn't tie to anything on page 261. Mr. Strandberg said it isn't intended to, it is for comparison and to show how costs are rising.

Mr. Borer said he did not understand why they were blaming the increase on the IBM computer; however, Mr. Johnson

said it takes a lot of power, they are using roughly 30% more electricity at the Alaska Office Building this year. The need for lights for the new parking lot in back of the Capitol Building will account for the increase, too.

Commodities:

There is an increase in commodities of \$4,400. Mr. Johnson said the same thing occurs here as in Code 330. The boilers have to stay on 24 hours a day, they use 30% more fuel. They cannot shut the steam off at night like before because of the air conditioner in the Governor's Office. Mr. Sackett felt this is a waste of heat, and Mr. Johnson said there is no control, except with the radiator valves.

Equipment:

There is an increase in equipment of \$1,000, which is the total request as last year they were authorized nothing. Mr. Johnson said this request is for replacement of two floor polishers, and the addition of a waste paper basket cleaner. By order of the Department of Health and Welfare, all the waste paper baskets have to be cleaned once a week.

Maintenance Services

Personal Services:

There is an overall increase of \$432,300 in Maintenance Services. Mr. Johnson said the majority of money for this section comes from other Departments, funded through inter-agency receipts. This portion of the budget is actually increased \$41,100 in the general funds, the rest refers back to inter-agency charges.

Mr. Borer referred to page 266, line 18, where they have requested eleven Maintenance Mechanic Foreman I's, which is an increase of two over last year. Mr. Borer said that

with this help there are three foremen for every employee. Mr. Johnson said that they are employed for maintenance on schools, but Mr. Borer still questioned why they have to be foremen, and Mr. Johnson replied that this is the only way they could get anyone for the positions. Mr. Strandberg added that in the past they have had quite a few complaints about maintenance. Mr. Johnson said they have real problems getting more people to work on generators throughout the state for schools, etc. This is, however, about 90% reimbursable from the Department of Education. Mr. Croft questioned the seven requested new positions. Mr. Johnson said this is because they are taking over schools in the North Slope which were previously BIA. Mr. Sackett asked how many, and Mr. Johnson said they are getting 10 from BIA this year, and 31 new ASHA rental facilities. The Governor's allowance, however, approved only five of the seven positions, and deleted one laborer and one Maintenance Mechanic Foreman I. Mr. Johnson said these positions do not do the custodial work, just the boilers, generators, and major maintenance work.

Travel:

Travel is broken into two sections. One section covers travel of the Construction Engineers for the Division of Buildings for the purpose of inspections of schools, armories, district offices, health centers, etc. The other section covers the travel of the maintenance personnel for the Department of Education for the purpose of maintenance of schools, and other reimbursable maintenance projects.

The budget for the travel of Construction Engineers shows no increase over the authorization for 1968-69, which is \$2,000.

The budget for the travel of the maintenance personnel shows a requested increase of \$44,000, from \$41,000 to \$85,000; however, the Governor's allowance is only \$72,600. Mr. Johnson said that this travel goes along with the additional help. They have to travel in these positions to be able to perform their jobs in these different locations.

Contractual  
Services:

Here again the budget is broken into two sections: One section covers contractual services for the Division of Buildings and shows an increase of \$37,100, from \$58,700 to \$95,800, which has been approved by the Governor's allowance. The other section covers contractual services for the Department of Education and others which is covered by program receipts, and shows an increase of \$106,100, from \$247,200 to \$353,300, which was approved by the Governor's allowance. The total increase for contractual services is \$143,200.

The request of \$95,800 for the Division of Buildings includes repairs for the Capitol Building, Support Building, State Museum, Alaska Office Building and Governor's Mansion, totalling \$64,200, plus insurance and bonding, etc.

The request of \$353,300 for the Department of Education includes general repairs totalling \$253,300, rents and utilities amounting to \$50,000, etc.

Mr. Borer referred to page 278 and questioned the insurance summary reports (Code 380) totalling \$12,000.

Mr. Johnson said the State has to have a survey of insurance made once every two years or so, for appraisal or reassessment. This is done by an appraisal outfit.

Mr. Kaldor said the State had two companies, the American Appraisal and another one, and cancelled them both. They are getting the same service here with an Alaskan firm. There was discussion as to who exactly is doing it, it is handled through Shattuck Insurance Company.

Mr. Sackett referred to page 279, the authorization for 1968-69 of \$247,200, Code 330, rents and utilities, and asked how this is broken down. Mr. Kaldor said there is nothing broken down.

Mr. Croft asked if the \$737,218 spent in 1968 was due to the Fairbanks flood, and Mr. Johnson said yes, it was.

Commodities:

The page covering commodities for the Division of Buildings and the page covering commodities under program receipts, total an increase of \$28,400. Mr. Johnson said the \$3,000 increase on page 280 includes \$2,000 for IBM generator parts, and \$1,000 for the Governor's Mansion. \$25,400 on page 281 is for program receipts, ASHA rental facilities, and fuel for them throughout the state. In answer to a question by Mr. Croft, Mr. Johnson said the increase results primarily from ASHA rentals, and the ASHA rentals are being maintained now. Mr. Johnson said there will probably be 10 or 15 buildings added. The Department of Highways will

have maybe one building by themselves, but Fish and Game may be put in with Public Safety, Health and Welfare, and the Department of Law; that is, where the combination buildings were put in Bethel, Delta Junction, Glennallen, etc. The Division of Buildings is responsible for the maintenance, according to Mr. Johnson.

Equipment:

The budget request of \$6,400 in equipment represents the increase as there were no funds authorized for equipment last year. This increase is due primarily to the request for a mobile snow plow and the fire hose in the Capitol Building.

Mr. Sackett asked what the sidewalk responsibility is and where the snow plow would be utilized. Mr. Johnson replied that it would be used around their own buildings. The City does not have sidewalk responsibility and will not do it, and added that this is true throughout most of Alaska.

Mr. Johnson said that by law they have to replace the fire hose in the Capitol Building periodically, he thought it was every five years.

There is a decrease in equipment for the Department of Education and others covered under program receipts of \$1,900 (page 283). Mr. Johnson said this decrease is due to prorating the total request for school maintenance - it comes under commodities.

Mr. Sackett referred to equipment purchases for the school

maintenance and other maintenance projects which are chiefly replacement items, such as refrigerators, stoves, light plants, heating stoves, etc., and asked how much this amounts to as there is no figure included. Mr. Strandberg said this comes out of program receipts, and Mr. Kaldor said it came over from the Education budget and should be about \$17,400.

Land, Buildings,  
Non-Structural  
Improvement:

The Department request of \$15,000 represents the increase in land, buildings, non-structural improvement (Code 600) as there were no funds authorized for the last year. Mr. Johnson said this is for land acquisition for school sites at Togiak, Manley Hot Springs, Amiak and other locations yet to be selected. Education put this in the budget.

Mr. Borer asked that this be marked to come out, he felt if these areas needed schools, they could surely provide some land for them.

Mr. Strandberg said that with many of these small places they have to go so far out that it would then mean providing bus service for the children.

Mr. Borer commented that they give the land away for 50¢ and turn around and buy it back for \$50,000. Mr. Strandberg advised taking a good look at the situation before pursuing that route.

Mr. Haugen asked how big these schools are, and Mr. Johnson replied that they range from one- to six-room schools.

Planning  
& Design

There is an overall decrease in Planning and Design of \$8,900. Mr. Johnson said this is due mainly to the deletion of the Chief Architect position.

Personal  
Services:

Travel:

There is an increase in travel of \$1,000, which is due to the greater number of positions.

Contractual  
Services:

There is a decrease in contractual services of \$1,200. Mr. Johnson said they transferred part of the Xerox rental to be charged to the projects and not against the General Fund.

Commodities:

There is no increase in commodities, the Department request of \$4,300 is the same as the last year.

Equipment:

The Department request of \$4,000 in equipment represents the increase as there were no funds authorized for equipment last year. Mr. Johnson said this increase is for the purchase of an Ozalid Machine. The machine presently in use was acquired as a surplus item in 1962. Repairs have become very costly and the frequent ammonia leaks present a definite health hazard to all the Buildings' employees who are housed in the vicinity of the machine. Mr. Kaldor added that there has been one woman who put in a claim against the Government because of the ammonia fumes.

Inter-Agency  
Charges:

The Department request of \$1,000 also represents the increase in inter-agency charges as there were no funds authorized for the last year. Mr. Johnson said this increase is for inter-agency charges to the Department of Administration for printing of forms and specifications of projects to be submitted to bidders. Mr. Croft asked if

this figure was by the Department of Administration or the Division of Buildings, and Mr. Johnson said it was the Department of Administration's figure.

Construction

There is an overall decrease in Construction of \$8,000.

Personal  
Services:

Mr. Sackett noted that the Division of Buildings did not request a vacancy and turnover factor, but the Governor's allowance gave a vacancy and turnover factor of \$1,000. Last year they had a vacancy and turnover factor of \$9,600. Mr. Strandberg said that with the Governor's vacancy and turnover allowance, \$223,800 is the total allowance. In answer to Mr. Sackett's question as to whether they have any vacancies at all, Mr. Strandberg said they have several they are trying to fill, which have been vacant a couple of months.

Travel:

There is no increase in travel, and the Department's request of \$1,700 has been allowed by the Governor.

Contractual  
Services:

There is a \$300 increase in contractual services, all of which is in the 360 Code, equipment rental. Mr. Johnson said this is for rental of the Xerox machine. The Department request of \$1,100 has been allowed by the Governor.

Commodities:

There is a \$400 increase in commodities. Mr. Johnson said last year they were authorized \$400 and the actual costs are more than \$400.

Equipment:

There is no increase in equipment. The Department request of \$200 has been allowed by the Governor. Mr. Johnson said this is for a drafting machine for the Juneau office.

**Inter-Agency  
Charges:**

The Department request of \$1,000 represents the increase in inter-agency charges as there were no funds authorized for the last year. Mr. Johnson said this increase is for the Department of Administration for central duplicating, printing construction project forms.

**Special  
Disaster Fund**

There is no Department request, no program this year. In 1968-69 they were authorized \$25,200, and show a decrease of \$25,200 for 1969-70. Mr. Croft asked if this amount was going to lapse. Mr. Strandberg said this is an inter-agency charge and he did not know.

**Recess:**

Meeting recessed at 2:45 p.m.

After Recess  
3:05 p.m.

Present:

HOUSE BILL  
NO. 59

All members except Messrs. Hohman and Bradner.

Mr. Ray called the meeting to order and Mr. Haugen moved and asked unanimous consent that the committee consider HOUSE BILL NO. 59 (an act appropriating to the Department of Commerce). No objection, so ordered.

Mr. Haugen gave a brief explanation of the backup material on this bill and moved and asked that this bill be voted out with a "do pass" recommendation. Mr. Croft objected and stated that this was for work done prior to 1967.

Mr. Haugen said that \$95,000 was appropriated last year and said that they had contacted the Anchorage office and were told that \$63,000 had been charged against these funds so far. He said the money was for setting up an organization to handle the Remote Housing Program.

Mr. Ray commented that they are no closer to having a workable arrangement for this now than they were two years ago. The following vote was taken on HOUSE BILL NO. 59:

"Do Pass": Messrs. Haugen, Sackett and Ray

"Abstained": Mr. Croft

Mr. Haugen explained that the state was trying to take the administrative cost out of the \$1,000,000 appropriated by the Federal Government, and that former Governor Hickel had brought down a bill, which is now Chapter 93, that gave him the authority to designate an agency to receive these Federal funds, and this agency was ASHA.

A discussion followed on travel that was made to Washington, D.C. on this remote housing.

It was moved and unanimous consent was asked that the committee adopt HOUSE BILL NO. 59 with a "do pass" recommendation:

"Do Pass": Messrs. Borer, Sackett, Haugen and Ray

"No Recommendation": Mr. Croft.

Mr. Sackett was assigned to the Department of Natural Resources budget.

Adjournment: The meeting adjourned at 3:15 p.m.

HOUSE FINANCE COMMITTEE MEETING  
Tuesday, March 18, 1969  
9:00 a.m.

Present:

All members were present with the exception of Mr. Sackett.

HB 197

Mr. Ray moved and asked unanimous consent that the committee consider HOUSE BILL NO. 197 (amending certain wholesale and beverage license fees). No objection, so ordered.

Mr. Ray presented the following report to the committee:

Each General Wholesaler of alcoholic beverages in the State pays an initial license, or minimum fee of \$500. This fee is in payment for the first \$50,000 in gross business that he transacts. When a wholesaler makes gross sales over \$50,000 he then pays an additional percentage tax in graduated increments of \$25,000 up to a total of \$50,000. At this point the licensee is paying \$500 in gross sales tax for a total of \$5,500.

In 1957 fifteen General Wholesalers were licensed and paid a total of \$7,500 (\$500 per) plus excess one percent tax of \$13,000 for a total of \$20,500 on gross sales of \$1,203,914.

In 1958 sixteen General Wholesalers were licensed and paid a total of \$8,000 (\$500 per) plus excess one percent tax of \$13,000 for a total of \$21,000 on gross sales of \$1,203,914.

In 1959 seventeen General Wholesalers were licensed and paid a total of \$8,500 (\$500 per) plus excess one percent tax of \$13,000 for a total of \$21,500 on gross sales of \$1,203,914.

In 1960 eighteen General Wholesalers were licensed and paid a total of \$9,000 (\$500 per) plus excess one percent tax of \$13,000 for a total of \$22,000 on gross sales of \$1,203,914.

In 1961 nineteen General Wholesalers were licensed and paid a total of \$9,500 (\$500 per) plus excess one percent tax of \$13,000 for a total of \$22,500 on gross sales of \$1,203,914.

During the last year (1968) not one of these licensees did business in excess of \$200,000 in gross receipts. Total sales for all ten was \$674,202.58. To find estimated income under the new proposal you take ten times \$100, which would pay the initial licenses, for a sub-total of \$1,000. You then subtract \$100,000 which is the maximum gross sales the initial licenses would cover. Subtract that figure from total gross sales of all licensees \$674,202.58 and you get the balance of \$574,202.58 gross receipts subject to the one percent tax. Multiply this figure by the one percent, \$5,742.02, and then add the license fees of \$1,000 for a grand total of \$6,742.02.

Fees collected under the existing schedule are \$9,000 which makes a deficit of (-\$2,257.98) under the new proposal.

Subtract this deficit figure (-\$2,257.98) from the \$165,501.15 increase in the General Wholesalers category and you have a net figure of \$163,243.17 which is the estimated annual gain to the State Treasury if House Bill No. 197 is enacted.

/s/ Bill Ray

Chairman  
House Finance Committee

Mr. Ray said that when the bill was reported out by the committee, he would like this report to accompany it. Mr. Ray, in summary said that what the report means is that in 1957 the wholesalers were paying almost what they are now and gross sales have increased by 65%. With a 1% increase on the general sales over \$50,000, it will seem more realistic in light of the amount of business they are now doing. He added that this would bring \$163,000 in additional revenue to the state. Mr. Brooks Hanford, liquor lobbyist has expressed a desire to be heard by the committee on this legislation, according to

Mr. Ray, and he was pushing for a compromise figure of 1/2 of 1%, which means the increase would amount to only about \$80,000.

Mr. Sackett arrived.

Mr. Ray said the additional revenue generated by this increase could be used for the alcoholism program.

In response to a question, Mr. Ray said there was another bill in committee on raising tax on liquor and that was HOUSE BILL NO. 96 (changing the rates of liquor tax) by the Governor. He said the Governor's increase was \$1.00 a gallon and the purpose behind this legislation, as he understood it, was to replace the money lost by repealing the \$10 disaster head tax. However, Mr. Ray did not approve of this type of thing, and felt that the other legislation would include the military where the Governor's did not.

Mr. Ray moved and asked unanimous consent that HB 197 be held pending preparation of the committee report and also waiting until Mr. Hanford has been heard by the committee. Objection was heard, and motion carried 4 - 3.

Mr. Kerttula arrived.

Mr. Bradner moved and asked unanimous consent that HOUSE BILL NO. 26 (providing for loans to processors of agricultural and fisheries products) be considered by the committee. Objection was heard and on voice vote the motion failed.

Mr. Kerttula left the meeting.

Mr. Ray announced that the committee would close out the budget for the Department of Administration. Mr. Freer, Budget and Management was present. Mr. Ray asked to be excused from the meeting and turned the chair over to Mr. Bradner.

DEPARTMENT OF  
ADMINISTRATION

Mr. Croft and Mr. Borer were the subcommittee on the budget for the Department of Administration, with Mr. Croft acting as chairman of the subcommittee.

Mr. Croft said there had been an overall increase of 20% in this budget, it was up from \$4,014,000 to \$4,819,100.

He cited the following increases in the divisions:

Department Operations:	22%
Administration Retirement Systems:	42%
Retired Employee Benefits:	Unchanged
Surplus Property:	Unchanged
Pioneers' Home:	Not reporting at this time

Mr. Croft and Mr. Borer had worked separately as a subcommittee and did not agree on the area of personal services in the Department of Administration budget; therefore, personal services is left open throughout the budget, and will be closed at a later date.

OPERATIONS

Commissioner's  
Office

Personal  
Services:

Mr. Croft noted the decrease of \$4,100 in this category, and said that one clerical position had been transferred to personnel. Vacancy and turnover factor had been reduced by the Budget Review to \$1,100 and he recommended it be returned to prior level of \$2,200. Mr. Borer disagreed

and recommended it be left at \$1,100, so personal services will be closed at a later time.

Travel:

Governor's request: \$5,300

Mr. Croft's request: 4,500

Mr. Borer's request: 5,000

Mr. Croft defended his recommendation on the basis that Administration is asking for many new positions and he felt that since the Governor was looking for a tighter budget, this was an area where it could be cut. Mr. Borer felt that last year's travel appropriation was reasonable and therefore he supported his \$5,000 recommendation. On motion by Mr. Sackett, the \$5,000 figure was adopted.

Contractual Services:

Governor's request: \$12,900

Mr. Croft's request: 12,700

Mr. Borer's request: 12,900

It was moved and unanimous consent was asked that \$12,700 be accepted. No objection, so ordered.

Commodities:

Governor's request: \$ 400

Messrs. Croft and Borer concurred. No objection, so figure of \$400 was adopted.

Equipment:

Governor's request: \$ 1,200

Messrs. Croft and Borer's request: 1,000

Subcommittee figure of \$1,000 adopted.

Inter-Agency Charges:

Governor's request: \$ 3,300 - adopted by committee.

Internal Audit

Personal  
Services:

Mr. Croft noted the Governor's allowance of \$103,600 for personal services was a decrease from fiscal year 1968-69 of \$113,100, which was attributable to transfer of one Senior Internal Auditor to Finance. There was a decrease in vacancy and turnover which Mr. Croft disputed while Mr. Borer wanted it at the level requested by the Governor. Therefore, personal services will be closed at a later time.

Travel:

Governor's request:       \$ 2,600  
Mr. Croft's request:       2,500  
Mr. Borer's request:       2,000

Mr. Croft moved and asked unanimous consent that the figure of \$2,000 be adopted by committee. No objection, so ordered.

Contractual  
Services:

Governor's request:       \$ 1,600  
Mr. Croft's request:       1,500  
Mr. Borer's request:       1,000

Mr. Borer moved and asked unanimous consent that the figure of \$1,000 be adopted by committee. No objection, so ordered.

Commodities:

Governor's request:       \$ 200 - adopted by committee.

Equipment:

No request for funds.

Management  
Trainee Program

Governor's request:       \$61,500 (Total budget)  
Mr. Croft's request:       - 0 -  
Mr. Borer's request:       30,000

Mr. Croft felt this program should be eliminated since it was instituting a new program which he felt the state could ill afford at this time.

Mr. Borer thought it should be cut in half and have three people instead of six. Mr. Croft felt it was an excellent

idea but untimely in the face of holding down overall increase in budgets. Mr. Freer told the committee that it was designed to help college graduates to get into state service and by starting in the Department of Administration they could be transferred to various sections of the Department to allow an overall picture, and hopefully at the end of the training period be eligible for positions open either in Administration or other departments of the state. Mr. Bradner pointed out that it had no job impact, i.e., it won't affect any program. Mr. Freer agreed and said it was just a case of getting these young graduates trained into state service. Mr. Croft felt it was a great program, but that this was not the year for it.

Mr. Borer moved and asked unanimous consent for adoption of \$30,000. Mr. Croft objected, motion carried 5 - 1.

Personnel  
Administration  
Personal  
Services:

This figure has risen from + 1968-69 fiscal year of \$239,800 to the Governor's request of \$386,100. Mr. Croft accounted for this by stating that this Division had requested 12 new positions, several reclassifications, and one transfer. Mr. Croft recommended reinstatement of original vacancy and turnover to \$5,500 instead of \$2,800 as recommended by the Governor, and further, to allow full funding for all 12 positions. Mr. Borer disagreed with Mr. Croft on both items; he recommended funding only 7 new positions and leaving vacancy and turnover factor at \$2,800. Mr. Borer recommended the following figures

for Personnel Administration:

Personal Services:	\$346,100
Travel:	7,400
Contractual Services:	37,100
Commodities:	3,500
Equipment:	4,000
Inter-Agency:	<u>5,000</u>
Total:	\$403,100

Mr. Croft moved and asked unanimous consent that Personnel Administration be funded at full figure of \$460,600 less vacancy and turnover factor. Motion failed on 3 - 4 vote. Mr. Haugen questioned Mr. Freer concerning what he termed the "atrocious exams" given by Personnel. Mr. Freer said this would be changed if they were given the additional personnel along with correcting the fact they are eight months behind in their reclassification workload. Mr. Bradner recessed the meeting while attempting to get Mr. Pat Hunt, Director of the Personnel Administration to appear before the committee.

Recess:

After Recess  
10:00 a.m.

Mr. Bradner announced that Mr. Hunt would be unable to testify as he was at another committee meeting; therefore, they would leave this whole section open until the committee could discuss this with Mr. Hunt.

Personnel  
Board

Mr. Croft advised the committee to hold off on this figure to see if the legislature approves the bill enacting a civil service system. Mr. Bradner thought the committee should go ahead and approve the figure and they could

always reopen it at a later date. There being no objection the figure of \$3,600 was adopted by the committee for Personnel Board.

Budget and Management

Mr. Croft questioned the position of the budget analyst that would not be filled until March 1970. Mr. Freer said this was in line with the Governor's request of holding down the budget but would still allow him to fill this position in his office at a critical time. He explained how he loses his chief budget analyst with great regularity to other departments and went on to cite the various men who have gone on to better positions in state government. Mr. Freer emphasized that he felt this was good for the state but he was continually breaking in a new man to work under him. He thought if he could get someone in a lower grade, that person could understudy for the chief budget analyst position and be ready to move up at the appropriate time. Mr. Borer concurred with this and noted that Mr. Freer had trained many individuals who later attained top jobs in the state.

Mr. Croft and Mr. Borer again disagreed on the vacancy and turnover factor so personal services will be closed at a later date.

Travel:

Governor's request:	\$ 1,800
Mr. Croft's request:	1,500
Mr. Borer's request:	1,800

Mr. Croft moved and asked unanimous consent that the figure of \$1,500 be adopted. Motion carried 4 - 2.

Contractual  
Services:

Governor's request: \$ 2,900

Mr. Croft's request: 2,800

Mr. Borer's request: 2,900

Mr. Sackett moved and asked unanimous consent for \$2,900.

No objection, so ordered.

Commodities:

Governor's request: \$ 2,000 - adopted by committee.

Equipment:

Governor's request: \$ 1,200 - adopted by committee.

Inter-Agency  
Charges:

Governor's request: \$ 3,800 - adopted by committee.

Central Services

Mr. Croft and Mr. Borer once again disagreed on the vacancy and turnover factor so personal services will be closed at a later date.

Personal  
Services:

The balance of the Governor's requested figures were adopted by the committee:

Travel:

Governor's request: \$ - 0 - adopted by committee.

Contractual  
Services:

" " \$31,900 " " "

Commodities:

" " \$ 8,000 " " "

Equipment:

" " \$ 100 " " "

\*Mr. Croft had requested \$7,000 but acquiesced to the \$8,000 figure requested by the Governor.

Records  
Management

Mr. Croft recommended elimination of the whole program at this time. Mr. Borer said it had been on the books since 1957 and felt it was time the program was implemented. Mr. Croft said if the state couldn't afford it last year, they surely could not afford it this year. Mr. Freer said he had been trying to get the Department of Administration to approve this program for several years and this is the

first year it has appeared in the budget book -- it was always cut out before it even reached the Governor. He felt it was a critical area that should not be postponed again. For example, there is no liaison between Administration and the state library; records are piling up in all departments; departments are being denied requests for microfilming on the basis that this program will be implemented; and, he felt that they not only have to provide this storage space but must plan on an ever-expanding program. This request is only a beginning and Mr. Freer pointed out that it will increase each year.

Mr. Croft moved and asked unanimous consent that the program be deleted. Motion failed 1 - 5, and the Governor's request of \$16,900 was adopted by the committee.

Finance

Personal  
Services:

Mr. Croft queried the reclassification of the Senior Internal Auditor to an Accountant III (Page 104, lines 9-10, Budget Workbook) and Mr. Freer explained that this was a transfer from Internal Audit and that though it was a lesser position the pay was approximately the same.

Again, personal services was left open because of the dispute over vacancy and turnover factor.

Travel:

The Governor requested \$1,000; however, Mr. Sackett moved and asked unanimous consent that the figure be cut to \$500. Motion failed 1 - 5 and the figure of \$1,000 was adopted.

Contractual  
Services:

Governor's request:	\$25,200
Mr. Croft's request:	22,200
Mr. Borer's request:	25,200

Mr. Croft wanted to eliminate the MTST and moved that \$22,200 be adopted. Motion failed 2 - 3 and the figure of \$25,200 was adopted by the committee.

Commodities: Governor's request: \$ 1,700

Mr. Croft's request: 1,200

Mr. Borer's request: 1,700

Mr. Borer moved and asked unanimous consent that the figure of \$1,700 be adopted. No objection, so ordered.

Equipment: Governor's request: \$ 6,000 - adopted by committee.

Inter-Agency Charges: Governor's request: \$ 3,600 - adopted by committee.

Supply

Central Supply Service

Personal Services:

Mr. Croft attributed the increase from \$256,900 for fiscal year 1968-69 to the Governor's request of \$284,700, to the fact that the Director's salary is now fully funded under this, rather than only 95% as in prior years. Also, the increase is due to the vacancy and turnover factor being decreased, plus two new positions. Mr. Croft again recommended that the vacancy and turnover be restored to the previous year's level and Mr. Borer again disagreed. This figure will be closed out at a later date.

Travel: The Governor requested \$3,700 for this item, and Mr. Croft moved and asked unanimous consent that \$3,000 be adopted. No objection, so ordered.

Contractual Services: The Governor's request of \$22,900 was concurred in by subcommittee and adopted by full committee.

Commodities: The subcommittee agreed on the Governor's figure of \$4,300; however, Mr. Sackett moved and asked unanimous consent that the figure of \$4,000 be adopted. No objection, so ordered.

Equipment:

Governor's request: \$ 3,900

Mr. Croft's request: 3,200

Mr. Borer's request: 3,500

Mr. Croft moved and asked unanimous consent that \$3,200 be adopted. No objection, so ordered.

Inter-Agency Charges:

The committee concurred in the Governor's recommendation of \$3,500.

Central Duplicating

This figure again left open due to dispute on the vacancy and turnover factor.

Personal Services:

Travel:

Governor's request: \$ 100 - adopted by committee.

Contractual Services:

Governor's request: \$ 8,500 - adopted by committee.

Commodities:

Governor's request: \$60,900 - adopted by committee.

Equipment:

Governor's request: \$10,200 - adopted by committee.

Mr. Sackett asked Mr. Freer if this was all general fund appropriation, and Mr. Freer replied that it was not.

The only general fund was for the new piece of multilith equipment which will be an offset press capable of printing both sides of paper in one pass through the machine. He said the balance is charged back to the various departments through inter-agency charges. They felt it would be too difficult to charge back the equipment so it is straight general fund money.

Central Mail Services

Mr. Croft noted a 23% increase under this category. Mr.

Personal Services:

Croft said the increase from \$31,100 to \$37,900 was the addition of one messenger plus the vacancy and turnover factor. He approved the messenger, but not the vacancy

and turnover factor. Mr. Borer disagreed so personal services will be closed at a later date.

The balance of Central Mail Services budget was approved as requested by the Governor:

Travel:	Governor's request:	<u>\$ - 0 -</u>	adopted by committee.
Contractual Services:	" "	<u>\$ 2,900</u>	" " "
Commodities:	" "	<u>\$ 1,100</u>	" " "
Equipment:	" "	<u>\$ 200</u>	" " "

Data Processing Mr. Borer recommended that this portion be held until the Finance Committee Chairman was present since he had some definite feelings on this subject. Mr. Bradner agreed and the committee proceeded on to the next category.

Personal Services: The increase from \$10,200 to \$11,000 was attributed to reclassification of two positions and no allowance made for the vacancy and turnover factor. This was left open. The balance of FICA as requested by the Governor was approved as follows:

Travel:	Governor's request:	<u>\$ 1,700</u>	- adopted by committee.
Contractual Services:	" "	<u>\$ 600</u>	" " "
Commodities:	" "	<u>\$ 100</u>	" " "
Equipment:	" "	<u>\$ - 0 -</u>	" " "

PIONEERS' HOME The subcommittee was not prepared to report on this budget so it will be closed at a later date.

ADMINISTRATION OF RETIREMENT SYSTEMS

Public Employees Retirement Administration

Personal Services: This was left open on the basis of the vacancy and turnover problem.

Travel: Governor's request: \$ 4,000  
Messrs. Croft and  
Borer's request: 3,700  
Committee adopted subcommittee figure of \$3,700.

Contractual Services: Governor's request: \$33,700  
Messrs. Croft and  
Borer's request: 33,000  
Committee adopted subcommittee figure of \$33,000.

Commodities: Governor's request: \$ 500 - adopted by committee.

Equipment: Governor's request: \$ 900 - adopted by committee.

Inter-Agency Charges: Governor's request: \$22,600 - adopted by committee.

Teachers' Retirement Administration

Personal Services: This was left open on the basis of the vacancy and turn-over problem.

Travel: Governor's request: \$ 2,800 - adopted by committee.

Contractual Services: Governor's request: \$34,500  
Messrs. Croft and  
Borer's request: \$34,000 - adopted by committee.

Commodities: Governor's request: \$ 500 - adopted by committee.

Equipment: Governor's request: \$ 500 - adopted by committee.

Inter-Agency Charges: Governor's request: \$22,600 - adopted by committee.

RETIRED EMPLOYEE BENEFITS Mr. Freer explained that there is a built-in increased cost-of-living factor for any of these people who return to Alaska to live. It was moved and unanimous consent was asked that the Governor's request of \$8,000 be accepted by the committee. No objection, so ordered.

PLUS PROPERTY Mr. Croft noted that there was no vacancy and turnover factor in this budget and he requested that it be reinstated. Since Mr. Borer once more disagreed with this philosophy, this category was left open. The balance of the Governor's request was approved by the committee as follows:

Travel:	Governor's request:	<u>\$ 2,100</u>	-	adopted	by	committee.
Contractual Services:	" "	<u>\$14,200</u>	"	"	"	"
Commodities:	" "	<u>\$ 5,400</u>	"	"	"	"
Equipment:	" "	<u>\$ 200</u>	"	"	"	"

Recess: Meeting recessed at 11:30 a.m.

HOUSE FINANCE COMMITTEE  
Tuesday, March 18, 1969  
1:30 p.m.

Present:

All members of the Finance Committee were present. Also present were Mr. E. M. Mockerman, Chairman of the Advisory School Board from Anderson; Mr. H. O. Williams, the Superintendent of Schools in Nenana; Mr. John Coghill; Mr. William Devan, Mayor of Anderson; Mr. R. E. Stickle, Chairman of the Suntrana-Usibelli Advisory Board; and Mr. Berle E. Mercer, delegate from Healy.

Mr. Ray called the meeting to order at 1:30, and explained to the persons present to testify the procedures of the committee. Mr. Sackett explained to the committee that the gentlemen present represented three different areas, Nenana, Clear/Anderson, and Healy. Healy and Anderson want schools, but Nena would lose students and funding if they get them.

Mr. Gene Mockerman from Anderson was the first to speak. He gave Chairman Ray a copy of a prospectus prepared on the proposed Anderson high school. He said that all of the representatives had met this morning with the State Board to present this to them. He gave a general review of the matters covered in the prospectus (copy in file) He said that the city of Anderson has found it difficult to rationalize bussing their children to Nenana. He said that they have enough students to justify a secondary school by state law. He said there are 393 people now in Anderson, and they do have an excellent elementary school, which is already filled to capacity. The library in the

elementary school is now housing the eighth grade. They feel that perhaps a secondary school, which would include both junior and senior high schools, would relieve pressure from the elementary school. He said Anderson is a growing community. People are now planning to send their children outside for high school next year. He said that of 17 students now going to Nenana High School, 12 are planning to go outside next year, because their parents will not allow them to go to Nenana anymore, for reasons which Mr. Mockerman appeared reluctant to elucidate. He said that their are people who have moved out and have expressed a willingness to return to Anderson if an adequate school system were there. Mr. Ray asked how the majority of people in Anderson make their living, and Mr. Mockerman said that they are RCA personnel, all of them profession people of some kind. Mr. Croft asked Mr. Williams about the Nenana schools. Mr. Williams said that there are 74 high school students in Nenana, and they could take a maximum of 100 additional students. Mr. Croft asked what the normal procedure is for creating new schools. Mr. Ray explained that normally it is in the Department's program as presented to the Legislature. Mr. Mockerman did not know if their proposal would be part of the Department's budget. Mr. Bradner aksed how many students they envision being in the Anderson high school. Mr. Mockerman said they have just requested a city school and have requested a secondary school rather than a high school. They would anticipate 61 students, which would entitle them to 6 teachers. Mr. Bradner asked Mr. Williams how many students this would

leave in the Nenana high school, and Mr. Williams said according to his projections, there would be a loss of 38 students, to 53.

Mr. Ray asked for elaboration on the difficulty between Anderson and Nenana by Mr. Williams. Mr. Williams said he did not know what the difficulty would be, though he said he would be interested in knowing of problems that might exist. In response to questioning by Mr. Ray it was stated that the assessed valuation of Nenana is \$1,900,000 and of Anderson \$1,500,000.

Mr. Berle E. Mercer said that they have been interested in Healy for quite a few years in getting a school, either high school or secondary. He said that in the immediate area they consider the Healy area, there are 374 persons. He said that he understands that additional federal monies are available in proportion to the number of people living on federal land, and he said that sixty one people live on private property and 313 on government property. He said that there are 17 high school students from Healy who have gone elsewhere to school (Palmer, Fairbanks, and outside of Alaska). He said that they would have 59 students from grades 1 to 6 and 29 from grades 6 to 12. He said that some of the people working in the area have indicated that they would bring their families with them if there was a school system. He said further that they are not requesting a large permanent structure, but only relocatable structure until such time as they have proved that Healy is a stable community. (Information on the situation in Healy is in the file.)

Mr. Ray directed the secretary to draft a letter to Dr. Hartman asking for an analysis of the situation with the schools.

Adjourned: The meeting adjourned at 2:05.

HOUSE FINANCE COMMITTEE MEETING  
Wednesday, March 19, 1969  
9:00 a.m.

Present: All members. From Budget and Management, Mr. Richard Freer and Miss Susie Harris were also present.

Dept. of Health  
and Welfare  
Book II

Corrections Administration Mr. Ray moved and asked unanimous consent that personal services be cut to \$680,000. Mr. Croft objected. Mr. Ray explained this was just the vacancy and turnover factor. Mr. Croft said he felt the figure of \$9,000 was not enough and unless the Department does something realistic in raising the pay ranges of the probation officers nothing will be solved. Mr. Croft said these people are underpaid. He said they have only three employees in Anchorage who have been there more than three years.

Mr. Ray moved and asked unanimous consent that the following figures be adopted:

Personal Services	\$680,000
* Travel	27,600
Contractual Services	80,900
Commodities	10,200
** Equipment	12,500
Inter-Agency Charges	<u>27,000</u>
	\$838,200

Legislative Intent \* Mr. Ray moved and asked unanimous consent that it be the legislative intent that travel in this code be line itemed as follows:

210	\$15,300
220	9,100
230	1,700
240	500
<b>New Hires</b>	<u>1,000</u>
	<b>\$27,600</b>

No objections so ordered.

Legislative Intent Equipment: \*\*Mr. Ray moved and asked unanimous consent that it be the legislative intent that the Department be instructed not to purchase the station wagon listed in Equipment. No objection so ordered.

There was a discussion on the salaries of probation officers and Mr. Ray noted on page 8 of the budget there was a reclassification of a Probation Officer I. He also noted in Ketchikan a Probation Officer II had been down graded to a Probation Officer I. He asked Mr. Freer if the Department had been denied any requests for reclassification and Mr. Freer said they did not have a blanket request from the Department; however, he noted there had been a whole series of reclassification done about a year ago.

Mr. Ray moved and asked unanimous consent that the total figure of \$838,200 be adopted. Motion carried.

Care of Prisoners  
Adult Conservation Camp Mr. Ray moved and asked unanimous consent that the following figures be adopted:

Personal Services	\$278,000
Travel	14,300
* Contractual Services	65,000
** Commodities	109,900
*** Equipment	5,000
Grants, Claims and Shared Revenue	<u>24,000</u>
	\$496,200

Legislative \* Mr. Ray moved and asked unanimous consent that it be shown  
Intent  
Contractual as legislative intent that the committee approves of the  
 Services:

rental of the Palmer gym. No objection, so ordered.

Commodities: \*\* Mr. Ray asked if under code 460 the Department receives money from the Division of Lands for federal reimbursement and Mr. Freer said they get a credit on the fire suppression bill but no direct cash from this. Mr. Borer asked if they receive the same amount of credit for the work the prisoners do as compared with other people that do this same type of thing. Mr. Freer said he would assume so and a brief discussion followed on this.

On code 490, Mr. Ray said they should establish a policy of the full committee and explained that this budget on the health and comfort items is provided at a maximum rate per prison population that could be handled in the Adult Camp. Mr. Ray noted that there is a distinct feeling in the Adult Conservation Camp that is not noticeable at other institutions and recommended that the total figure requested for commodities be allowed and said that this could be money well spent.

Legislative Intent

Mr. Ray moved and asked unanimous consent that it be shown as legislative intent that comfort items be on a priority basis. No objection so ordered.

Equipment: Legislative Intent

Mr. Ray moved and asked unanimous consent that this figure be \$5,000 with the legislative intent that this money be spent for equipment that provides for health and comfort and the walkie talkie be eliminated. No objection so ordered.

Mr. Ray moved and asked unanimous consent that the total figure of \$496,200 be adopted. Mr. Borer objected.

Motion carried on voice vote with Mr. Bore voting no.

Anchorage State Jail

Mr. Ray recommended the following figures for the Anchorage State Jail:

Personal Services	\$294,000
Travel	6,000
Contractual Services	38,500
Commodities	72,000
* Equipment	1,900
Grants, Claims & Shared Revenue	<u>4,200</u>
	\$416,600

Commodities: There was a discussion on commodities and Mr. Ray said that this figure is budgeted at a maximum population level. Mr. Ray moved and asked unanimous consent that the figure of \$72,000 be adopted for commodities. No objection so ordered.

Legislative Intent

\* Mr. Ray moved and asked unanimous consent that the Department is to purchase the food storage cabinet listed in Equipment and this be shown as the legislative intent. No objection so ordered.