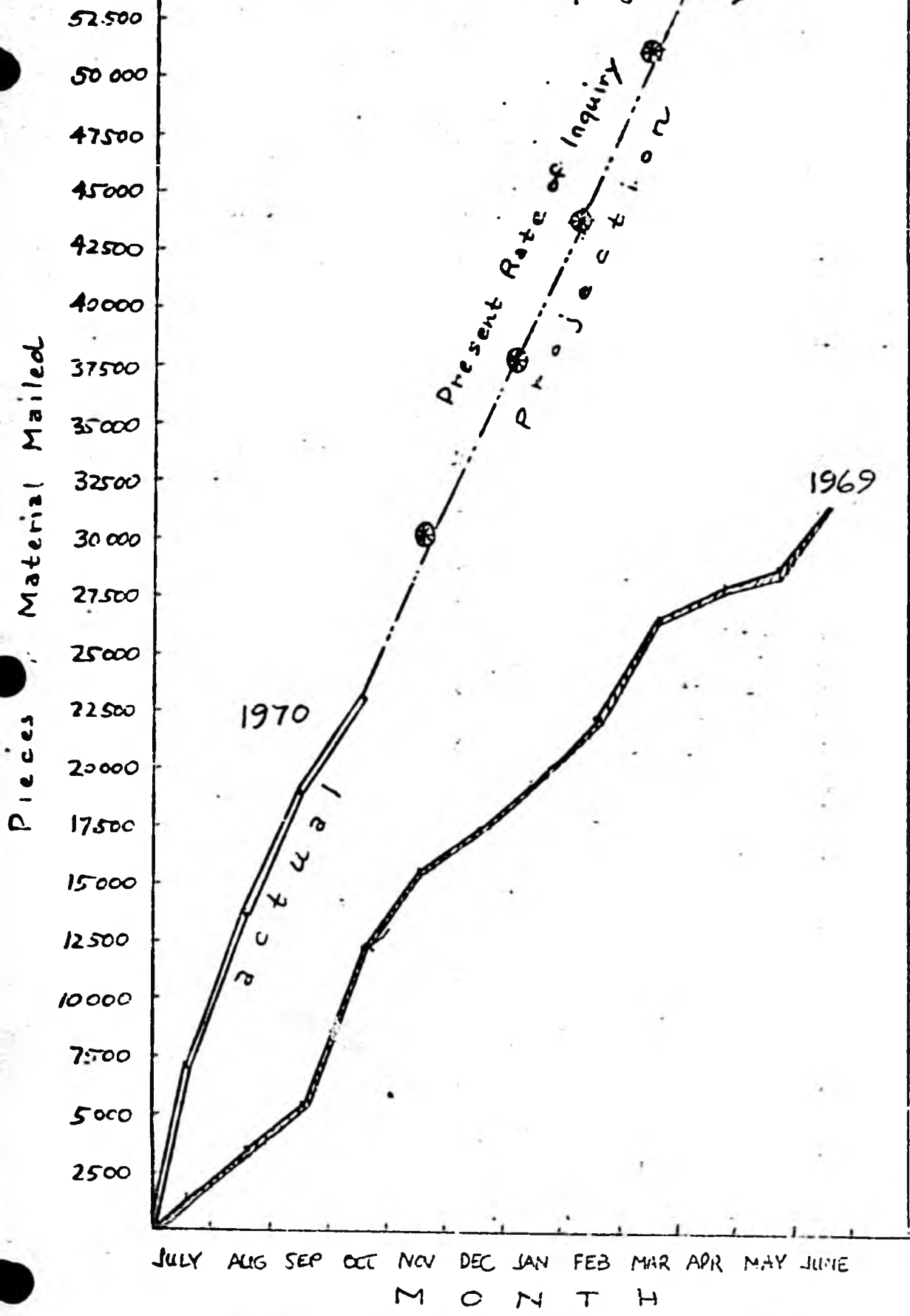


HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2488

I N F O R M A T I O N D I S S E M I N A T I O N

1969 and 1970 (projected)



* Indicative of inquiries handled by division

HOUSE FINANCE COMMITTEE

February 3, 1970

9:10 a.m.

Present: All members except Mr. Borer and Mr. Bradner. Representative John Schwamm was also present.

Bill
Assignment

Chairman Ray called the meeting to order and the following bills were assigned:

HCR 1	HCR 1 (Jurors' fees from \$10 to \$35) --	Mr. Haugen
HB 477	HB 477 (Approp., Dept. of Public Works, Div. of Aviation - \$1,422,000)	Mr. Bradner
HB 518	HB 518 (Limitation - oil & gas leases)	Mr. Sackett
HB 576	HB 576 (Allotment residents - Pioneers' Home)	Mr. Croft
HCR 19	HCR 19 (Construction airfield at Wales)	Mr. Bradner

HB 251 Mr. Croft asked if the committee would consider HOUSE BILL NO. 251 (an act relating to the purchase of primary services by the Department of Health and Welfare from private voluntary institutions and agencies). Mr. Ray objected but noted it was his feeling this should be divided into two bills (children in one bill and hospitals in another bill). Mr. Ray asked if HOUSE BILL NO. 459 (appropriating to the Department of Labor; Enforcement of Labor Laws - \$51,600) and HOUSE BILL NO. 463 (appropriating to the Department of Labor, Enforcement of Labor Laws - \$10,140.46) could be combined into one bill. Mr. Sackett said he would not like to do this and noted the request for HOUSE BILL NO. 463 goes back to FY68-69.

Chairman Ray announced a meeting on Wednesday, February 11, at 8:00 p.m. for the purpose of holding a public hearing on HOUSE BILL NO. 282 (supplementary retirement program for certain residents).

Recess: The meeting recessed at 9:30 a.m.

HOUSE FINANCE COMMITTEE
February 3, 1970
1:30 p.m.

Present: Present were Messrs. Croft, Haugen and Sackett. Also present were Messrs. Evertt W. Bunes, Deputy Commissioner, and Don Hazen, Economist, Industrial Development, of the Department of Economic Development, and Yoshio Katsuyama, Director, Alaska State Office, Office of the Governor, Tokyo, Japan.

DEPARTMENT
OF ECONOMIC
DEVELOPMENT

EXPO '70

In the absence of Mr. Ray, Mr. Croft assumed the chair and called the meeting to order.

Mr. Croft recalled that the day before the committee had discussed briefly the budget for Expo '70, for which the Department of Economic Development is responsible for the planning and administering of all State activities leading up to and relating to the 1970 Japanese World's Fair (Expo '70). In all fairness, he said, he had some questions about a supplemental appropriation, or this year's appropriation for an additional \$120,000. Mr. Croft said the commissioner had indicated that industry had simply failed to cooperate after the oil lease sale with providing any exhibits or materials without cost.

Mr. Croft asked that they comment on that and also lay their plans, stating that frankly some of the committee members had discussed whether or not this should really be handled by a supplemental since the Expo is to open in March. He doubted whether the budget is going to be passed before April, and thought they might be able to plan their year much better if they were to handle it by a supplemental

appropriation rather than in the budget.

Mr. Bunes said he would like to clarify again comments made the day before. HOUSE BILL NO. 78 provided for this Expo with a request for \$120,000. When Commissioner Murkowski appeared before the House Commerce Committee he said they really need \$250,000, and so they approved the request for \$250,000; however, when it was funded in the budget it remained at \$120,000, which is basically what they are working with now, but are requesting another \$120,000. Mr. Bunes said they prepared a list of expenditures to date as well as anticipated expenditures [list attached].

Mr. Croft referred to the slides mentioned the day before, and asked if the rest of the committee would like to see them. Mr. Bunes said, however, that Chairman Ray had said they weren't needed.

Mr. Bunes again mentioned that they had expected industry to assist (and in some areas they have been helpful) when the department assumed responsibility for the \$120,000. It is not adequate enough to take care of the balance of the Expo, and said he would give a brief description of their plans.

Mr. Hazen passed photographs around to the committee members, and Mr. Katsuyama said they had Polaroid films taken so they could bring them back to Alaska.

Mr. Borer came in.

Mr. Hazen described the exhibit as follows:

"The State of Alaska exhibit will provide the Expo '70 visitor with a walk through Alaska - he will see the forests, moors, mountains, waterways and wildlife of this vast area. The

visitor will also be informed of the present and potential economic strength of the state through its spectacular resources in tourist attractions, minerals, petrochemicals, timber, and commercial fishing. The multiracial aspects of Alaska's population, its trade with Japan and the unique location of the state with respect to travel and trade routes will also be shown.

"This very large and intriguing story will be told quickly and dramatically through a combination of unusual diorama and photoessay techniques. There will be a 'forest' of actual tree trunks with 'branches' in abstract form made of canvas. These branches will carry part of the pictorial material. The dioramas will feature actual specimens of Alaskan wildlife - a polar bear, giant elk, brown bear, walrus, king crab and other denizens of land and sea.

"The visitor to the Alaskan exhibit will see all this via a raised wooden walkway. Wall textures of natural woods and aluminized surfaces will underscore the warmth and richness of the land in contrast to the arctic climes."

Mr. Sackett asked if he would have any trouble finding a place to stay in Tokyo, that is hotel space. Mr. Katsuyama said it would be very difficult. Mr. Sackett asked how a person is supposed to go over there and visit then, and Mr. Borer asked if there is any group of rooms the state has that some of the legislators might use. Mr. Bunes said the state has three apartments reserved, mainly for personnel, and thought it conceivable one of the apartments might be made available to legislators.

Mr. Croft said one of the department's reasons for coming back before the committee was to anticipate what industry might do that it hasn't done which would increase assistance. Mr. Bunes said industry is not particularly sympathetic to the department's needs any more. The department is trying to get competitive bids or even free construction of the totem pole; however, industry has not been willing to participate, particularly after the oil lease sale, and informed the department they couldn't afford it.

Mr. Bunes said they feel the department has done a fair job in trying to obtain free service, but they also have an image to protect and shouldn't have to have their hands out all the time either.

Mr. Hazon said that originally Hawaii was going to be in with Alaska and have since changed their minds and have a pavilion of their own for which they are spending about a million dollars, and other states are building their own pavilions.

Mr. Croft asked if Alaska participated in the Seattle World's Fair and New York World's Fair, which Mr. Hazon said was correct; however, he was not with the state during those occasions and couldn't give an estimate.

Mr. Bunes said their various brochures call attention to Alaska. Most people are basically uninformed and if they can get information on weather, climate, resources, or information about the people, this is going to attract them. It is difficult to anticipate the return to the state.

In addition, Mr. Bunes said, Japan happens to be the host this year, and they estimate 50,000,000 people will go through there. Alaska's trade, etc., certainly justifies this type of expenditure. The totem pole is already drawing tremendous attention to Alaska. It is the tallest totem pole in the world, and in answer to Mr. Croft's question, it is 132 feet tall. There have been stories all around the world for this pole, and if it is illuminated it will actually draw people to the exhibit.

Mr. Ray came in.

Mr. Hazon added that the exhibit is right next to the monorail. In answer to a further question by Mr. Croft, Mr. Hazon said the exhibit would feature Alaska's four basic resources: Minerals, petrochemicals, timber, and commercial fishing. He added that the Japanese are extremely proud that they are finally hosting the World's Fair. They were supposed to have it before the War, but when the War broke out it was cancelled. Now that they are finally having it, it is a national point of pride - they are going all out.

Mr. Freer came in.

Mr. Croft asked about exports. Mr. Katsuyama replied that in 1968 he believed the foreign exports figures were approximately \$55,000,000 from Alaska to foreign countries of which Japan took \$50,000,000. Mr. Hazon said they anticipate \$100,000,000 at the end of calendar year 1970 and that Japan has consistently purchased 95% to 98% of Alaska's exports.

Mr. Borer asked if their request was a supplemental or in the budget, and Mr. Croft explained this had been discussed earlier, that it is in the budget, but since the Expo is scheduled to open in March, it might be better to handle it as a supplemental appropriation.

Mr. Borer asked if they would need another supplemental next year, and Mr. Ray replied that the exposition only runs through October of 1970, but they will probably still come in with a request for a supplemental.

Mr. Ray then questioned the \$6,850 for travel, if that was to Japan and what that covered. Mr. Bunes said it covers the personnel handling the exhibit. In answer to Mr. Ray's question as to how many, Mr. Bunes said one manager and five girls - two girls for each shift and one spare - a total of six employees.

Mr. Ray noted a salary of \$3,000 each for six months, or \$500 a month. Mr. Hazon said there might be an overlap of two weeks on each end of the six months, so it might be seven months. Mr. Ray asked if they were going to provide quarters for them also, and Mr. Hazon didn't know. Mr. Bunes said they have three apartments reserved for personnel if they are needed; if not, they will turn them back.

Mr. Ray wondered why they wouldn't get American speaking Japanese to be used as exhibit guides, and Mr. Bunes said they are thinking about it, they may be able to get several girls from Japan and some from Alaska. Then, Mr. Ray stated,

it would be less than \$6,800. Mr. Bunes said they aren't going to spend any more money than necessary.

Mr. Ray mentioned that in order for the committee to take this up on the floor of the House they must know everything possible to pass it. Mr. Bunes said they have to anticipate these things and approach it with the idea these things may be necessary.

Mr. Sackett questioned the "etc." after "uniforms," amounting to \$2,000. Mr. Bunes said they are thinking in terms of having these girls outfitted in something like an airlines stewardess uniform, and this would include two seasons - spring and fall - so they would need at least two outfits each. Then there are incidentals like cleaning uniforms, etc. Mr. Bunes said they have spent considerable time trying to come up with a good estimate. For example, getting the totem pole back to Alaska they figure would be at least \$10,000.

Mr. Hazon commented that this totem pole has more than monetary value to the people of Kake. They had this one specially built and then dedicated it to all the people of Alaska. The people of Kake are pretty proud of it.

Mr. Ray asked who their exhibit manager is going to be as he noticed they have a figure listed for him, and whether he would be American or Japanese. Mr. Bunes said they don't know yet.

Mr. Haugen expressed the feeling that it is important for the people of the state to recognize the value of the Japanese

market. What is presented here are the bare necessities, he said, and he wouldn't want the State of Alaska to look "chintzy." Mr. Haugen also felt that if other problems or difficulties arise later they should be honored too. This is just a beginning, he said, from now on there will be more and more. Japan is the best market Alaska has and the state should recognize a little more responsibility for this fair.

Mr. Croft asked if there were any more questions - there were none; however, Mr. Hazen mentioned that they do have slides and if any of the members would like to see them he could make himself available. Mr. Croft said the committee had another meeting at 2:00, and would be unable to see them at that time.

Recess: Meeting recessed at 2:00 p.m.

STATE OF ALASKA

KEITH W. MILLER, GOVERNOR

DEPARTMENT OF ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

POUCH EE - JUNEAU 99801

February 3, 1970

EXPO '70

<u>Item</u>	<u>Expenditures To Date</u>	<u>Anticipated Expenditures</u>
Exhibit Site Rental		
American Park Corporation	\$39,915.00	\$19,000.00
Air Conditioning		4,200.00
Exhibit Design		
Construction & Dismantling, Roger Tierney		56,000.00
Raising & Dismantling Totem Pole		14,500.00
Totem Pole Illumination		635.00
Shipment of Totem Pole to Osaka	5,700.00	
Return Totem Pole to Kake		10,000.00
Display Items		8,000.00
For Exhibit		
Transportation & Crating to Osaka		2,500.00
Return Shipment of Display Items		2,500.00
Printing	400.00	27,000.00
Exhibit Manager		9,800.00
Exhibit Guides (5)		15,000.00
Uniforms, etc.		2,000.00
Quarters for Personnel		4,900.00
Lounge and locker room for Personnel		3,500.00
Travel	250.00	6,850.00
Communications	50.00	800.00
Miscellaneous Exhibit Expenses:		
Equipment Rental		500.00
Opening Day Activities (3/14/70)		1,000.00
Alaska Day Activities (5/12/70)		4,000.00
Miscellaneous Exhibit Supplies		1,000.00
	<u>\$46,315.00</u>	<u>\$193,685.00</u>

Grand Total -- \$240,000.00

AFTER RECESS
2:15 p.m.

Present:

All members except Mr. Sackett and Mr. Ray.

DEPT. OF
COMMERCE

Deputy Commissioner B. L. McMurtrey and Reuben Hanson, Administrative Officer from the Department of Commerce were also present along with Dick Freer, Budget and Management.

Mr. Hohman chaired the meeting.

Mr. Hohman noted the newspaper indicated an 86% increase and the analysis prepared by the staff indicated a 77% overall increase for the department. There was a brief discussion on this with Mr. Haugen objecting to the figure in the newspaper account being considered or discussed.

The meeting adjourned at 2:20 p.m.

HOUSE FINANCE COMMITTEE
February 4, 1970
9:00 a.m.

Present: All members. Chairman Ray called the meeting to order.

Bill
Assignment

The following bills were assigned:

HCR 10	(paving of access road from Richardson Highway to Delta Junction School)	Mr. Haugen
HB 467	(Approp. - Health and Welfare - \$1,174,600)	Mr. Haugen
HB 504	(Creating Chugach State Park)	Mr. Bradner
HB 455	(Approp. - Public Works- \$10,235,100)	Mr. Ray
SB 336	(Compensation of judicial and state officers, by Finance Committee)	Mr. Borer

Representative John Schwamm entered the meeting.

Recess: The meeting recessed at 9:05 a.m.

After Recess
1:45 p.m.

present: All members were present. Also present were Commissioners Morrison, Kubley and Downes, who constitute the State Bond Committee, and Mr. Terrance Comerford, Vice President of Blythe and Company.

Mr. Kubley said that since Mr. Comerford was in town, they felt it might be a good idea if he came to the House Finance Committee to answer any questions the members might have on amending the interest rate. SB 228 (Act increasing the maximum coupon interest rate for state general obligation bonds from six to seven per cent) passed the Senate last year and is now in the House. That bill does not ask for the increase to 8%, which, he said, is what they are requesting now. He said that the bond committee feels with what has happened to the bond market, if the State is going to bond it is going to have to raise the interest rate on GO's, which is what has happened in every state in the union. The interest rate on Thursday, he said, was 6.67 for A rated bonds. Alaska, he added, is rated BAA. Mr. Kubley passed out copies of the Bond Buyer's Index [see page 246] and he pointed out the difference between January 1969 - which was 4.85% - and December 1969, just 12 months later, which is 6.72%. Mr. Kubley said that the bond committee is suggesting a substitute bill [which he gave to Mr. Ray] that would take care of the contents of SB 228 along with two other parts, bond redemption and bond participation. In last year's bill they were just talking about coupon rates. On the Committee Substitute, he said, they are strictly talking about State General Obligation Bonds, not about Revenue Bonds, or ASHA Bonds.

Mr. Ray used as an example a \$10 million bond at 8% retirement in 30 years, and asked Mr. Comerford what the estimated total interest would be. Mr. Comerford said somewhere around \$30 million, over the life of the bond. Mr. Ray commented that the state would be paying more in interest than on the cost of the original bond. Mr. Comerford said that merely raising the maximum on the interest rate does not mean that that is the rate the state will have to pay. The competitive market rate would determine that, he said. Also, another point is that the state can take advantage of a lower rate of interest if it should become available, by refunding.

Mr. Bradner asked what the early call provision in the market is such as it is now. Mr. Comerford said that a good example is the development by the Department of Water and Power of Los Angeles which has 5 years to repeal the bond, and this has cost them 1/4 of 1%, on which the repeal may or may not be exercised. On a 20 or 30 year bond, Mr. Comerford said, they give a 10 year on call provision and under the existing IRS ruling, they can give advance refunds. Mr. Comerford said that the state does have to pay a premium for the privilege of redeeming but at least the state will be secure in the knowledge they can later get the lower rate. He used Sacramento as an example, how they had \$88 million in bonds and by advance refunding they saved 12 1/2 million dollars in interest over the life of the bond.

Mr. Bradner asked how they figure percentages. Mr. Comerford said it has to do with what kind of structure that is set up for bond material. State law requires that bids be received. This means that the underwriter has to offer them at a premium in order to realize an underwriting profit. He has to offer them at a par 15 so they can't really have a reduction premium less than one-half of

they are not giving true yield to the buyer. Normally the premium recommendation is 3% the first year.

It is important to have this amortized for bookkeeping purposes, according to Mr. Comerford. They had them on 5 and 10 year schedules so he felt that part of the attractiveness of this issue would be to Alaska banks. He said that he thinks it is unrealistic to assume that when it is up in the 6 3/4 range that the state could get this at 6%.

Mr. Ray mentioned Indiana Bell Telephone's 8.7% issue, and felt that if that was what Alaska could expect, that didn't sound too good to him. Mr. Comerford said that that probably was taxable. Mr. Comerford said that last week the Port of San Francisco bought revenue bonds, 30 years at 7.24% interest, and San Francisco has an AA bond rating. They still had \$2 million of the \$11 million left at the end of the week, so even with a top rating (AA) the bonds weren't selling that fast.

Mr. Ray commented on the unfavorable rating Alaska has been given, and indicated that were he of a suspicious nature he might wonder a bit about this. Mr. Comerford said that Moody usually reflected poorer rating for the western states. Blythe did call the September 10 oil lease sale to their attention, however, and he said that he has talked with them again last week and they are most interested in seeing what does develop in the legislature and he said he is sure they will give it their careful attention as soon as bills have been passed pertaining to this subject. He did note that Standard and Poor did raise Alaska one notch, and Mr. Comerford agreed wholeheartedly with that.

Mr. Croft said that there was a discussion earlier about continuing to issue bonds at this time. He said that he understands that some

economists feel that the high point as far as short term buys are concerned has been reached, and that there is some indication that inflation is being stopped. Two or three years from now it might be possible to sell bonds at a lower interest rate. He expressed concern and wondered why the state should be obligating itself for a 5 to 10 year period when interest rates are at the highest they have been in a century, and he said that it does not make sense to him when the State has \$900 million in the bank. Mr. Comerford felt this to be a realistic question, and then explained that the state is making 7 1/2% on its investments and it is bonding for 6%. Mr. Croft reminded him that there is a proposal to raise the interest rate on bonds possible to 8% [the proposed committee substitute for SB 228]. He said that unless there is some assurance that the state is going to earn a higher interest on its investments he doesn't see why the state should consider changing the interest rate on bonds when the state knows its earnings have been only 7.5%.

Noting the continued inflation, and its effect on building costs, Mr. Croft reminded the committee that if the state is going to bond, this must be approved in November. If instead the state made a cash outlay now, they could begin immediately on these projects and save 10% to 15% in construction costs, which would more than offset the 8% interest on the \$500 million.

Mr. Comerford said if at any time the lines cross (between interest and earnings) that is the time to decide whether the state should "pay-as-you-go" or sell bonds. But, he added, one of the penalties for waiting is now each bill the project be costing if inflation has not been controlled. He said that the state is faced with a number of alternatives that are a bit different

from those in the other states, and said he was speaking in particular of the high cost of construction.

Mr. Croft referred to the State's small population, small banking system, etcetera, and asked if the state isn't probably faced with an extremely unique situation concerning inflation in that it is going to be faced with a tremendous amount of expenditure, so therefore the state is not in a position of controlling inflation. It will develop whether the state wants it or not. Inflation will be considerable if the government doesn't keep up with private expenditures.

Mr. Comerford said he feels TAPS will be the biggest cause of inflation, and pointed out that the state doesn't have much control over TAPS because of the royalty the state will get when TAPS is completed. He felt that one of the advantages of bonding as opposed to a cash outlay is that it does spread the debt payment of the beneficiaries over the life of the project. Otherwise, they would be depriving future beneficiaries of income that that money is making. Mr. Croft asked what he meant by/beneficiary. Mr. Comerford said that he means people growing up now. Mr. Comerford continued, stating that if the state decides to bond, those people using the facilities constructed the first year are paying the same as the people using it in the 30th year. If all the money for the projects is taken out of the \$900 million, the people in years to come are not paying any of the cost.

Mr. Ray said if he understood Mr. Comerford, instead of paying \$10 million the state is going to end up paying \$30 million, so he said he would think this would be an unfair allocation all the way down the line.

Mr. Borer said that the reverse of that is also true. If cash is put out now, then the earnings from the interest over the 30-year period is denied the people. He said if inflation doesn't continue obviously the cost will be less in cash dollars.

Mr. Bradner felt that when speaking of this, it is important to talk about inflation, i.e. the inflationary cost of delaying a project with the possibility of continuing inflation through the years.

Mr. Comerford said that this is a tough one; it is not easy to say just how much future dollars will be worth. As an example, the federal government this week came out with 8 1/4% notes to pay 2% notes. This is a good example of what has happened to interest rates, and he felt that Alaska has a particularly difficult problem to face.

Mr. Kubley asked what the crossing point Mr. Comerford had referred to is. Mr. Comerford said if it is going to cost 8% to finance the bonds, and the state is only earning 2% on its investment, then it is a tossup. At the point where the state is earning less than the cost of borrowing, then he felt it was time to fund "out of pocket."

Mr. Ray asked if the situation with Alaska isn't really a short term lender and a long term borrower. Mr. Comerford said that it depends.

Mr. Ray mentioned that he would hope the state would have better luck playing the stock market than some local figures have had. Mr. Comerford reassured him, saying that the market has been quite strong the last couple days, and that there has been a sizeable increase in a short period of time. He said there are stocks that are as secure as U.S. Government bonds but pay more.

Mr. Bradner said that he just wanted to clear something up in his own mind. He was aware that these bonds the state presently has pending (in various GO bond proposals before the legislature) and will go before the voters on the next general election in November is what they want to raise the interest rate on, but he was curious on what the administration had in mind for Airport Revenue Bonds. Mr. Kubley said these are set at 7%; however, he said he had talked to Mr. Strandberg and Mr. Strandberg said he is not anticipating any Airport Revenue Bonds at this time. Mr. Ray commented to Mr. Kubley on the fact that the Juneau Douglas Bridge is in the Special Projects portion of the Highways budget, and that other bridges in the state are not, and said that he just wanted to point out that he felt all the bridges should be in the same category, and so probably the easiest thing to do would be to move the Juneau Bridge from Special Projects rather than move the other bridges all into Special Projects. Mr. Ray thanked the members of the bond committee and Mr. Comerford, and they left. Mr. Ray then informed the committee that they would have a bill session.

HB 475 Mr. Borer moved and asked unanimous consent that HOUSE BILL 475 (\$19,800 appropriation to the Department of Economic Development) be brought up for consideration by the committee. No objection, so ordered. Mr. Ray said that he would like to appropriate to the Department the sum of \$120,000, \$20,000 to be for the continued production and distribution of Look North, and \$100,000 to be a supplemental for the Japanese World Fair, and that the committee should come out with a committee substitute for this. [There is a request in this year's budget for \$120,000 for the Japanese World

Fair, and there had been the feeling expressed earlier that perhaps this budget request should have been a supplemental request

Mr. Schwamm came in at this time.

The meeting recessed for 10 minutes, at 2:05.

After recess
2:15 p.m.

Present: All members were present.

HB 475

Mr. Ray moved and asked unanimous consent that HOUSE BILL 475 be replaced with a committee substitute for HB 475 in the amount of \$120,000, and be passed out of committee with a "do pass." Objection was heard. Mr. Haugen said that he comes from an area where the Japanese are buying a lot of timber and are important to the people. He said that he doesn't think the state should be chintzy about this kind. It was moved and unanimous consent requested that HB 475 be replaced with a CSHB 475 in the amount of \$140,000 and pass out of committee with a "do pass." Mr. Ray objected, and on a vote by the committee, CSHB 475 was passed out of committee with the following recommendations:

BY UNANIMOUS CONSENT, Mr. Haugen, Sackett

MR. SACKETT MOVED: Mr. Lehman, Craft

HB 459

Mr. Sackett moved and asked unanimous consent that HOUSE BILL 459 (\$51,500 to Department of Labor Additional Safety Inspectors) be brought up for consideration by the committee. No objection, so ordered. Mr. Sackett asked the department's breakdown of costs for these safety inspectors. A bill filed. Mr. Sackett moved and asked unanimous consent that HB 459 be passed out of committee with a "do pass" recommendation. Objection was heard, and on a 6-1 vote (Mr. Lehman, Mr. Sackett) HB 459 was passed out of committee with a "do pass" recommendation. Mr. Lehman voting "No recommendation."

HB 463

Mr. Sackett moved and asked unanimous consent that HOUSE BILL NO. 463 (\$10,140.46 to the Department of Labor) be brought up for consideration. No objection, so ordered. Mr. Sackett said that the money is for unbudgeted expenditures. It being the consensus of the committee, the bill was returned to the bill file.

HB 468

Mr. Haugen moved and asked unanimous consent that HOUSE BILL NO. 468 (\$120,000 to the Department of Education for Advance Planning) be brought up for consideration by the committee. No objection, so ordered. Mr. Haugen said that this \$120,000 is to enable the Department of Education to begin planning on projects that will be funded July 1, 1970. [List of the projects in bill file] With this money they will be able do their planning now, and when the funds for construction become available, they will be able to go ahead with the construction. Otherwise, if they are unable to begin planning until July 1, they may miss the greatest part of the construction season, and the projects will have to be held off for another year. Mr. Haugen moved and asked unanimous consent that HB 468 be passed out of committee with a "do pass." Mr. Bradner objected and asked if the information he had requested [the minutes of the Board of Education concerning selection of these projects] had come over. The information had not yet come over from the Department. On vote by the committee, HB 468 was passed out with the following recommendations:

DO PASS: Haugen, Hohman, Sackett, Borer
NO RECOMMENDATION: Ray, Bradner, Croft

HB 458

Mr. Croft moved and asked unanimous consent that HOUSE BILL NO. 458 (Appropriation to Office of the Governor, Public Defender - \$46,100) be brought up for consideration by the committee. No objection, so ordered.

2/4/70

Mr. Croft explained that this supplemental is to provide for the establishment of a Nome office, and to provide additional personnel at Anchorage and Fairbanks. He said that 90 to 95% of the criminal cases in Nome involve indigent defendants, so that now that Nome is getting a district attorney, they really need a Public Defender. The supplemental is also to cover various expenses incurred for Court-appointed attorneys after the Public Defender Office started. Mr. Croft recommended adoption of a committee substitute in the amount of \$51,000. Mr. Ray objected, and amended the figure to \$21,000. Mr. Croft said that \$21,000 doesn't allow them to pay their other bills. Mr. Croft moved and asked unanimous consent that HB 458 be amended on page 1, line 10, to read \$51,000 instead of \$46,100, and then passed out of committee with a "do pass." Objection was heard, and on vote by the the committee the bill was passed out with the following recommendations:

DO PASS (as amended): Croft, Hohman, Bradner and
Sackett
NO RECOMMENDATION: Ray, Borer and Haugen

Adjourned: Meeting adjourned at 2:45 p.m.

Index Advances to 6.78%; Placements Dip to 62%

Tax-exempt prices faltered again last week, particularly in the longer maturities where yields moved up a good 10 basis points.

As a result the "Bond Buyer" 20-bond index climbed 11 points to 6.78 per cent and the 11-bond indicator rose 10 points to 6.57 per cent. This was the second consecutive week these barometers had risen. In two weeks, the 20-bond gauge has climbed 25 basis points and the 11-bond index moved up 24 basis points.

The 30-day visible supply jumped nearly \$200 million to \$772.9 million, while the Blue List inventory of municipals moved up about \$50 million to \$429.2 million. The supply of housings is down about \$3 million to \$7.6 million.

This week will see a comparatively low \$221.4 million in new issues up for competitive bidding compared to \$290 million last week.

The placement ratio slipped to 62 per cent from 75 per cent a week earlier as a total of \$248.7 million in bonds were sold out of a total of 38 new accounts aggregating \$384.3 million.

There were 82 open accounts, against 58 a week earlier. The unsold balance of bonds in major accounts hit \$207.5 million compared to \$148.9 million the preceding week. Total sales from all accounts dropped to \$326.1 million from \$348.5 million.

No accounts were split up, compared to four a week earlier. Thirteen were all sold and one withdrawn. The preceding week, 11 were cleaned out.

Three large issues will account for more than half this week's volume.

Topping the list will be \$75 million triple-"A"-rated Connecticut bonds up for bids on Thursday.

On Tuesday, the City of Philadelphia, Pa., will offer \$63.7 million general obligations and New York State will come to market with \$63 million.

Minneapolis, Minn., is also slated to put \$10.7 million triple-"A"-rated bonds on the block Thursday.

In the short-term market, New York City will auction \$215,520,000 in various purpose notes on Tuesday.

The Metropolitan Council of the Twin Cities area makes its first train

THE BOND BUYER'S INDEX

MUNICIPAL BOND AVERAGE YIELDS

2-2-70

	20 Bonds (%)	11 Bonds (%)	U. S. Gov't (See Note) (%)		20 Bonds (%)	11 Bonds (%)	U. S. Gov't (See Note) (%)
1970							
Jan. 22	6.67	6.47	4.02	Oct. 23	6.07	5.98	3.58
Jan. 15	6.53	6.33	4.04	Oct. 16	5.92	5.92	3.60
Jan. 8	6.61	6.42	4.25	Oct. 9	6.14	6.06	3.83
1969							
Dec. 31	6.79	6.57	4.20	Oct. 2	6.19	6.09	4.05
Dec. 24	6.79	6.63	4.20	Sept. 25	6.08	6.00	3.90
Dec. 18	6.90	6.74	4.17	Sept. 18	6.25	6.13	3.34
Dec. 11	6.88	6.73	4.10	Sept. 11	6.33	6.23	3.80
Dec. 4	6.72	6.56	4.08	Sept. 4	6.37	6.27	3.77
Nov. 26	6.58	6.44	4.05	Aug. 28	6.26	6.15	3.66
Nov. 20	6.36	6.25	4.11	Aug. 21	6.02	5.92	3.60
Nov. 13	6.17	6.05	3.95	Aug. 14	5.91	5.81	3.61
Nov. 6	6.11	5.98	3.87	Aug. 7	5.80	5.69	3.58
Oct. 30	6.13	6.03	3.87	July 31	5.93	5.84	3.61
				July 24	5.86	5.76	3.64
				July 17	5.62	5.53	3.67

(Note: Yield shown is for U. S. Government 3 1/8% of 2/15/70, after 52.8% current corporate income tax. Before July 1, 1968 yield shown is after 48% corporate income tax.)

(INDICES SHOWN BELOW ARE AS OF THE FIRST THURSDAY OF EACH MONTH)

Twenty Bonds					Eleven Bonds				
1970	1969	1968	1967	1966	1970	1969	1968	1967	1966
Jan. 6.61%	4.85%	4.38%	3.76%	3.53%	Jan. 6.42%	4.72%	4.27%	3.65%	3.45%
Feb. 4.96	4.16	3.40	3.54		Feb. 4.84	4.04	3.32	3.47	
Mar. 5.19	4.49	3.60	3.83		Mar. 5.05	4.38	3.51	3.74	
Apr. 5.25	4.31	3.54	3.55		Apr. 5.12	4.19	3.45	3.46	
May 5.10	4.44	3.79	3.63		May 4.99	4.32	3.71	3.54	
June 5.73	4.51	3.96	3.78		June 5.61	4.40	3.87	3.70	
July 5.68	4.48	4.07	3.92		July 5.57	4.36	3.97	3.63	
Aug. 5.80	4.11	3.91	3.99		Aug. 5.69	4.00	3.92	3.50	
Sept. 6.37	4.44	4.07	4.24		Sept. 6.27	4.32	3.99	4.14	
Oct. 6.19	4.36	4.25	4.00		Oct. 6.08	4.25	4.15	3.91	
Nov. 6.11	4.56	4.27	3.74		Nov. 5.98	4.44	4.15	3.63	
Dec. 6.72	4.76	4.45	4.02		Dec. 6.56	4.65	4.37	3.91	

High Yield				Low Yield				High Yield				Low Yield			
%	Date	%	Date	%	Date	%	Date	%	Date	%	Date	%	Date		
1969 6.50	(12/18)	4.82	(1/23)	1969 6.74	(12/15)	4.08	(1/23)	1969 6.74	(12/15)	4.08	(1/23)	1969 6.74	(12/15)		
1968 4.85	(12/26)	4.07	(8/8)	1968 4.72	(12/19)	3.76	(2/5)	1968 4.72	(12/19)	3.76	(2/5)	1968 4.72	(12/19)		
1967 4.45	(12/7)	3.40	(1/19)	1967 4.37	(12/7)	3.32	(1/19)	1967 4.37	(12/7)	3.32	(1/19)	1967 4.37	(12/7)		
1966 4.24	(8/25)	3.51	(1/20)	1966 4.14	(8/25)	3.33	(1/20)	1966 4.14	(8/25)	3.33	(1/20)	1966 4.14	(8/25)		
1965 3.56	(12/9)	3.04	(1/26)	1965 3.47	(12/9)	2.99	(1/23)	1965 3.47	(12/9)	2.99	(1/23)	1965 3.47	(12/9)		
Highest Yield—6.50%, Dec. 18, 1969				Lowest Yield—1.29%, Feb. 14, 1946				Highest Yield—6.74%, Dec. 15, 1969				Lowest Yield—1.24%, Feb. 21, 1946			

The average rating of the 20 bonds used in this index falls midway between the four top groups, as classified by Moody's Investors Service. The composite rat

in St. Louis County plan to seek boosts in their operating tax levies this year and six others plan to propose bond issues to finance school building plans.

Eleven of the districts are still working on budgets for this year and have made no decisions on rate increases or bond issues. Voters in eight districts approved bond issue proposals, but only after most of the districts held several elections before getting sufficient votes to pass. Most of the issues were approved in the first attempt by a majority of more than 50 per cent, but under Missouri law a two-thirds majority is required for approval of public bond issue proposals.

Tax rates of 20 of the 25 districts went up last year, either as the result of increased tax rates or through approval of bond issues, while five districts continued without rate changes. Three of those districts which obtained rate increases did so on approvals that cover more than one year and therefore will not have to return to the polls again this year.

Tulsa voters will go to the polls Feb. 17 to determine the fate of a proposed \$23.1 million in bonds.

The proposal, which requires 60 per cent voter approval, contains items rejected by the voters in the Sept. 9 balloting. It is a city and Countywide election.

The 60 per cent requirement was decided upon by the City Commission in order to avoid the risk of having the vote declared invalid because of voter restrictions. All registered voters are eligible to go to the polls on the issue.

It was pointed out that other election laws which require only a simple majority could have been employed, but these would restrict eligible voters to those who pay property taxes and the legality of this restriction is before the U.S. Supreme Court.

The Pennsylvania State Mines Department, in a year-end report, has termed Pennsylvania's \$500 million conservation-recreation bond issue program "the financial catalyst which is helping us transform the coal regions from an area of blight

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HOUSE FINANCE COMMITTEE

February 5, 1970

9:20 a.m.

Present: All members.

Chairman Ray called the meeting to order and the following bills were assigned:

<u>Bill</u>	HB 593 (tax on motor fuel)	Mr. Haugen
<u>Assignment</u>	Representative John Schwamm entered the meeting.	
	HB 447 (action to increase vocational opportunities)	Mr. Borer
	HB 282 (supplementary retirement income)	Committee of the whole
	HB 442 (repeal inheritance taxes and transfer taxes)	Mr. Borer
	SCR 1 am (educational television remote villages)	Mr. Hohman
	SCR 4 (establishment of center for northern community and regional development studies in Univ. of Alaska)	Mr. Ray

Chairman Ray said they are considering holding the hearing on the Industrial Incentive Tax Credit Act (SB 383 am) (HB 422) in two parts. The first hearing is to be held on February 10 and the second hearing on February 24. Mr. Ray said that the Anchorage Chamber of Commerce and the Fairbanks Chamber of Commerce have contacted him and want to be heard in regard to this.

HB 462 There was a preliminary discussion on HOUSE BILL NO. 462 (Dept. of Education appropriation - \$1,933,000). Mr. Ray explained this is a supplemental appropriation for District School Support. In answer to Mr. Borer, it was noted that

the Health, Education and Welfare Committee passed it out of committee with a "do pass" recommendation.

Mr. Ray noted they are asking for a 2% administrative charge. In answer to Mr. Bradner, Mr. Ray said that under Pupil Transportation there is \$219,656 for carry-over expenditures for 1969.

Mr. Haugen asked what the total cost of Pupil Transportation is with the supplemental and Mr. Ray answered \$450,000.

Mr. Croft noted they were off more than 20%.

Mr. Ray announced a 1:30 p.m. committee meeting to review the Department of Commerce.

Mr. Haugen asked if the Department of Public Safety could present the committee with an accident report, year by year since 1960, on the Glacier Highway.

Recess: The meeting recessed at 9:35.

HOUSE FINANCE COMMITTEE

February 5, 1970

1:35 p.m.

Present: Committee members present were Mr. Hohman, Mr. Sackett and Mr. Haugen. Also present were Commissioner Walter L. Kubley, Deputy Commissioner B. L. McMurtrey, Administrative Officer Reuben I. Hanson, from the Department of Commerce; Richard W. Freer, Director of Budget & Management, and Allan Korhonen, of the Department of Administration.

DEPARTMENT
OF COMMERCE

In Mr. Ray's absence, Mr. Hohman assumed the chair and called the meeting to order, stating they would open the meeting again with some of the members absent on other business. Mr. Hohman mentioned that during the previous meeting they got through the opening statements and were now down to the Office of the Commissioner.

Mr. Kubley said he would like to state before getting into the budget that it does show a large increase, the majority of which is a \$750,000 direct appropriation into the Veterans' Loan Fund. And the \$100,000 is the state's 10% share of the Native Housing Program for which legislation was passed two years ago, in which Congress gave \$10,000,000 at \$1,000,000 a year. Alaska must match 10% each year.

Mr. Hohman asked if this \$100,000 was in last year's budget for the Bartlett Housing bill. Mr. Kubley replied yes; however, this year the ASHA portion was cut back by President Nixon's budget and they really don't know yet how much of an appropriation they will have.

REGULATION OF
BUSINESS AND
PROFESSIONS

Mr. Sackett asked what the general obligation bond proposal is that the Governor has regarding remote housing, if it was the same program. Mr. Kubley said he does not have the backup material on it, but ASHA did make a recommendation to the Governor's office, and he has requested copies of the material.

Mr. Kubley said there are three new positions requested under Regulation of Business and Professions: An administrative officer for Anchorage under the commissioner's office; a Clerk III for Juneau under the commissioner's office [established by Executive Order No. 70-37]; and a director for Occupational Licenses for Juneau. [The Division of Central Licensing was established by Executive Order No. 70-11.]

Mr. Kubley said that with the increase of activity on the North Slope, licenses, air transportation, land transportation, etc., the work of the department has just about doubled.

Mr. Hohman asked for an explanation of the decrease of \$9,500 in federal funds on page 1 of the workbook. Mr. Hanson said this decrease is due to the cutback on the Federal Gas Safety Program funds -- the funds were not received; therefore, it shows as a decrease.

Office of the
Commissioner

Code: 200

Mr. Hohman then referred to the Office of the Commissioner. There being no questions on personnel under the commissioner's office, Mr. Hohman referred to travel, page 14, and noted the increase of \$4,000, from \$2,500 for 1969-70 to the Governor's allowance of \$6,500. Mr. McMurtry said they

don't have enough money in their budget for the additional travel activity that is required of the commissioner's office at this particular time due to the \$900,000,000. The commissioner has had to make numerous trips regarding the investment of this fund.

Mr. Haugen questioned the affect this travel has on their personal funds, especially to the high financial areas of the United States, as he realizes the present per diem rate is not adequate for some areas. Mr. Kubley said these trips have cost him personally as much as \$600 to \$700 - on one trip they were gone about three and one-half weeks.

Mr. Haugen asked what the hotel rooms average back in the New York, Chicago, Boston area, and Mr. Kubley replied that they stayed in about six different hotels, the cheapest was \$22, and they asked for hotels within their means. For this one trip five people from here were traveling together, in answer to Mr. Hohman's question; however, he had no idea what these people were spending.

Mr. Hohman asked what the solution would be to that problem. Mr. Kubley replied that personally he felt consideration should be given to legislation, which has been talked about, for mainly outside travel. He said in talking to other commissioners who travel a lot (he did not do much traveling before the September 10 sale), they felt possibly per diem plus hotel room expenses would be a solution, not only in Alaska but also for outside travel. In fairness to people

who travel a lot, he thought possibly \$12 a day plus hotel room would help. Mr. Hohman wondered if even that would be adequate. Mr. Haugen said he had brought this up for the information of the committee.

Code: 300

Mr. McMurtrey said the reason for the decrease in this item (\$27,400 down to \$26,900) reflects an adjustment in the department rent, the cost of which was previously absorbed in the Office of the Commissioner; however, the divisions of Occupational Licensing, Insurance and Corporation are now including this rent item in their own budgets. The Commissioner's Office, in addition to their current office space will absorb the cost of the supply room and stock room. Rental is allocated at 40¢ per square foot. Mr. Hanson added that this will give a better cost procedure for cost analysis. In other words, Mr. Hohman said, this is not really a decrease, just spreading the cost through the divisions.

Mr. McMurtrey commented that at present they do not have sufficient amount of money to handle everyday activity that goes on in the department since it has increased. For example, he noted one particular day when the department was involved in a four-hour phone call concerning the \$900,000,000.

Code: 400

Same level, so no questions.

Code: 500

Mr. McMurtrey said the request for equipment (\$3,800) is primarily for new equipment for three new positions.

Code: 900

No questions.

Banking

Mr. Hohman noticed that this division has been transferred to the proposed new department of the treasury. Mr. Kubley said if the legislature passes the bill creating the Department of Treasury, then Banking and Securities will be moved into this new department. Corporations will be transferred to the Division of Occupational Licensing.

Insurance

Code: 100

Mr. Kubley said there are no new positions requested for this division.

Mr. Sackett referred to last year's discussions by Tom Fink and asked if they needed any more people here. Mr. Kubley said the legislature was generous to the Division of Insurance last year and this has worked out real well. [Legislature increased the budget over the Governor's allowance for fiscal year 1969-70.] He felt this has shown up in the work which has been done. Mr. Korhonen mentioned there had been six indictments for selling insurance in the State of Alaska where no company existed.

Code: 200

Mr. Hohman noted a 10% increase from \$7,600 to \$8,300 in travel, and Mr. McMurtrey commented that they feel this is just to keep up with the times, e.g., there has been increased air fares.

Code: 300

Mr. Hohman noted the increase in contractual services of 70% - from \$14,300 to \$24,200. Mr. McMurtrey said this is where the spreading of the rent comes in.

Code: 400

Same level, so no questions.

Code: 500

Mr. McMurtrey said the increase in equipment from \$6,500 to \$10,900 is to expedite work in the office and referred to the additional equipment that will make it possible to accomplish more in less time. They have requested a Photocopier for Anchorage because the girl up there has to go to the seventh floor to use another machine and she uses this many times a day. That is a \$1,100 unit.

Mr. Hanson noted the request for the two Lektrievers, which he says are highly necessary for the amount of forms that go into it every day. [Mr. Hanson handed the committee a copy of the justification for this item, which reads as follows:

"The installation of the two Lektriever I units in the Division of Insurance will centralize two large groups of insurance company records now in two separate rooms into one compact area and will eliminate in excess of 25 four-drawer legal files. At least two four-drawer legal files are added annually and this could increase as new companies enter Alaska. Each company will have a complete file. These units will leave room for expansion as the insurance industry increases in the state.

"Benefits derived will increase efficiency, eliminate lost files and confusion from having to know where files are kept and what goes where. Two separate locations are presently in effect.

"It will increase morale of clerks and decrease personnel turnover or lack of interest to take on a job with the amount of filing done in this division. Employees will take more

pride in their work and it will reduce fatigue. In excess of 2,000 rate pages, policy forms and surplus line affidavits are approved and physically filed monthly. This increases yearly anywhere from 5 to 10%. Operators will be able to sit at the unit and file. It is simple and easy to learn and more than one of the present personnel can learn to operate it in a few minutes.

"The Insurance Department of the State of Washington, which has the same all industry rate act as Alaska and also requires life companies to file all policy forms, endorsements, applications, etc., have in operation four units and is expected to install two more units in the very near future. They have combined all company records together in the same manner as we propose to do.

"The present method of filing in drawers is physically impossible to keep up with the workload by the present staff." He added that at the present time Health and Welfare is using one with their caseload, and it saves them a tremendous amount of time and space.

Code: 900

No questions.

Weights and Measures

Mr. McMurtrey said they are asking for a considerable increase in Weights and Measures - for new positions, new equipment, etc. - and they certainly feel they are all justified.

Code: 100

Mr. McMurtrey said of the \$119,000 increase in personal services, \$34,000 of it is to maintain the present level. They are asking for seven new positions. Since the first of Jul., it has been the responsibility of Weights and Measures

to check and inspect utilities, electrical meters, etc. At the present time there are seven to eight thousand inspections a month, which they are unable to do because they lack the manpower. Two men in Juneau spend one-third of their time traveling to get to where they have to make these inspections, so they are asking for one person in Juneau, a Weights and Measures Inspector III, who will be a supervisor. He went on to say they do not have personnel necessary to make these inspections, and this would give three men to cover southeastern from Haines on south.

In addition, he said, due to the traffic increase in the Fairbanks area they are asking for one man there, an Inspector III, because they also need a supervisor. He mentioned increased activity on the North Slope, and also at the present time they are in the process of opening the Valdez scale house with two men due to the activity of the pipeline. They hope to fund the two men they are hiring now in the present budget.

Mr. Hanson said due to the workload they are asking for three men in Anchorage, an Inspector III, an Inspector I, and a Clerk Typist II. There is supposed to be in the neighborhood of 50,000 utility meters, and in order to do a half-way decent job he felt they needed this additional help.

Mr. Hanson referred to the Department of Commerce Annual Report for 1968-69, page 33, [a copy of which may be found in the House Finance Committee files] the types of inspections and the number. This included motor vehicles weighed and routine inspections (51,956), special safety vehicle

inspections (538), scales (3,347) of which 17% were found to be incorrect, meters (1,079) of which 14.5% were found to be incorrect, commodities (10,869) of which 19.5% were found to be incorrect, commercial lineal measuring devices inspected (82), warning citations issued (286), and court prosecutions (656), making a total of 68,813 inspections for the year.

Mr. Hohman questioned prepackaged commodities, and Mr. Hanson replied that over 8,000 prepackaged commodities are available to the housewife today, and of the 10,869 packages that were checked last year 19.5 percent were found short of the quantity declared, as indicated above. Mr. Haugen asked how they propose to correct this, and Mr. Hanson replied by checking with the local stores and checking with wholesale houses. If they find commodities short of weight they have them removed from sale and accurately relabeled.

Mr. Hohman concluded that then apparently inspections have been doing some good, and asked if there was any way of measuring the savings this might mean to the Alaskan consumer. Mr. Hanson said Legislative Audit has been doing an intense study. Mr. Kubley added that they are just going into liquid measurements, gas, etc. Mr. Hanson said they are in the process of receiving \$80,000 worth of equipment for the lab in Anchorage, which, he added, is a "gift" to the State of Alaska from the federal government. They will be able to check gas meters, etc.

Code: 200

Mr. Hohman noted the increase in travel of \$7,400, from \$11,000 to \$18,400. Mr. McMurtrey indicated this is primarily for the

new personnel; some of the increase is, however, for the present personnel.

Mr. Kubley added that many times in southeastern they have to charter an airplane for inspecting fish-buying scales used aboard ships, and there are more and more requests by legislators and fishermen to have the inspectors out during the fishing season to check the weights and measures.

Mr. Haugen asked how much extra this would cost, and Mr. Kubley said he didn't believe it is broken down for fisheries.

Mr. Murtrey said they are asking for only two trips outside: One the latter part of April or the first of May, when the Chief Inspector goes to Seattle where the meters are repaired; he spends about a week or two there checking these scales since he is able to check them all at one time. They are also requesting a trip for the Chief Inspector to attend the National Conference on Weights and Measures in order to obtain some new ideas.

In answer to a question, Mr. McMurtrey said they do not spot check the scales once they are back in Alaska, mainly because they do not have time.

Code: 300

Mr. Hohman noted a decrease in contractual services of \$1,600, from \$24,300 to \$22,700. Mr. Hanson said this is due to the fact that vehicle rental from the Department of Highways is now included under Code 900. These costs were previously carried as a contractual service. Mr. Hanson indicated that the increase in the other contractual services is again due to the increase in activity and the addition of three new inspectors.

Code: 400

Mr. McMurtrey said a major increase in this item is for clothing. They originally received surplus clothing [uniforms] from the Department of Public Safety; however, they are running out so the department will need \$1,500 to supplement for new uniforms.

Code: 500

Mr. Hohman noted the request of \$28,300 for equipment, which represents total increase over last year. Mr. Hanson said their request for five patrol cars is due to the fact that they are currently using four vehicles which belong to the Department of Highways. They must have additional cars for the new positions. In addition, window vans and pickups are definitely not suitable for Highway Patrol work and in many instances are dangerous for this type of operation. They have never before budgeted for sufficient cars, Mr. Hanson said, and Highways is not able to lend them to Commerce now. According to the regulations in the equipment revolving fund at this time, the department must buy a car for the first time and the equipment rental rate they pay Highways will replace the car when it is worn out.

In addition, Mr. Hanson said, the five radios which come with the patrol cars are highly necessary when working traffic and correlating with the Department of Highways in their inspections and mobile work. He then referred to their request for a five-cubic foot Soil Prover (gas meter prover), a standard one-cubic foot Soil (prover standard), a low pressure Flow Prover, Bridge Type (with blower), and three Electric Meter Provers (test units). These items, he said, are necessary to implement the inspection of the utility meters.

The typewriter and chair are for the new clerk.

Mr. Hohman questioned the fact that they now have seven vehicles in use and are going to add five. Mr. McMurtrey said some are replacements, and Mr. Hanson said that they have to pay for replacements of those not already budgeted for. Four of the present vehicles are from Highways and on temporary assignment and it is getting to the point where they can no longer be out on assignment.

In answer to Mr. Hohman's question, Mr. Kubley said they are asking for five vehicles - four replacements and one new one.

Occupational Licensing Administration and Board

Mr. Kubley stated that there were two new positions, the one of Director of Occupational Licensing mentioned

100: earlier in the meeting, which was created by executive order. [Executive Order No. 70-11.]

Mr. Kubley said that one of the biggest headaches in the Department has been the Licensing Division. The Governor did create this as a division within the department, and Mr. Kubley feels it is working out real well. He said they receive many calls a day where someone is unhappy because their licenses have not gone through. The flow of mail is terrific. [Mr. Kubley then passed out a legal sheet which provides the Department of Commerce Revenue Analysis. See page 270 for attachment.]

Mr. Ray came in.

200: Mr. Hohman referred to travel and noted the increase of \$27,400 from \$37,200 to \$60,800, an increase of 73%.

Mr. Kubley said the largest increase is due to the request of the boards to meet more often. The boards have increased their fees voluntarily in the last two years so they could have the money to cover this.

300: Mr. Hohman noted the increase in contractual services from \$15,900 to \$36,300 or 130%. Mr. McMurtrey said a lot of this is the rent again.

Mr. Hanson said they have a better accounting method, and chargeable to this division now is a sizable increase for printing needed for these various boards due to increased activity.

Mr. Schwamm left.

In answer to Mr. Sackett's question, the cost of office space for the division was formerly realized by the Office of the Commissioner, but is now realized by the division itself.

Mr. Sackett wanted to know where the balance of the increase for the rent was going. Mr. Hansen quoted from page 82, code 330, of the budget workbook: "Code 330 - Current level, etc." Mr Hansen summed up this explanation by saying that they needed more space for examinations since they were having larger groups of people take them now.

Mr. Sackett questioned the increased costs for rental equipment, and Mr. Kubley referred him to the figures on page 82 of the budget workbook Under code 360: "reflects the cost of equipment rental for examinations, hearings, and Board meetings of \$200; increased usage of the Xerox of \$1000; pro rated share of the MTST of \$1000."

400: No questions.

500: Mr. McMurtrey explained that the request from \$1,200 to \$3,000 for additional equipment is for the new positions.

900: Mr. Hohman noted that the request for Inter-Agency charges covered central duplication services - Department of Administration, and car rental from the Highway Department Equipment Pool.

Corporations Mr. Hohman noted that this division showed no authorization for the last two years is now requesting \$53,000 to get under way. Mr. Kubley commented that Corporations, which used to be an almost dead division, has now been increased

almost 100% with the activity in the state and with all the domestic and foreign corporation filing. He said the only increase over the previous year was a request for 1 1/3 positions. This function will be transferred from Banking and Securities and put under Central Licensing.

Engineers & Architects Mr. Hohman noted the substantial increase in this section, particularly in travel and contractual services. Mr. Kubley said this is another self-supporting program. When they created Central Licensing they did not bring in Engineers and Architects; it is the only separate occupational board.

200: Mr. Hanson commented that outside travel as presently funded does not take care of all of the costs. Mr. Hanson said it has been a unique situation, and they are proud of the fact that they do pay their own way.

300: No questions.

400: No questions.

500: No questions.

900: No questions.

REGULATION OF PUBLIC SERVICE Mr. McMurtrey said they are asking for 10 new positions: Utilities three new commissioners, two Assistant Utility Engineers, Commission

100: one Assistant Tariff and Rate Analyst, one Draftsman II, one Secretary I, one Document Clerk III, and one Clerk Typist III.

200: Mr. Hohman noted that travel is up \$15,700. Mr. Kubley said they have found in the past their inside travel funds to be inadequate, that majority of which is used for Commission

meetings and public hearings. He added that the commission has been severely criticized, on a number of occasions, for not scheduling more of its meetings and hearings in places other than Anchorage. It is cheaper to hold them in Anchorage, where two of the three commissioners reside, and strict economy must be practiced to stay within their budget. Last year it was financially possible for the commission to hold only two meetings outside of Anchorage - one in Fairbanks and one in Kenai. It was necessary to make available additional inside travel funds by means of a line item transfer last year, or the commission's regulatory program would have come to a crashing halt.

300: Mr. H hman noted the requested increase in contractual services of almost \$10,000 from \$52,700 to \$62,400, although the department had requested an increase of \$76,100 to \$128,800. Mr. Sackett asked why the Governor's office had cut back their request. Mr. Hanson replied that was cut back primarily in code 380, professional fees and services, where they had requested professional consultants in lieu of filling the presently authorized positions of Financial Analysts I and II and Utilities Engineer, which the commission has been unable to fill due to lack of qualified people. [See pages 148-150 of the workbook for extensive and detailed narrative.] The increase in other contractual service items is due to the addition of new personnel.

400: No questions

500: Mr. McMurtrey said the increases in equipment is due primarily to the new positions.

900: Mr. Hanson explained the decrease in Inter-Agency charges is due to the fact that they previously had been reimbursing the Department of Law for attorneys; however, for fiscal year 1971 attorney services will be funded by the Department of Law.

Transportation
Commission

Mr. Kubley said they have requested five new positions:

100: three for Anchorage and two for Fairbanks. The primary reason is the increase in air traffic and motor traffic because of the North Slope. He added that Fairbanks is really creating problems: hearings for non-scheduled strips, air taxi service, with people moving in from the states, etc. They just finished a twelve-day hearing on Transarctic, and a long meeting on Red Dodge. With all the traffic coming over the highway they are having trouble keeping up with it. Mr. Sackett asked what happened to Transarctic, and Mr. Kubley replied there has been no decision. And in response to another question by Mr. Sackett, Mr. Kubley said they are actually operating on verbal commitment.

200: Mr. McMurtrey said the increase in travel is due primarily to the terrific amount of increase in hearings they are holding. Mr. Kubley added that they figure there are now 55 hearings waiting to be heard. In answer to Mr. Hohman's question, Mr. Kubley said they now have a year's work ahead of them, if they didn't receive one more new case. Mr. Hohman asked if every application for air license goes through a hearing, and Mr. Kubley replied yes, if there is a complaint they have to have a hearing. He added that since these various services (e.g., air taxis) "stick together" there is always a complaint against the applicant.

- 300: Mr. McMurtrey said contractual services has naturally gone up due to the same reason - increase in personnel.
- 400: No questions.
- 500: No questions
- 900: Mr. Hohman noted the decrease in Inter-Agency Charges reflects the change in funding the attorneys -- the Department of Law will budget for the full-time attorney without reimbursement which was previously \$20,000; however, they are requesting part-time services of additional attorneys, and rental equipment from the Department of Highways. Mr. Hanson said that since the budget was prepared, the Department of Law said they would furnish a part-time attorney, too.

VETERANS'
LOAN
ADMINISTRATION

Mr. McMurtrey said the increase is to maintain the present level, there are no new positions.

Mr. Kubley said they have a man now who is a director with ten years banking experience. Their backlog of nearly \$1,000,000 has been completely wiped out. With the Director's banking experience and a better level of the loan fund plus selling more to the retirement fund they are in much better shape. He also travels into the bush area, where they hope to build five or six homes to sell and rent under the Farmer's Home Loan, similar to what they have done in the Kotzebue-Nome area. Mr. Hohman asked if this is the fund that is getting another three-quarters of a million dollars, and if that is going to be adequate. Mr. Kubley said yes, he hoped so. He said they have found they are getting more for their money by having the loan officers working with the bank on the veterans' income and seeing that these veterans are not getting "saddled" with more than they can afford. He added that the \$750,000 referred to would be a "great shot in the arm." In answer to Mr. Hohman, Mr. Kubley said around \$416,000 is currently outstanding. Mr. McMurtrey said they are making loans, their backlog is caught up, and any applicant that is qualified for a loan gets it.

VETERANS'
SERVICE
COUNCIL

Mr. Kubley said the \$7,200 requested for travel covers service officers, the American Legion, and the Veterans of Foreign Wars.

Code 200:

NATIVE
HOUSING

In reply to Mr. Hohman, Mr. Kubley said they are sending material to rural areas, and during the last two years they have built well over 400 homes funded through ASHA, a substantial increase

over what has been done before [Remote Housing program]

He said they will sign a contract this month to build an additional 50 in the Nome area, and hope to build at least another 160 in ten other villages at a cost of about \$7,500 each. Mr. Kubley said it has worked out much better in remote areas than in areas in Southeastern, 3.g. Hoonah. The people in these larger areas are not as prone to help.

Mr. Sackett asked if they would let the committee know how much the President requested for Remote Housing so they would be sure to put in the 10% in this budget. Mr. Kubley said they have wired Senator Stevens and the Congressional group on this to see what they have done on this.

Mr. Hohman then asked about the ASHA problem in Bethel as they are having problems with the project, which is less than one half full, an occupancy of only 80 out of 200 homes. Mr. Kubley asked what the reason is - if the rent is too high. Mr. Hohman said there are several stated reasons - the rent is too high for some people, and one important reason is that they are completely off the river and they are river people. They discussed the possibilities of the slough, but Mr. Hohman said ^{the} dredging process would still leave some of the people 300 yards off the river. Mr. Kubley asked if they solved the coal problem, and Mr. Hohman said they are thinking they will go to stoves for heating and cooking.

Mr. Kubley mentioned that the sewer and water is not hooked up yet, and said they have asked for a rent breakdown on these homes. Mr. Hohman said they have changed income qualifications, and have made it easier to move in. Mr. Kubley wondered if 200 homes for the Bethel area is too many, but Mr. Hohman said they have had

quite a few people coming in since they have been built, and felt they would be filled with the completion of the sewer and water, etc., and once they get used to these homes there will probably be a shortage again.

Adjourned: Meeting adjourned at 3:10 p.m.

DEPARTMENT OF COMMERCE
ADVANCED ANALYSIS

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RECEIPT CODE AND

1968-69

1969-70

1970-71

INSURANCE

	ACTUAL	ESTIMATE	ESTIMATE
104 Ins. Prem. Tax	\$2,200,987	\$2,300,000	\$2,500,000
202 Ins. License Fees	152,651	143,000	160,000
SUB-TOTAL	\$2,353,638	\$2,443,000	\$2,660,000

CORPORATIONS

201 Corp. License Fees	\$ 150,817	\$ 122,000	\$ 195,500
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OCCUPATIONAL LICENSING

203 Accountants	\$ 2,181	\$ 2,500	\$ 9,800
204 Barbers	4,019	2,700	2,200
205 Basic Sciences	1,700	1,200	300
206 Childographers	200	100	100
207 Dentists	2,150	2,800	1,700
208 Electrical	12,912	2,500	1,700
209 Veterinarian	14,253	300	1,300
210 Medical	10,000	5,000	300
211 Pharmacists	10,000	22,000	19,200
212 Nurses	20,000	10,000	15,000
213 Optometrists	1,000	400	300
214 Pharmacists	3,000	10,000	3,000
215 Social Workers	10,000	48,000	30,700
216 Psychologists	100	000	400
217 Psychological	100	000	400
218 Collection Agencies	7,000	57,500	60,000
219 Relations	-	-	000
220 Eng. & Architects	22,189	22,000	20,000
221 Marine Salvage	-	-	2,000
SUB-TOTAL	\$ 227,000	\$ 100,000	\$ 221,200

ADDITIONAL REVENUE

222 Printing Costs Recovery	7,000	4,000	100
223 Printing Costs	60,500	29,000	100,000
224 Motor Vehicle Cameras	70,000	22,400	20,500
SUB-TOTAL	\$137,500	\$55,400	\$120,500

ADDITIONAL REVENUE SOURCES

Transfer of Funds - 1968-69 \$18,035

HOUSE FINANCE COMMITTEE

February 6, 1970

9:20 a.m.

Present: All members except Messrs. Bradner, Croft and Hohman.

Chairman Ray called the meeting to order and the following bills were assigned:

<u>Bill</u>	HB 506	(Appropriation - Health and Welfare -	Mr. Ray
<u>Assignment</u>		\$3,000,000)	

Mr. Hohman entered the meeting.

HB 547	(Increasing the number of superior court judges)	Mr. Borer
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There was an informal discussion on the status of some of the bills in committee. Mr. Ray requested the members to research some of their bills over the week end so they could be reported out on Monday.

Chairman Ray announced a review of the budget for the Department of Natural Resources at 1:30 p.m.

Recess: The meeting recessed at 1:30 p.m.

AFTER RECESS

1:40 p.m.

Present: Mr. Sackett and Mr. Haugen were present.

Dale Wallington, Deputy Commissioner; Harry Aase, Administrative Officer; James Williams, Division of Mines; from the Department of Natural Resources were also present. Mr. Gene Smith, Budget and Management, was also present. [Mr. Smith had formerly worked for the Department of Natural Resources and had helped with the preparation of the budget.]

Mr. Sackett called the meeting to order.

DEPT. OF
NATURAL RESOURCES
ADMINISTRATION

There is an increase of \$7,400 from \$270,000 to \$277,400 for Administration.

100: Mr. Sackett asked about the Resource Management Specialist requested for Southeastern-Ketchikan. Mr. Wallington said this position was necessary because of the increased land. Mr. Sackett asked if the legislature had authorized this office in Ketchikan last year and Mr. Wallington answered no.

200: There was an increase of \$11,900 and Mr. Sackett asked why there was such a fantastic increase. It was explained that the travel for the Commissioner has greatly increased. Mr. Smith said that the Deputy and Administrative Officer are required to make bimonthly reviews of administrative activities of the four line divisions. It was also noted that money has been reallocated from other areas to allow the Commissioner to do all the necessary travel, often trips to Washington, D.C. at the request of the Governor.

Mr. Sackett asked if this had hindered the other programs.

Mr. Wallington said it "probably will in the end."

300: There is an increase of \$1,900. Mr. Sackett asked why equipment rental, code 360, was so high. Mr. Smith explained this is for an MTST and for a Central Dictation System.

Mr. Sackett asked how many MTST's this would give the Department and Mr. Wallington answered four -- three are in the Land Division in Anchorage. He said they are requesting two more; however, these are not for the Commissioner's office.

400: There is an increase of \$400, from \$1,400 to \$1,800. No questions.

500: There is an increase of \$300, from \$600 to \$900. Mr. Smith said this is equipment for the new position in Ketchikan, some a small portion for administration section.

MANAGEMENT OF
STATE LANDS
Directors Office

Central Services
100: Mr. Smith explained that the Supply Officer II was transferred to Office of the Commissioner.

Mr. Hohman arrived at this time.

Mr. Smith explained there were two positions deleted and noted there was a total of three positions eliminated with the implementation of the MTST's.

Mr. Wallington explained they had requested an Environmental Section in this budget but the Governor's Budget Review committee disallowed this; however, they did allow the

Ecologist position in the Central Services section. He explained this man is to supervise and coordinate the surveillance activities on the North Slope.

Mr. Smith explained the difference between this position and the Ecologist requested by the Governor would be that the position in the Office of the Governor would be to coordinate on a statewide basis for Health and Welfare, Highways, etc., while this Ecologist would be coordinating within the Division of Lands.

It was explained that the Storekeeper III would handle purchasing and supply and that the Supply Officer II, previously in this section, had been transferred to the Office of the Commissioner. Mr. Sackett asked how badly the Department needed the Librarian I that was disallowed by the Governor's Budget Review Committee and Mr. Wallington said they "didn't need it very bad." Mr. Wallington said, however, they did need the Clerk II [this was disallowed] to help with the counter service at the information desk.

200:

Mr. Sackett noted the Department Request was \$3,800 and the Governor's Allowance was \$6,500. Mr. Smith explained that the Director of lands has been appointed to the Western States Land Commission and is obligated to attend the conferences. Mr. Smith noted this also includes travel for the Ecologist [new hire transportation for Ecologist - \$500]. It was noted there was \$2,200 requested for transportation costs within Alaska, code 210.

300: Mr. Sackett noted that contractual services had decreased from \$185,600 to \$175,900. Mr. Smith said that equipment rental, code 360, is primarily for the MTST, composing machine and dictation equipment. Mr. Smith pointed out that this new equipment, however, enabled the Department to delete three positions. Mr. Sackett noted the Department Request was \$32,600 for equipment rental and the Governor's Allowance was \$33,100 and asked why there was a difference. Mr. Smith said this is for aircraft charter for the Ecologist, which was moved from Environmental Planning when it was deleted.

400: This item was increased from \$15,200 to \$26,100. The Governor's allowance for stationery and office supplies, code 480, was \$22,600 and Mr. Smith explained that the increase is partially due to insufficient funds in the 1970 fiscal year budget and inflation. Also, the Division is now in the process of establishing a word processing center and additional supplies will be needed. The other big expense is that Division of Land is now printing all the annual reports, geological reports, etc. for the whole department and they will have a print shop similar to the one in Juneau.

500: There is an increase of \$2,100 from \$11,800 to \$13,900. Mr. Sackett asked if this was for new equipment. Mr. Smith said most of this is, as he had just explained, equipment to expand the print shop so they can handle work for the whole department. In reply to a question, Mr. Wallington said much of this printing had previously been done by contract.

900: There was an increase of \$3,200 for rental of highway vehicles. In answer to Mr. Sackett, Mr. Smith said this is in Anchorage.

Southcentral
District
100:

Mr. Smith noted that the Realty Assistant II was funded from the federal-state matching fund.

He explained that with the enactment of Chapter 15, SLA 1968 "Open to Entry" lands by the 1968 Legislature parcels need to be inspected for actual entry and the closed lands need to be checked for trespass.

Mr. Wallington explained they needed the Forester II to help in the District forestry program.

The Recreational Development Specialist was funded by Executive Order #70-44, according to Mr. Smith.

200: Mr. Sackett asked the justification for the \$3,400 increase from \$6,500 to \$9,900. Mr. Wallington felt he should explain travel for the whole Division of Lands and also the Oil and Gas Division due to the pressure that is being put on them daily for surveillance on the North Slope will make this budget as presented totally inadequate for travel; one trip to the Slope costs about \$4,000. He said he would like to take the money for the ecology program and have it put back for money for travel for the North Slope. He said if they don't get enough money there is not going to be any surveillance and this will include the surveillance of work on the pipe line.

In answer to Mr. Hohman, Mr. Wallington said they are getting to the place where people are demanding they have someone up on the North Slope everyday. They have to visit all seismographic sites, drilling sites, make reports on damage through pollution, etc.

Mr. Hohman asked how much additional travel money would be required and Mr. Wallington said between \$50,000 and \$75,000 by next year. Mr. Sackett requested a breakdown of justification for this additional travel. Mr. Hohman asked what kind of aircraft they use when they charter out of Fairbanks. Mr. Wallington answered a single engine 180 out of Anchorage. He said when they do travel on the North Slope unless they use a dual engine plane there is resistance from their employees.

Mr. Wallington explained in the past they have taken advantage of Bureau of Land Management and private companies' planes, etc., and would get a free ride; however, they do not feel they should be depending on these companies any longer as when they have to turn around and stick a fine on a company that has been giving them free rides, they are "behind the eight ball."

300: This reflected a decrease of (\$500). Under professional fees and services, code 380, there is \$200 for map processing and enlarging. It was also noted that equipment rental (Highways) was moved to code 900.

400: This slight increase from \$1,000 to \$1,100 was due to new positions.

Northcentral

100: Mr. Sackett asked about the vacancy and turnover. Mr. Smith said it is customary procedure to put the turnover back in and there is no basis for a department to project vacancy and turnover in their budget.

There was a request for a new position for Forester IV and Mr. Wallington explained that since the North Slope has opened up they put up a number of small timber sales and every time they put up a timber sale they have to have somebody to supervise. He said some of the Forester IV's time will be spent working in the Park and Recreation program as well as in the Land field. Mr. Sackett asked if they have that much state land and Mr. Wallington answered in the affirmative, that it is one of their largest areas.

200: There was an increase of \$3,000 from \$6,500 to \$9,500.

300: There was a decrease of (\$10,300) from \$38,400 to \$28,100. There was \$20,000 in other contractual services, code 390, and Mr. Smith said some of this is for the six wayside camps taken over from the Bureau of Land Management. Mr. Wallington said they have an obligation to maintain these camp sites, along with the 20 waysides that they also handle under park custodial contracts.

Mr. Wallington went on to say that when they made land selection that contained campsites, the Bureau of Land Management advised the state they would no longer maintain

these sites even though they won't transfer titles to the state.

There was again a brief discussion on travel to the North Slope and when asked why they did not budget for more travel Mr. Wallington said they did not know they would be expected to be up there constantly.

400: There was an \$800 increase from \$1,800 to \$2,600. No questions.

500: There was an increase of \$1,500 from \$1,300 to \$2,800. In answer to Mr. Sackett, Mr. Wallington explained they needed the aluminum riverboat in order to get to the timber on some of the rivers.

900: There was a discussion on car rental from the Department of Highways for \$14,000 which was previously carried under contractual services. Mr. Smith explained this is based on projected rates by Highways. Mr. Sackett asked how much this was last year and Mr. Smith said there is a \$10,900 budget in the current year budget. Mr. Sackett asked why there was such a difference between Southcentral and Northcentral and Mr. Smith said that Southcentral does not maintain the parks, theirs are maintained under Parks and Recreation.

Southeastern District

100: Mr. Sackett noted the budget for Southeastern had gone from \$154,600 to \$185,100. He asked what percentage of vacancy and turnover they have and Mr. Smith said less than 2%. He noted the vacancy and turnover was taken by the legislature and the department is to budget for full salaries.

Mr. Smith said Administration has tried to get away from this concept and last year it was their hope to try to phase it out. Mr. Sackett asked how much the full vacancy and turnover recovery is up to this year. Mr. Smith said over \$100,000 for the Division of Lands.

Mr. Wallington said of the requested new positions the Forester I is needed in Haines to help the one up there and the Park Ranger I is going to supervise maintenance and construction of the Chilkoot park in Haines.

Mr. Haugen asked how much timber they cut around Chilkoot and Mr. Wallington answered he wasn't sure but he thought around 40,000,000 board feet. Mr. Aase said they need one forester for every 10,000,000 board feet under contract.

Mr. Wallington said the new positions would be for Skagway as well as Haines.

Mr. Hohman referred to the Battery Point Legislation (HOUSE BILL NO. 294) and asked if there are other proposed parks in need of expansion. Mr. Wallington said they have some other projects and noted the one at Tok Junction is just being completed, then one between Tok and Glennallen that they will finish in about two years. Mr. Hohman asked if Battery Point is on their priority list.

HB 294

Mr. Wallington said Battery Point is needed and is one of the few recreational areas still available, but taken on the list of priorities, they have a priority list through 1976, and they only received about \$21,000 federal money to match. In answer to Mr. Hohman, Mr. Wallington said

Battery Point is greatly needed but the money available from federal sources and the state just isn't adequate.

200: There is a decrease of (\$2,400) from \$17,500 to \$15,100.

300: Mr. Sackett noted a decrease of (\$4,900) in code 360, equipment rental. Mr. Smith explained this was transferred over to the inter-agency account for Highways. [This transfer is throughout this budget as well as all others.]

400: There was an increase of \$400 from \$4,200 to \$4,600.

No questions.

500: There was a decrease of (\$2,000) from \$3,200 to \$1,200.

Mr. Sackett asked about the mirror stereoscope - \$225 - and it was explained this is needed for the Haines office to lay out timber sales, road, etc. by use of aerial photos.

900: Mr. Sackett noted they had taken out \$4,900 out of equipment rental but added in \$5,500 in code 936, vehicle rental from Highways. He asked why there is a \$600 increase in one year. Mr. Smith explained that the Department of Highways has revised their system of rates and all of these rates have been specified by Highways to become effective next July 1. Mr. Sackett requested that the staff request the Department of Highways to furnish the committee with a copy of their old rates and new rates.

Lands Section

100: Mr. Smith explained the Document Processing Clerk II is a new temporary position and is necessary because of the increased work load.

200: There is an increase of \$500 from \$5,600 to \$6,100. No questions.

300: There is an increase of \$18,500 from \$9,900 to \$28,400. It was explained that code 380, professional fees and services, is primarily to cover filing fees for land selection in anticipation of lifting of the land freeze. Mr. Wallington added this is only a request to put in selections in the event the claims are settled and the freeze is lifted. Mr. Sackett asked if they felt they have the necessary time element whereby they can select lands and Mr. Wallington answered yes, that they have been planning these selections since the freeze so he felt they are prepared to file. In answer to Mr. Sackett, Mr. Wallington said they would probably have some illegal entries but the state has preference rights.

400: No questions.

500: No questions.

Cadastral
Engineering

100: There was a new position for a Cartographer III and it was explained this is a mapmaker. Mr. Smith noted this program is where one of the clerical positions was deleted as a result of the MTST.

200: This is an increase of \$600 from \$12,500 to \$13,100. It was explained that the reason only \$5,000 was used for travel last year was because the rest of the travel had to be reallocated for use by the Commissioner and other programs.

300: Under code 380, professional fees and services, there is an increase of \$71,600. Mr. Smith explained this is a program for surveying lands for management and disposal. He said they have been held back in the past because of funding problems. Mr. Sackett asked if the progress of surveying state lands had been hindered because of under funding. Mr. Wallington said it had hindered the disposal of state lands and explained they could have had 3 sales in Southeast but have not because they have never had the money to survey it out and get it on the market. The following is an explanation found on page 127:

"This is a program increase to meet demands placed upon us for surveying lands for management and disposal. This increase is due to intense development in specific areas of the State. In order to transfer title, a survey of the land is necessary. Our most pressing demands now are for disposals and/or lease of land on the North Slope, Fairbanks Area and Valdez. Normal program activities prevail in Southcentral, Southeastern and Southwestern areas."

Breakdown of survey expenses can be found on page 127-128 of the workbook.

400: There is an increase of \$3,000 from \$2,900 to \$5,900.

500: This remained the same -- \$2,600. Mr. Sackett asked about some of the equipment and there was a brief discussion on the Leroy lettering set, electric eraser, etc.

900: Under code 936, there is \$2,500 for car and equipment rental for the Department of Highways.

Recess: There was a recess at 2:40 p.m.

AFTER RECESS
2:50 p.m.

Mr. Bradner was present. Mr. Haugen left the meeting.

Minerals
Section
100:

Mr. Sackett asked, under new position, why they needed the Mineral Specialist and Mr. Smith said about three years ago there was a position of Land Law Examiner V comparable to a range 20 which was the back up position for the Section Chief and this position was deleted to fund new accounting position. This position was subsequently transferred to Juneau in the reallocation of the department so this is just to re-instate the need for back up position to support and replace the deleted position in the Minerals Section.

Mr. Wallington added that since there was no back up or supporting position for the head of the Minerals Section they thought it best to put a man there. He said that the federal government has no method of leasing unleased federal land. The state is a step ahead in being able to do this.

200: There is a \$500 increase in travel from \$700 to \$1,200.

Mr. Sackett asked why they did not attend the Rocky Mountain Mineral Law Institute last year and Mr. Smith said this had been cut out by the legislature.

300: There was a \$2,700 increase from \$3,400 to \$6,100.

Under code 320, printing and advertising, it was explained \$500 of the increase is necessary to maintain normal legal publications. These are printed under contract and every

4 to 5 years they must get a new supply.

400: There was a (\$200) decrease from \$600 to \$400.

500: Mr. Sackett noted the additional filing cabinets. There is an increase of \$300. Mr. Smith said until the Records Management Program in Administration gets underway, they will continue to need these cabinets. Once these permanent records can be microfilmed, this will slow the need for file cabinets.

900: There is a total of \$300 which was for rental of state vehicles.

Water Resources There was a total increase of \$28,300 from \$66,000
Program

100: to \$94,300.

There is an increase of \$6,900 from \$53,200 to \$60,100 in personal services but no new positions are requested.

200: There is a \$2,500 increase and Mr. Wallington said part of this is to fund the State Water Resources Board meetings. In answer to a query from Mr. Sackett, Mr. Smith said they [the Board] have requested two meetings -- one in Juneau and one somewhere else. They were only able to meet once last year due to lack of funds.

300: Mr. Wallington explained that under 390, other contractual services, \$20,000 is to fund a cooperative program with the U.S. Geological Survey for Water Resources studies. He explained this is a 50-50 matching ration. [See detailed explanation on pages 158-159 of the workbook.]

Mr. Wallington said the mineral program should be bigger but they did not think they could afford it.

400: There is a \$100 increase from \$100 to \$200.

Mr. Bradner left the meeting.

500: There is a \$2,400 increase in equipment and there was a brief explanation given on the portable seismic unit. [See detailed description on page 162 of the workbook.]

This unit is used to locate gravel and Mr. Wallington explained that the reason this unit is requested in this budget is Water Resources includes water, tideland and material and a lot of the gravel is taken from the tideland. In reply to Mr. Sackett, Mr. Wallington said the state does sell gravel.

Forestry

100: Mr. Sackett asked the justification for the new position for Forester IV. Mr. Smith explained this position is on a 50-50 federal matching basis and Mr. Wallington said, under this program, education in forest management and fire prevention is also carried into the highschoools.

200: There is an increase of \$3,200. Mr. Smith said this provides for travel to the North Slope and the outside travel is for training of the federal program.

300: Under 390, other contractual services, Mr. Smith said the biggest increase is \$100,000 for photo contracting for the North Slope. In answer to a query from Mr. Sackett, Mr. Wallington said these pictures are used for land leases, sales, etc. Mr. Smith added this is the whole Land Management program and is used by the whole division for their entire program. The following is an explanation on page 177 of the workbook:

"Although there are no forests on the North Slope, this item is in the Forestry budget because the Section is responsible for preparing photo contracts, indexing, and storing photos for the Division of Lands. Photos obtained under this contract will be made available to all State agencies and the public. Photos will be used for future planning, road mapping, and locating existing facilities on the Slope."

Mr. Sackett requested they send backup material on this \$100,000 for photo contracting.

400: There is an increase of \$12,800 from \$7,100 to \$19,900. There is a \$9,600 increase in code 450, maintenance and construction materials, and Mr. Smith said this is for normal repair and upkeep of the Bonanza Creek Camp. This is part of a rehabilitation program for inmates under direction of Corrections and Forestry people. This helps these prisoners learn a trade in forestry management work and also they assist in fire control work. It is considered to be a successful program by Division of Corrections, according to Mr. Smith. Mr. Sackett asked if this is a start of the state taking over their own fire management. Mr. Smith said he did not think so.

500: There is a \$1,600 increase in equipment. Mr. Sackett questioned the water heater for Bonanza Creek camp and Mr. Smith said there are as many as 15 or 20 people at the camp and the water heater is necessary to furnish hot water for that many people.

800: There was \$10,000 in the Governor's Allowance for forest fire suppression fund. Mr. Smith said the reason there is no actual expenditure is that it is reallocated to another line.

item, depending on where it is needed. It is always in there as a recurring item.

Parks and Recreation
100:

Mr. Smith explained that all but one of the new positions are funded from receipts from the Capital Improvement Program. It was noted overtime costs of the construction crew will be recovered from Capital Improvement funds through an interagency receipt to the General Fund program. Mr. Sackett asked what they would do with these people next year. Mr. Smith said this is an on-going program and Mr. Wallington added he saw no hope of ever cutting back this program. Mr. Smith said all the new positions, except the lifeguard, are for construction. It was noted the lifeguard was requested for Mirror Lake and Mr. Smith said since there is no lifeguard, and there is the danger of a law suit resulting from someone drowning.

200: There is a \$4,600 increase in travel from \$9,900 to \$14,500.

300: There is a decrease of (\$40,000) from \$75,700 to \$35,700. Under code 370, insurance and bonding, reduction is due to lower appraisal. Under code 380, professional fees and services, Mr. Smith said last year the Governor's Allowance was \$36,500 and the Legislature allowed \$24,500. Mr. Sackett said the cut of \$12,000 was for the Chena River. He noted there is \$15,000 for the master plan for Chena River Recreation Area included in this budget. The overall

reduction reflects changes in budgeting procedure rather than a reduction in level of operations.

400: There is an increase of \$3,300 from \$15,000 to \$18,300.

500: The Governor's Allowance for equipment was \$55,400.

Mr. Smith explained this is all equipment that is used for the construction program and rental costs would be paid by bond construction money. The federal program makes no provision for rental so the only way it can be obtained is to buy it and then rent it back and rental costs are then paid for with federal and bond money. He said the equipment is not available at the present time so it is not possible to obtain it from other sources. Mr. Sackett wondered how it had been handled in the past and Mr. Wallington said the way they did it was to contract it out but they found it cost three times as much to do it that way. In building a campsite in a park, they can construct it themselves for between \$1,200 to \$1,500 but if they contract it out, they must spend about \$3,500 to \$4,000. And, he added, the state still has to have its own crew to do the inspection work. The extra cost of building is very minor in comparison to what must be paid to a private contractor. He said the equipment they purchase can always be used later for maintenance. Mr. Smith said once they buy the equipment and turn it over to the Highways' pool, the department [Natural Resources] has first call on it even though it is still maintained by Highways. Even though it is listed under Department of Highways equipment, it carries the Department of Natural Resources decal.

900: The Governor's Allowance is \$37,500 for code 936, vehicle rental, Department of Highways. Mr. Smith said this is for three new garbage trucks for force account maintenance and explained these are turned over to the working capital fund. Mr. Sackett asked if they felt this is an effective situation [referring to vehicle rental from the Department of Highways]. Mr. Smith said there are some problems with this but he did not know an alternate solution. He added that one of the reasons Highways raised the rates is to cover replacement. He said there was a lot of equipment that gets marginal use and some departments end up paying more for equipment than they should because of other equipment, that was old to start with, having a high maintenance cost.

Environmental Planning Mr. Wallington explained the Governor's Budget Review Committee did not want to fund this as a separate operation and decided to put the Ecologist in the Office of the Commissioner to see what sort of a program was necessary, and where the best place would be in the future for this position. The thinking was to hire one person to develop this program with the thought of expanding it next year if it turns out to be justified.

OIL AND GAS Mr. Sackett asked for projection of oil and gas fund and the balance on the previous fiscal year. The balance as of June 30, 1969 [page 19, Annual Finance Report for State of Alaska - General Fund] is \$350,132.89. Tr FY 1970

revised projected figure for oil and gas conservation tax [code 516] is \$351,300 [taken from the Revenue Sources 1969-1975]. Mr. Wallington, in reply to Mr. Sackett's questions on this program, told the committee that he felt this section is doing "a real fine job."

With reference to projected revenue in the oil and gas conservation tax, Mr. Smith said the reason for the decline in projected estimates [1971: \$297,300; 1972: \$297,300; 1973: \$289,000; 1974: \$1,728,700] until 1973 was based on decline in Cook Inlet; however, even with the drop he felt there was enough to fund the program as outlined.

100: Mr. Wallington told the committee that he personally felt they have a first rate operation, and he could see no reason for any changes with the exception of one thing. They must recruit under the personnel rules as do all other departments and this is where the problem is. Personnel requires they recruit for their people in the usual manner of choosing any of the top three names listed on a recruitment list. Sometimes the first two or three names listed are those of consultants, "independents", etc., who have no intention of permanent employment with the state -- they want only a chance to obtain information from the confidential files of the department for their own personal use. Rather than fill these positions with these people, they have let the positions stay vacant. Mr. Wallington stressed the necessity

of remedying this situation. Mr. Sackett asked if he had discussed this with the Personnel Division and Mr. Wallington assured him that he had, but that it has to go before the Personnel Board or the Governor before any change can be made that would allow the department to choose anyone they wanted from the list instead of from only the top three names.

Office of Director There was an increase of \$44,100 from \$124,300 to \$168,400.

900: There was a new charge of \$38,700 for data processing.

Engineering Section

100: Mr. Sackett asked if there were any new positions and Mr. Wallington answered there are two petroleum engineers. Mr. Smith added they are asking for a supplemental to cover these two employees so they can start recruiting. In answer to Mr. Sackett, Mr. Smith said these positions are needed for North Slope surveillance. Mr. Wallington explained there is a problem in asking one man to stay more than 30 days on the North Slope as this is an impossibility. He said they have to rotate and in order to rotate they need more positions.

Mr. Sackett asked if the Department was requesting any more supplementals. Mr. Smith answered they are asking for one for fire suppression. Mr. Wallington said at present the cost for fire suppression is about \$6,000,000 and they think they can cut it down by about \$2,000,000 after it is audited.

Mr. Sackett asked the status of the supplemental for the two new positions and Mr. Smith said the positions have been approved by Executive Order [#70-62]. Mr. Sackett asked if these men were hired and Mr. Wallington said no.

200: There is an increase of \$13,500.

300: There is a decrease of (\$300).

Petroleum
Geology
Section

100: There is an increase of \$28,600 from \$53,200 to \$81,800.

Mr. Smith noted there is one new position requested.

200: There is an increase of \$800 from \$1,400 to \$2,200.

300: There is an increase of \$900 from \$1,800 to \$2,700.

400: There is an increase of \$500 from \$400 to \$900.

500: The Department Request was \$900 and the Governor's Allowance was the same.

Mr. Sackett noted they would finish the review of the Department of Natural Resources next week and the meeting

Adjourn-
ment adjourned at 4:10 p.m.



HOUSE FINANCE COMMITTEE
Monday, February 9, 1970
1:40 p.m.

Present: All members were present with the exception of Messrs. Bradner and Hohman. Also present were Commissioner Mel Personett and Captain Nelson, Director of Technical Services, of the Department of Public Safety. Also, Mr. Freer of Budget and Management was present.

DEPARTMENT
OF PUBLIC
SAFETY

Mr. Ray called the meeting to order at 1:40 p.m. He noted that overall budget percentage increases over last year (69-70) are:

Personal Services	48%
Travel	74%
Contractual Services	approximately the same
Commodities	112%
Equipment	417%
Total budget increase	64%

GENERAL
ADMINISTRATION Mr. Ray noted that in Personal Services for General Administration

this year they were authorized \$115,200. The Department requested and the Governor allowed \$169,800 for the coming fiscal year, which is a 47.4% increase. \$28,600 of the increase is due to salary increases, reclassification and changes in employee benefits. The remainder is due to two new positions, a captain and a Secretary I. The captain is to direct the activities of the narcotics bureau. The secretary is to provide clerical support for the deputy commissioner.

Code 100:

Mr. Borer asked, concerning present staffing, about the reclassification of a Clerk Steno II to Administrative Assistant. He asked if that will be filled by the same person now filling the position as Clerk Steno II. Captain Nelson said that this position is the Commissioner's immediate assistant. Mr. Borer again asked if this Administrative Assistant position will be

filled by the same person filling the Clerk Steno II position. Mr. Personett said that this is a possibility. Mr. Ray asked, in response to Captain Nelson's statement that this had yet to be approved by Personnel, if it wasn't true that once Budget Review has approved the positions in the budget, that that is all that is necessary. Mr. Freer said no, that Personnel still would not have to approve the reclassification. Mr. Ray commented that that would then leave the Department with that additional money in their budget.

Mr. Croft asked Commissioner Personett how the narcotics bureau is functioning, if they are helping the problem. Commissioner Personett said that from his experience, since sending these people [the three people put in last year to take care of narcotics] out to do nothing but narcotics work, the Department has been able to find out much more what the problem is, to discover who is furnishing narcotics, etcetera. He said that in other words, they are putting the spotlight on narcotics and dangerous drugs, and he said that he personally feels that they are doing a good job.

Mr. Ray said that it looks like they are abolishing the support position for the deputy commissioner, and asking for another one at an increase of \$1,000 to fill that, and then asking for an administrative assistant, also. Captain Nelson said that the Administrative Assistant is for the Commissioner. The Secretary I is for the deputy commissioner. Commissioner Personett said that the Secretary III now works directly for him. Mr. Ray asked where the Clerk Steno II is going to go. Mr. Personett said that she would be put somewhere else, and Captain Nelson added that probably she will be transferred to another Clerk Steno II position.

in the Department. Mr. Ray asked if it is correct, then, that they will not be using the same person now filling the Clerk Steno II position to fill the Administrative Assistant position. Mr. Personett said that this is possible but it is not necessarily so. He said that Personnel probably would not let them fill the Administrative Assistant position until the Clerk Steno II had found another position, so that she would not be out of a job. Mr. Borer commented again that it still could be the same person who filled the Clerk Steno II job who would fill the Administrative Assistant job, and Mr. Personett said yes. Mr. Ray requested that the staff mark this for future review.

Code 200:

The 1969-70 authorization for Travel is \$14,300. The Governor's request is \$15,700, which is an increase of \$1400, or 9.8%. Mr. Ray asked what the additional travel is due to. Mr. Personett said that very little of the travel is done by him. He said that they have found that meeting with other police organizations, other motor vehicle administrators, is very helpful in working out Alaska's own programs, plus, he added, there are travel funds for the U. S. Attorney meeting (Law Enforcement Agency) which has to do with the Omnibus Crime bill. Mr. Ray asked if it wasn't just the commissioner, deputy commissioner and administrative assistant who would be traveling anywhere, as it seemed to him the corporals would not be traveling around. Mr. Personett said that the corporals would be traveling to the Federal Narcotic School. Mr. Croft asked why per diem and other costs within Alaska (Code 220) are being reduced, especially when 50 new troopers are being added. Mr. Ray said that it means they are going to move around

faster and stay less time, and Mr. Personett said that is correct.

Code 300:

The 1969-70 authorization for Contractual Services is \$62,300.

The Governor is requesting \$72,900, which is an increase of \$10,600 or 17% increase. The major portion of the increase is in Printing and Advertising (Code 320). Mr. Ray said that he assumed this would take care of printing traffic regulations, manuals, etc. Mr. Personett said yes, they hope this takes care of those things, and added that there is also money here for printing information for the narcotics squad.

Mr. Borer asked if Code 380 is where the money for the Crime Lab went, and Mr. Personett said yes.

Mr. Borer asked about Code 390, which in 1968-69 was \$1,314, this year is \$6,400, and for the coming fiscal year the Governor has requested \$6,600. Mr. Personett said that he would guess the big jump last year was because they had no experience in the narcotics squad. Mr. Ray commented on the explanation of the increase in this code 390 which reads "Slight increase indicated in other contract services for as yet unidentified services and contractors." He said that that sounds almost like a contingency. Mr. Borer requested that the committee be furnished with a breakdown for the \$6400 this year in Code 390.

Mr. Croft referred to Code 320, Printing and Advertising.

He said that there is a \$13,200 increase, justified as being to cover printing costs of all regulations. He said that he thought they were doing that this year and that copies wouldn't be ready until later. Mr. Personett explained that that was just part of the regulations. He said also that part of this is for the narcotics squad materials and part is for regulations of different types. Mr. Ray commented on the fact that there are no

traffic regulations available for people learning to drive.

Code 400: There is no change in Commodities, Mr. Ray said. The Governor's request is \$5700, which is the same as last year. This is for replacement costs of uniforms.

Mr. Bradner came in at this time.

Code 500: The 1969-70 authorization for Equipment is \$30,700. The Governor's request is \$13,500, which is a decrease of (\$17,200) or (56%). Mr. Ray noted that it still shows a considerable increase over 68-69, which was nothing. Mr. Ray asked if it is correct that they are asking for three new polygraphs, and Mr. Personett said yes, they are replacements.

Code 900: There is \$5100 in the Governor's request for vehicle rental from the Department of Highways. This was previously charged in Contractual Services. Mr. Ray noted that this means that actually Contractual Services increased \$15,700 rather than \$10,600.

Mr. Croft asked why out of a \$109,000 budget, \$29,430 was lapsed in 1968-69. Mr. Personett said that the biggest part of that was the narcotics reward money. This was set aside in this area of the budget for paying rewards, but none of it was ever used. He said that there is "in the hopper" a bill to repeal this narcotics reward fund.

TECHNICAL
SERVICES

Code 100:

The 1969-70 authorized budget for Personal Services is \$430,100.

The Governor's request is \$350,700, a decrease of (\$79,400), or (18.5%). The reason for the decrease is that contracts with the cities, boroughs, Department of Law, have been deleted.

Mr. Borer noted that in this section there is a captain in Juneau at \$19,000, but that the new position of captain in General

Administration is going to get \$116,500. Captain Nelson explained that the new positions can only be budgeted at Step A, and that this other captain is budgeted at Step D.

Mr. Ray requested that the record reflect that the increase in Personal Services discounting the police service contracts is \$116,500. \$42,000 is salary increases and vacancy and turnover, and \$71,200 is for the addition of 8 new positions. However, that still leaves \$2,000 unaccounted for. Mr. Ray requested that he be reminded to go into this later.

Code 200: The 1969-70 authorization for Travel is \$8,600. The Governor's request is \$16,000, which is a \$7,400 increase, or 86.05%. The biggest part of the increase is in Code 240, Per diem costs Outside Alaska. It was explained that the increased per diem inside Alaska is because the training personnel are staying longer than they had previously. Mr. Borer asked if any of this money pertains to the Sitka Academy. Captain Nelson said the none of it specifically pertains to the Sitka Academy, but there is Travel and Per Diem for the Academy in the State Troopers' portion of the budget.

Mr. Ray noted that Transportation Costs within Alaska, Code 210, decreased (\$400).

Mr. Ray noted, and requested that he be reminded to look into this further, that the Travel justification in Technical Services is very indefinite.

Code 300: The 1969-70 authorization for Contractual Services is \$47,900. The Governor's request is \$74,200, which is an increase of \$26,300, or 55%. The majority of the increase is in Rents and Utilities, Code 330. Mr. Ray requested that he be reminded to talk with Governor Miller about the possibility of building the new Public

Safety complex out on Engineer's Cutoff road. He felt this would be a better location when the new pulp mill is completed as it would give Public Safety a more central location.

Code 400:

The 1969-70 authorization for Commodities is \$13,000. The Governor's request is \$15,700, which is an increase of \$2,700, or 21%. The majority of the increase is in Other Supplies, Materials and Parts, Code 490.

Mr. Borer, noting that part of the cost in Code 490 is for the Academy, asked why they don't put all of the Academy costs in one category. Mr. Personett said that they hope before too much longer to be able to. He said that they have had to do it this way because of the way they have to pay for the Academy. He said they want to be able to gather all the costs together. They are working toward the possibility of merely a leasing arrangement rather than payment by the man-day. In response to questioning by Mr. Borer, Captain Nelson said that the \$11,520 in Contractual Services for the Academy is merely for the lease of the building, and that \$15.00 a day is to feed and house the men.

Mr. Borer requested that the committee be furnished with a breakdown of cost, number of men, cost per man, etcetera, for the Academy.

Mr. Ray asked what the "expendable supplies" for the Academy are, and Captain Nelson said it is ammunition.

Mr. Ray asked, noting that he felt the Department is asking for what they believe is necessary, if they didn't think it is about time that the State of Alaska had uniform police standards. Mr. Personett said yes, that he surely does. Mr. Ray requested that Mr. Personett write him a letter to that effect, and that he send

a copy of the letter to Senator Vance Phillips.

Code 500:

The 1969-70 authorization for Equipment is \$5,400. The Governor's request is \$70,700, which is an increase of \$65,300 or 1,209%. Mr. Ray noted that the biggest increase seems to be in Equipment Peculiar to the Program, Code 530, which equipment includes microfilmer, Input Control, Reader Printer, Retrieval Station. Mr. Ray asked what the Retrieval Station is, and Captain Nelson explained that the plan is to put the Drivers License program on microfilm, and the retriever will enable the licenses, records, etc., to be found quickly. Mr. Personett explained that the name Miracode which is found in the description of equipment in the budget is a trade name, and that another manufacturer would be fine with the Department. Mr. Ray asked if all these costs that are related to the Drivers License program are a result of the new licenses, and Mr. Personett said no.

Mr. Borer asked who is going to run this equipment. Captain Nelson explained that actually this is going to be a conversion operation this year. There are three positions requested to begin this conversion. It will run at least 18 months before it will be an entirely usable system. Both systems will be run until the transfer is complete.

Mr. Ray asked how many licensed drivers there are in the state, and he was answered about 135,000.

Mr. Borer, referring back to all the microfilming equipment, retrieval stations, etcetera, asked Mr. Freer if that was compatible with Data Processing. Mr. Freer said that this has been reviewed by the Data Processing people in the Department of Administration. They feel that it is a good system and is what the Department needs. Mr. Borer asked why this would be

in the Department of Public Safety budget and not in the Department of Administration budget. Mr. Freer explained that this is peculiar to the needs of the Department of Public Safety, and so it is that expense.

Looking at the overall budget for Technical Services, there is an increase of \$10,000 over the 1969-70 authorized [which was \$519,000] which is an increase of 2%. However, Mr. Ray said that the actual overall budget increase is greater than that, because of the fact that Personal Services really increased, although a decrease is shown due to the deletion of the police service contracts. He asked that different percentages be figured on this.

Mr. Croft asked if the troopers who were hired under the police service contracts will be in addition to the 50 new troopers or what, and Captain Nelson said that they will be assimilated into the 50 new positions.

Code 900: Mr. Croft asked what caused the reduction in Inter-Agency receipts. Captain Nelson said that is the Department of Law contract.

Mr. Croft asked what the intent of the Department of Law is as far as the investigators go. Mr. Personett said that they will be able to use the investigators when they are needed. He said that he feels the Department of Public Safety should make these people available for short periods of time without charging the Department of Law. In fact, he said, by law the Department is required to. Mr. Croft asked about the termination of contracts for two troopers in Amchitka, and was told that they are being terminated because of lack of activity.

STATE
TROOPERS
Code 100: The 1969-70 authorization for State Troopers, Personal Services, is \$2,270,300. The Governor's request is \$3,646,000, which is an

increase of \$1,375,700, or 60.6%. [Department requested \$3,922,000]

There is one new position, a Secretary I, in Line Command.

The Department requested 75 new positions for Enforcement Service and the Governor allowed 57. 98 new positions were requested in Judicial Services and Driver License program, and the Governor allowed 72.

Code 200: The 1969-70 authorization for Travel is \$197,600. The Governor's request is \$350,600, which is an increase of \$153,000, or 77.4%. The biggest part of the increase is in Code 220, Per Diem and Other Costs Within Alaska, and also in Transportation Costs Within Alaska, Code 210. This is for investigation, training, transfers, prisoner transport, prisoner escort. Mr. Ray said that the Outside Alaska costs are nominal except for \$1800 increase in Transportation Outside Alaska. This is for the Regional Commander in Fairbanks to go to such places as Yellow Neck, Whitehorse, Prince Rupert, etc., for conferences.

Mr. Croft said that the Department has received a 78 position increase in State Troopers, but last year they only received 8. Mr. Personett explained that the 78 positions include clerical positions. Mr. Croft asked if they would be able to have all these positions "on the line" by July 1. Mr. Personett seemed to think this would be possible as far as the troopers went, but he said that actually finding sufficient clerical staff would be more difficult. Mr. Croft said that he has heard statements that there is a very high turnover of troopers. Mr. Personett said, however, that the training has improved. He said that many applicants are eliminated during the training at the Academy, and he said that it is the first year after the training at the Academy which is the probation period when they

are weeding people out.

Mr. Borer questioned the 4 new troopers in Valdez when there only two in Glennallen. Mr. Personett said that actually there is only one new position for Valdez, because the people now in Valdez, according to the budget book, are merely on loan. As far as Glennallen is concerned, he said, it would be his hope that if some of these people are needed in Glennallen they could be moved up there. They are hoping for flexibility.

Mr. Ray requested that the overtime provisions in the Department be looked into.

Mr. Borer asked if Cordova is still paying for one contract. Mr. Personett said yes. Mr. Haugen asked what the plans for the Petersburg area are. Mr. Personett said they'll be getting one new man. Mr. Haugen asked if they are going to be able to fill the position in Wrangell before the fiscal year runs out, and Mr. Personett said he hopes so.

Code 300:

The 1969-70 authorization for Contractual Services is \$537,700. The Governor's request is \$494,500, which is a reduction of (\$43,200) or (8.03%). Mr. Ray noted, however, that under Code 900, there is a \$407,100 increase, \$348,500 of which is for Vehicle Lease from the Department of Highways, which would previously have been in the Equipment Rental portion of Contractual Services, so that actually, Contractual Services can be considered to have increased \$133,500.

Mr. Ray asked what the increase in Contractual Services is due to. Captain Nelson said that Communications increased, Printing and Advertising shows a definite increase. Rents and Utilities has increased, and built into that is funding so that they can move headquarters to some other location. The majority of the

increases throughout this program are connected to these new positions and the work and expenses involved in the positions, Captain Nelson said. Again asking about the vehicle rental, and noting that the cost for that had gone up [though it is now shown in Code 900] Mr. Ray asked why that is, and Captain Nelson said that they are covering more miles.

Mr. Ray asked that his attention be called to the increased mileage at a later date.

Code 400: The 1969-70 authorization for Commodities is \$60,000. The Governor's request is \$149,600, which is an increase of \$89,600 or 149.33%. The biggest part of the increase is in Clothing, which of course is for the uniforms for new troopers, plus replacements. There is also an increase in Fuel of \$13,000. Captain Nelson said that this increase reflects additional heating oil requirements for new posts and offices. It also includes watercraft fuel. In Code 470, Professional and Scientific Supplies, Mr. Ray asked that he be reminded to look into this.

In Code 490, Other Supplies, Materials and Parts, Mr. Ray said that this could be cut, because there is money in a supplemental to take care of this.

Code 500: The 1969-70 authorization for Equipment is \$82,000. The Governor's request is \$517,900, which is an increase of \$435,900, or 531.6%. Reference was made to the Mobile Homes, and Mr. Ray asked that the committee be reminded to look into the 20 mobile homes budgeted for on page 193. There was some question as to these being put where they are most needed.

There was discussion on a patrol boat for the Department of

5/9/70

Public Safety. Such a boat has been requested, but has been denied by the Governor. Mr. Croft asked if the Department at this time owns a boat or airplane, and Mr. Personett said no. Mr. Croft asked if that doesn't severely handicap the Department and Mr. Personett said sometimes.

Mr. Ray asked Mr. Freer what the reasons for the cuts in Equipment were. Mr. Freer said that a basic cut is related to the reduction of the number of positions requested to 72. All equipment related to those 26 positions not allowed was taken out first. Another cut was for boats and watercraft. Mr. Ray said that it is his understanding that the reason watercraft has been requested is because people who own cabins have had their cabins rifled and ransacked. He asked if there has been an increase in vandalism, and Mr. Personett said yes. Mr. Croft asked if the legislature increased the amount in equipment for a boat, is it correct that the Governor would not allow it to be used for a boat. Mr. Nelson said no, if the committee allows them a boat and specifies that the money is for such a boat, then the Department would be able to buy one, he believed. Mr. Ray asked Mr. Freer about this and Mr. Freer said that under the circumstances since the boats were especially cut out by the Governor, in order for the Department to buy boats they would have to have legislative direction to do so. Mr. Haugen asked if the Department needs a boat, if the Department of Fish and Game would cooperate and Mr. Personett said that they have in the past.

Mr. Sackett asked why they would need a boat at Galena, and Captain Nelson said that actually they have used riverboats quite extensively this year to get around to the different villages.

Code 900:

The Governor allowed \$348,500 for Vehicle lease in Inter-Agency charges. Mr. Ray mentioned that this had been previously charged