

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2493

HOUSE FINANCE COMMITTEE
Monday, March 31, 1969
9:10 a.m.

All members were present with the exception of Messrs. Hohman and Sackett. Also present was Mr. Richard Freer from Budget and Management.

Chairman Ray called the meeting to order.

Mr. Ray moved the following figures:

Department
of Economic
Development

Office of the
Commissioner

Personal Services:	\$ 116,200*
Travel:	14,000
Contractual Services:	27,800*
Commodities:	2,600
Equipment:	800
Inter-Agency Charges:	<u>7,600</u>
	\$ 169,000

*The \$2,200 cut from the Governor's allowance in personal services is due to the vacancy and turnover factor; the \$2,300 cut in contractual services is in Code 380, professional fees and services, for which the Department requested, "Professional consulting fees for research and guidance in connection with the consideration and establishment of new development programs. Travel and miscellaneous expenses of special groups for on-site inspection of Alaska's resources at State's invitation. Travel promotion and other miscellaneous public relations and promotion."

Mr. Ray moved and asked unanimous consent that the figure of \$169,000 be adopted. No objection, so ordered.

Anchorage
Commissioner

Mr. Ray moved the following figures:

Personal Services:	\$ 24,100
Travel:	1,400
Contractual Services:	2,800
Commodities:	400
Equipment:	<u>1,200</u>
	\$ 29,900

In answer to Mr. Haugen's question as to why the Commissioner wants this office, Mr. Ray referred to page 19, which reads, "Due to the increase of activities of the statewide Industrial Development program and the rapid development of the oil reserves in the Kenai and North Slope areas a positive need for the expansion of the Anchorage branch office is necessary." Mr. Ray commented that he doesn't understand essentially what they are going to do. Mr. Croft wondered if there has been any thought to putting it in another department again; Mr. Ray said he has given some serious thought to it. He said, however, that it is a policy decision that the committee will have to make for themselves as to whether they want to go along with it. Mr. Haugen said he couldn't see any reason to change it, that Economic Development is functioning in a more responsible manner than before, and under good direction. Mr. Ray said that he didn't like it before; however, if the committee wanted to leave it in, he would move and ask unanimous consent that the total figure of \$198,900 be adopted for the Office of the Commissioner. No objection, so ordered.

Industrial
Development

Personal
Services:

Mr. Ray recommended the vacancy and turnover factor be increased by \$1,700, which reduced personal services to \$202,700.

Commodities:

Mr. Ray asked for a reduction in commodities of \$1,000 from the Governor's allowance of \$4,000, the reason being that the Department requested only \$3,000.

Grants, Claims
& Shared Revenue:

Mr. Ray moved the figure of \$75,000 for grants, claims & shared revenue. Mr. Borer objected to the figure and noted the Department requested \$100,000 for the Development Loan Fund, and \$75,000 for the Reindeer and Agricultural Program. Mr. Borer stated that these monies for the Development Loan Fund are used in connection with small business development corporations, and that he has received their report and they have helped substantially in providing adequate amounts of equity in various areas, most of which has been handled by the Greater Anchorage Development Corporation. He stated that they had \$100,000 for the Development Loan Fund last year and have built a considerable amount of housing.

Mr. Borer moved and asked unanimous consent that the figure be kept at last year's level. Mr. Ray objected, the proposed figure agreed with the Governor's allowance. Mr. Borer said the Department requested the same figure as last year. Mr. Freer said that when this was reviewed there had not been a great deal of activity as far as they could tell, that \$60,000 had not been used. Mr. Borer

argued that it brought in \$1,750,000 in Federal funds and couldn't see why money for these projects should be cut out. Mr. Ray said that to his knowledge it hadn't been particularly successful; however, he moved and asked unanimous consent that Code 700 be established at \$100,000 for the Development Loan Fund, the same figure as a year ago. Motion failed 3 - 2.

Mr. Borer then moved and asked unanimous consent that the \$75,000 for the Reindeer and Agricultural program be deleted. Mr. Ray ruled the motion out of order.

Mr. Ray asked why they couldn't go through the Small Business Administration, and Mr. Borer replied that they couldn't manage on the short terms set by the Small Business Administration. These are long-term loans, and this is what is needed by these particular borrowers.

Mr. Ray moved and asked unanimous consent that Code 700 be increased \$25,000 over the Governor's allowance to \$100,000 and that legislative intent show this is to be used for both programs or whichever has highest priority for development in Alaska at the discretion of the Commissioner. No objection, so ordered.

The figures moved, therefore, are as follows:

Personal Services:	\$ 202,700
Travel:	23,200
Contractual Services:	91,500
Commodities:	3,000
Equipment:	800
Grants, Claims & Shared Revenue	<u>100,000</u>
	\$ 421,200

Legislative
Intent:

Mr. Ray moved and asked unanimous consent that the figure of \$421,200 be adopted for Industrial Development. No objection, so ordered.

Alaska Travel

Mr. Ray moved the following figures:

Personal Services:	\$ 173,000*
Travel:	21,100
Contractual Services:	353,200*
Commodities:	30,700
Equipment:	2,500
Grants, Claims & Shared Revenue:	14,100
Inter-Agency Charges:	<u>6,900</u>
	\$ 601,500

*Mr. Ray recommended the vacancy and turnover factor be increased by \$3,500, which reduced personal services to \$173,000; and the \$50,000 cut in contractual services is for the ferry brochures which should not have been in this Department since it is a direct expense to the Marine Highway System and should appear under inter-agency charges. They anticipate putting this under the Marine Highway System.

Mr. Ray moved and asked unanimous consent that the figure of \$601,500 be adopted for Alaska Travel. No objection, so ordered.

Mr. Ray then moved and asked unanimous consent that the total figure of \$1,221,600 for Economic Development be adopted. No objection, so ordered.

After Recess
9:45 a.m.

Department of
Education

Chairman Ray said the committee would now close out the Department of Education.

Board of Education

Mr. Ray said that he recommends reducing Travel for the Board of Education to \$10,900. He said that by law the Board is only required to meet quarterly, and he feels that meeting every two months is unnecessary. Mr. Freer noted that the request for this year has increased due to consolidation in this section of the Board of Education and the Board of Vocational Education. Mr. Ray moved a total figure of \$24,000. Mr. Brer objected. The figure \$24,000 was accepted.

Commissioner's
Office

Mr. Ray moved the following figures for the Commissioner's Office:

Personal Services	\$ 81,400	(\$800 cut for vacancy and turnover)
Travel	9,800	(\$900 reduction)
Contractual Services	3,200	
Commodities	3,500	(\$500 cut)
Inter-Agency Charges	4,300	
	<u>\$102,200</u>	

Mr. Ray moved and asked unanimous consent that the total of \$102,200 be accepted. No objection, so ordered.

Advisory Commission

Mr. Ray moved the following figures for the Advisory Commission:

Personal Services	\$2,000	
Travel	32,000	(\$5,000 cut)
Contractual	63,800	
Commodities	200	
	<u>\$98,000</u>	

Mr. Ray moved and asked unanimous consent that a total figure of \$98,000 be accepted. No objection, so ordered.

Scholarship Loans

Mr. Ray moved and asked unanimous consent for acceptance of the Governor's Allowance of \$50,000.

Mr. Borer objected. He said that with only the \$50,000 they will only be able to maintain those students selected last year. Mr. Bradner said he thought they should keep it at \$50,000 until the law is changed.

He said that now in public schools like the University of Alaska it is not possible for the students to expend all of the money allocated. Mr. Borer moved and asked unanimous consent that the figure of \$100,000 be accepted. Objection was heard, and on vote the motion failed 3-2 with Messrs. Borer and Haugen voting yea. Figure of \$50,000 was adopted.

Arctic Education Center

Mr. Ray said that to get started on this program they were allowed six people and hired only 5; they hired consultants and different people to come in and paid them honorariums and such. He recommended decreases and moved the following figures:

Personal Services	\$ 77,500	(\$1200 cut for vacancy and turnover)
Travel	14,000	(\$2,000 reduction)
Contractual	33,000	(\$10,000 cut)
Commodities	9,300	
Equipment	2,800	
	<u>\$136,600</u>	

Mr. Borer pointed out that much of this program is federal funds, and Mr. Ray pointed out that very often

what happens in federally funded programs is that federal funds are withdrawn in a later year and the state is left with 100% responsibility.

The figure of \$136,600 was accepted for the Arctic Education Center.

Staff Development

Mr. Ray moved and asked unanimous consent that the Governor's allowance of \$10,000 be accepted. No objection, so ordered.

General Administration - Total

Mr. Ray moved and asked unanimous consent that a total figure for General Administration of \$420,800 be accepted. No objection, so ordered.

Administrative Services
Director's Office

Mr. Ray moved the following figures for the Director's Office in Administrative Services:

Personal Services	\$83,200	(\$10,000 cut due transfer of supply officer)
Travel	5,000	(\$300 cut)
Contractual Services	5,000	(\$500 cut)
Commodities	500	
Equipment	600	
Inter-Agency Charges	<u>128,700</u>	
	\$223,000	

Mr. Ray asked Mr. Freer about the additional \$66,800 for ADIC in Inter-Agency Charges. Mr. Ray said this is a figure determined by the Department of Education and the head of Data Processing in Department of Administration. Mr. Borer asked about payment to Lockheed, and Mr. Freer said that this is the final payment; they are phasing out relations with Lockheed. Mr. Ray questioned the amount for ADIS, and indicated that he felt this might not be quite a legitimate request. Mr. Ray moved and

asked unanimous consent that a total figure of \$223,000 be accepted. No objection, so ordered.

Budget & Accounting Mr. Ray moved the following figures for Budget and Accounting:

Personal Services	\$158,000	(\$1500 reduction for vacancy & turnover)
Travel	400	
Contractual	3,000	(200 cut)
Commodities	1,000	
Equipment	<u>1,400</u>	
	\$163,800	

Mr. Ray moved and asked unanimous consent that the figure of \$163,800 be accepted. No objection, so ordered.

Purchasing
Property

Mr. Ray moved and asked unanimous consent that the figure \$71,100 be accepted for Purchasing and Property, thus implementing the program which the Department had requested be transferred to State Operated Schools.

Mr. Ray said it is here that the Supply Officer transferred to. Mr. Borer objected. Mr. Borer moved that the figure be deleted per Department request.

Mr. Ray said that the motion failed, and so the \$71,100 remains in this place in the budget.

Data Processing

Mr. Ray moved and asked unanimous consent for acceptance of \$53,800 for Data Processing and Statistics. No objection, so ordered.

Secretarial
Services

Mr. Ray moved a figure of \$74,800 for Personal Services, the decrease due to Vacancy and Turnover, and he moved and asked unanimous consent that a total figure of \$84,400 be accepted. No objection, so ordered.

School Lunch and Milk

Mr. Ray moved the following figures for School Lunch and Special Milk Program:

Personal Services	\$ 46,200	(\$500 out due to vacancy & turnover)
Travel	7,000	(\$1,000 out)
Contractual	1,500	
Commodities	500	(\$200 out)
Equipment	500	
Grants, Claims, Shared Revenues	<u>405,000</u>	
	<u>460,700</u>	

Mr. Borer objected to the fact that there was no breakdown of Code 700, Grants, Claims and Shared Revenues.

Mr. Ray moved and asked unanimous consent for acceptance of \$460,700. No objection, so ordered.

Administrative Services - Total

Mr. Ray moved and asked unanimous consent for a total for Administrative Services of \$1,056,800. No objection, so ordered.

Instructional Services

Director's Office

Mr. Ray moved the following figures for the Director's Office in Instructional Services:

Personal Services	\$31,200	
Travel	6,100	(\$7,000 out)
Contractual	10,000	(\$9,000 out - 1972 Program)
Commodities	1,900	
Equipment	300	
Inter-Agency Charges	<u>3,600</u>	
	<u>\$53,100</u>	

Mr. Ray moved and asked unanimous consent that a total of \$53,100 be accepted for the Director's Office.

No objection, so ordered.

Federal Programs

Mr. Ray moved and asked unanimous consent for acceptance of the Governor's Allowance in Federal Programs of \$3,500,800. No objection, so ordered.

Adult and Pre-School

Mr. Ray moved the following figures for Adult and Pre School Programs:

Personal Services	\$49,800
Travel	12,500 (\$2100 cut)
Contractual	17,300 (\$5,000 cut- Univ. of Alaska contract)
Commodities	3,600
Equipment	2,900
Inter-Agency Charges	<u>1,700</u>
	\$87,800

Mr. Ray said that he objected to the \$5,000 for the University of Alaska to contract to evaluate Adult Basic Education Programs in the state, and said he feels this should be the kind of service provided by the University to the State. Mr. Haugen moved and asked unanimous consent that the program be zeroed out. Mr. Croft objected. The motion failed on a 2-3 vote. Mr. Ray moved and asked unanimous consent that \$87,300 be accepted as a total figure. Motion carried.

Mr. Ray recommended in Consultant Services a decrease in Personal Services to \$137,000, the cut due to vacancy and turnover. He recommended also a \$10,000 cut in Contractual Services, to \$71,300. Mr. Croft objected to this cut and asked why Mr. Ray recommended cutting it below last year's level. Mr. Ray read off the justification for Contractual Services in the budget workbook and the committee seemed to feel their requests were excessive. Mr. Ray also said that Inter-Agency

Consultant Services

Charges shown this year were in Contractual Services last year. Mr. Ray moved and asked unanimous consent for a total of \$263,200. Mr. Haugen amended the motion to \$200,000, and the amended motion passed on a 4-1 vote.

Legislative Intent

Mr. Haugen said that he would like legislative intent general fund to state that the money is to be utilized in the best way for receiving federal matching monies, and that the majority of the cut should be in Contractual Services.

Certification

In response to comment by Mr. Ray, Mr. Freer said that all full-time employees are to get 14% benefits, are now getting 12%, and half-time employees are getting 6%. Mr. Ray recommended reducing Personal Services to \$37,000 (\$300 cut) and Travel to \$2500 and moved a total figure of \$50,100. Mr. Borer amended the motion to \$38,000, to keep all costs at last year's level. The motion as amended passed 4-1.

Correspondence

Mr. Ray said increases are due to an increased number of students taking correspondence courses. Mr. Ray moved and asked unanimous consent for acceptance of the Governor's allowance of \$80,900. No objection, so ordered.

Special Education

Mr. Ray moved for reduction of Personal Services to \$47,500 (decrease due to vacancy and turnover) and moved and asked unanimous consent for acceptance of the figure \$66,400. No objection, so ordered.

Technical Services

Mr. Ray moved to reduce Equipment to \$1,000 from \$1800 because he said last year they were given \$1200 for equipment. This is for furniture they want for the

teacher's lounge. He moved and asked unanimous consent that a total figure of \$55,100 be accepted. No objection so ordered.

Instructional
Services

Mr. Ray moved and asked unanimous consent that a total figure of \$4,082,100 be accepted for Instructional Services. No objection, so ordered.

Recess:

The meeting recessed at 11:10, until 1:30.

AFTER RECESS

1:30 p.m.

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

Dept. of Education

Book II

State Operated Schools

Director's Office: Mr. Ray moved the following figures for

Director's Office:

Personal Services:	\$338,000
Travel	40,000
Contractual Services	74,000
Commodities	4,000
Equipment	<u>-0-</u>
	\$456,000

Personal Services:

Mr. Ray explained that personal services had been reduced to \$338,000. This had been reduced because the Purchasing Section had been taken out of State Operated Schools and returned to Purchasing and Supply.

Travel:

Mr. Ray noted this code had also been reduced to \$40,000 from the Governor's allowance of \$43,100 which also would reflect the change of the Purchasing Section.

Contractual Services:

Mr. Ray noted that contractual services had been reduced to \$74,000 from the Governor's allowance of \$82,500. The \$74,000 figure was obtained by taking away the rental of property in Anchorage which would have been required by the transfer of Purchasing.

Mr. Ray moved and asked unanimous consent that the total figure of \$456,000 be adopted by the committee. No objection so ordered.

Rural Schools: Mr. Ray moved on the following figures for Rural

Schools:

Personal Services	\$5,400,000
* Travel	15,000
Contractual Services	795,300
Commodities	662,400
Equipment	30,000
Land & Structures	-0-
Inter-agency Charges	<u>818,000</u>
	\$7,720,700

Personal Services:

The Governor's allowance was \$5,440,900 and Mr. Ray stated the new figure was \$5,400,000 which showed an increase in vacancy and turnover of \$40,900.

Travel:

* Mr. Ray asked that this figure be \$5,000 saying that he believed there was some travel, at least \$10,000, that had been transferred to the Director's Office. Mr. Freer said he did not think that this travel had been budgeted in the Director's Office and said this is for eight Area Superintendents to travel to the schools in their areas. Mr. Croft added that these superintendents have to go out to the schools that they take care of and he moved and asked unanimous consent that the committee adopt the figure of \$15,000 for travel. Mr. Ray objected. Motion passed.

Contractual Services:

Mr. Ray questioned the \$408,900 allowed by the Governor on Code 330, rents and utilities, when the Department had only requested \$260,000. Mr. Freer said this was for ASHA rentals. [Refer to page 711 of minutes for a more detailed explanation.] Mr. Ray moved and asked unanimous consent that the figure of \$408,900 for code 330 be adopted.

No objection so ordered. Mr. Ray then moved and asked unanimous consent that the total of contractual services of \$795,300 be adopted. No objection so ordered.

Legislative Intent

He moved and asked unanimous consent that it be the legislative intent that ASHA furnish a breakdown to cover their expenses to these schools to be lined out in the future. No objection so ordered.

Commodities: Mr. Ray moved and asked unanimous consent that the committee adopt the Governor's allowance of \$662,400. No objection so ordered.

Equipment: Mr. Ray moved and asked unanimous consent that equipment be cut down by \$11,500 making a total of \$30,000. He said that he felt a 20% increase is enough. Mr. Sackett objected saying they were taking over more schools. Mr. Haugen amended the figure to \$35,000. Motion failed. A vote was called for the figure of \$41,500, which is the Governor's allowance. Motion failed. A vote was called for the figure of \$30,000 and the motion carried.

Land, Bldgs.

Non-structural
Improvement:

Mr. Haugen moved and asked unanimous consent that code 600 be -0-. Mr. Ray moved the figure of \$5,000 and Mr. Haugen objected. Mr. Haugen again moved and asked unanimous consent that this figure be -0- and the motion carried.

Inter-Agency

Charges:

Mr. Bradner questioned whether there was any information given about estimated income and Mr. Ray said that the charges are for general maintenance work. There was a brief discussion on this and Mr. Ray moved the figure of \$765,200 for Division of Building charges and the total

figure of \$818,000 for Inter-agency Charges. No objection so ordered.

Mr. Ray moved and asked unanimous consent that the total figure for Rural Schools of \$7,720,700 be adopted. No objection so ordered.

On-Base Schools

Mr. Ray moved on the following figures:

Personal Services	\$7,060,000
Travel	15,000
Contractual Services	432,400
Commodities	421,600
Equipment	50,000
Inter-Agency Charges	<u>120,000</u>
	\$8,099,000

Personal Services:

Mr. Ray explained his recommendation of personal services at \$7,060,000 instead of the Governor's allowance of \$7,106,800 was to allow for the vacancy and turnover factor.

Contractual Services:

The Governor's allowance was \$438,400 and Mr. Ray recommended that this be cut by \$6,000 making a total of \$432,400.

Commodities: There was a brief discussion on this and a question was raised as to how many pupils the hot lunch program in Adak was for and it was answered later in the meeting that there are 556 pupils in Adak. It was moved and unanimous consent asked that the Governor's allowance of \$421,600 be

adopted. No objection so ordered.

Equipment: Mr. Ray recommended that the figure be \$50,000 with \$4,000 in code 520, office furniture & equipment, and \$46,000 in code 530, equipment peculiar to the program. Mr. Hohman moved and asked unanimous consent that the figure of \$50,000 be adopted by the committee. Mr. Sackett objected. Mr. Sackett said he felt that the equipment in rural schools was "rotten right now." A vote was taken on the \$50,000 figure and the motion failed.

Mr. Borer arrived.

There was a brief discussion regarding the salaries paid to employees working for state-operated schools and Mr. Bradner said he thought there was something wrong in these areas and questioned whether the employees are actually getting the salaries shown in the budget.

The committee returned to the discussion on Equipment and Mr. Croft asked if Mr. Ray's figure for equipment allowed about \$5.00 a year per pupil per year.

Mr. Croft also asked what percentage of federal funds was involved. Mr. Freer said he couldn't relate to federal or state funds but that this represents the difference between what the state is paying out today and what it will be reimbursed in two years. Mr. Borer added that the state will get every penny back on this but there is a two year lag. Mr. Ray moved and asked unanimous consent that the committee adopt the \$50,000 figure. Motion carried.

Recess: The meeting recessed at 2:20 p.m.

AFTER RECESS

2:50 p.m.

Inter-Agency
Charges:

Mr. Ray moved and asked unanimous consent that the figure of \$120,000, which is the Governor's allowance, be adopted by the committee. No objection, so ordered.

Mr. Ray moved and asked unanimous consent that the figure of \$8,099,000 be adopted for On-Base Schools. No objection, so ordered.

Regional Schools

Mr. Ray moved on the following figures:

Personal Services	\$435,700
Travel	21,500
Contractual Services	145,300
Commodities	140,000
Equipment	16,000
Inter-Agency Charges	<u>75,100</u>
	<u>\$833,600</u>

Personal Services:

Mr. Ray explained that his recommended figure for personal services of \$435,700 showed an increase of \$2,200 in vacancy and turnover.

Travel:

Mr. Ray said he recommended the figure of \$21,500. The Governor's allowance is \$25,100. Mr. Ray said the figure he recommended showed an increase of \$5,100 over last year. Mr. Ray moved and asked unanimous consent that the figure of \$21,500 be adopted for travel. Mr. Sackett objected. Motion carried.

Mr. Sackett questioned why the state operated schools do

Mr. Ray said they have teacher contracts for a certain number of days -- 180 days within 190-day period. Mr. Sackett pursued this and wanted to know why they can't spread out the time in state-operated schools like they do in district schools, and would like to see a change made so the students would be allowed to go home at Christmas time. Mr. Ray felt this should be discussed with Dr. Hartman and see if this is possible.

Contractual Services:

Mr. Ray recommended this figure be the same as the Governor's allowance of \$145,300.

Commodities:

Mr. Ray moved and asked unanimous consent that the committee adopt the figure of \$140,000 for commodities. No objection, so ordered.

Equipment:

This figure was the same as the Governor's allowance of \$16,000.

Inter-Agency Charges:

Mr. Ray noted that this showed an increase of \$35,100. However, he moved and asked unanimous consent that the committee adopt the Governor's allowance of \$75,100. No objection, so ordered. Mr. Ray noted that the committee would like to have these charges broken out.

Mr. Ray moved and asked unanimous consent that the committee adopt the total figure of \$833,600 for Regional Schools.

No objection, so ordered.

Federal Program (Rural)

Mr. Ray moved and asked unanimous consent that the committee adopt the Governor's allowance of \$1,050,000 for the State Operated Schools saying that this is all federal money. No objection, so ordered.

Boarding Home Program

Mr. Ray moved and asked unanimous consent that the figure of \$1,107,700 be adopted by the committee. No objection, so ordered.

P.E.R.C.Y.

Mr. Ray moved and asked unanimous consent that the committee adopt the figure of \$270,000. No objection, so ordered.

Legislative Intent

Mr. Ray moved and asked unanimous consent that the legislative intent would be that under no circumstances will the state increase their share unless the federal funds are increased commensurately with the state share.

No objection, so ordered.

Mr. Freer explained that the P.E.R.C.Y. program is something that has been going on but that it has just been pulled together in the budget. He added that the state's share of this is \$10,000.

Mr. Ray moved and asked unanimous consent that the figure of \$19,537,000 be adopted for the total of State Operated Schools. No objection, so ordered.

District School Support
Public School
Foundation Program

Mr. Ray moved and asked unanimous consent that the committee adopt the figure of \$27,000,000. Mr. Croft objected. Mr. Ray explained the reason for the cut was that if they needed more funds they could come in with a supplemental.

Pupil Transportation

Mr. Ray recommended the figure of \$3,000,000 for this program. Mr. Croft objected. Mr. Ray said that they could come in with a supplemental if necessary. Mr. Croft said legislative intent should be indicated by noting the committee is not trying to restrict the program. Mr. Ray disagreed. Mr. Ray said by authorizing \$3,000,000 they were still allowing a substantial increase. Mr. Ray called for a vote of all those in favor of \$3,000,000 and the motion passed. Mr. Croft asked what the increase in pupils is for this and Mr. Ray said 12 percent.

State Share of Teachers' Retirement

Mr. Ray recommended the committee adopt the figure of \$1,040,000.

Non-Resident Tuition

Mr. Ray moved and asked unanimous consent that the figure of \$1,000,000 be adopted. Mr. Croft objected. There was further discussion on this and the meeting adjourned at 3:15 p.m.

Adjournment:

HOUSE FINANCE COMMITTEE MEETING
Tuesday, April 4, 1969
9:00 a.m.

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

Dept. of Education

Book II

District School Support

State Share of

Teachers' Retirement

The committee continued there discussion from the previous day concerning the State Share of Teachers' Retirement. Mr. Ray questioned Mr. Freer as to why this comes out of the general fund. Mr. Freer said this is the state's share of this program and that the state has to put up a portion of the retirement. Mr. Ray moved and asked unanimous consent that the figure of \$1,040,000 be adopted. No objection so ordered.

Non-Resident Tuition

Mr. Ray moved and asked unanimous consent that the figure of \$1,000,00 be adopted. Mr. Borer and Mr. Sackett objected and Mr. Ray said that they had discussed this with Mr. Hartman and he had said this cut wouldn't hurt the program and they would accept as many children as ^{are} qualified. Mr. Ray again moved and asked unanimous consent that this be adopted and as there was no objection the figure of \$1,000,000 was adopted.

Johnson-O'Malley Aid

Mr. Ray questioned why this amount is going down each year and Mr. Freer said he didn't have the answer. Mr. Ray requested that he inform the committee at a later time on this and Mr. Croft noted in the Budget Document the Bureau of Indian Affairs provides supplemental assistance to school districts with a substantial number of Native pupils where

there is a demonstrated need under the Johnson O'Malley Aid. Mr. Ray moved and asked unanimous consent that the figure of \$100,000 be adopted. No objection so ordered.

Juveniles in Detention Mr. Ray said it was his understanding of this program that they send teachers on a once-a-week basis to correctional institutions to give juveniles who want an opportunity to learn. He noted that juveniles who are being held for any length of time would be at a correctional institution such as McLaughlin or Alcantra and that these institutions provide instruction opportunities.

Mr. Ray moved and asked unanimous consent that this program be adopted with a figure of \$60,000 which is a \$32,600 cut. No objection so ordered.

Mr. Haugen said he would like to have the Commissioner of Education provide a narrative on this program and Mr. Croft noted this should be requested from both the Commissioner of Education and the Commissioner of Health and Welfare.

Sabbatical Leave Mr. Ray moved and asked unanimous consent that the figure of \$37,900 be adopted. No objection so ordered.

Mr. Haugen asked how long the teachers are required to teach after they return to the state and Mr. Ray said two years.

Total: Mr. Ray moved and asked unanimous consent that the figure of \$32,237,900 be adopted for the District School Support. No objection so ordered.

Mr. Freer asked the committee what consideration had been given to the fact that the state cannot use P.L. 87- funds any more for part of their local matching funds.

Mr. Borer said that this money will go directly to the districts. Mr. Freer said this is already going to the districts and added that the state is going to have to put in another \$1,369,000. Mr. Borer added or they would have to reduce the 3 1/2 mill requirement. Mr. Ray said he thought there was a bill pending on this and Mr. Bradner concurred saying the Governor had sent down a bill. Mr. Freer said that the districts have been using 50% of P.L. 874 funds as part of their local efforts and now the federal government says they can no longer do this. Mr. Sackett said either the millage is raised or the state will have to pick up this slack. Mr. Ray said they would look into this and it would be discussed further at a later date.

Vocational Education

Mr. Ray moved the following figures for Vocational Education:

Personal Services	\$245,000
Travel	50,000
Contractual Services	75,500
Commodities	8,000
Equipment	2,000
Grants, claims & shared rev	1,305,600.
Inter-agency charges	<u>54,600</u>
	\$2,241,300

Personal Services:

Mr. Ray said the figure of \$245,000 for personal services was reduced because of the vacancy and turnover factor. He moved and asked unanimous consent that this figure be adopted. No objection so ordered.

Travel: Mr. Ray moved and asked unanimous consent that this be cut to \$50,000. No objection so ordered.

Contractual Services: Mr. Ray moved and asked unanimous consent that the figure for contractual services be increased to \$75,500. This would include funds for a Fire Service Training Officer.

Mr. Hohman objected. Mr. Ray said this position would be to provide funds for HOUSE BILL NO. 6 (an act creating the office of supervisor of fire service training in the Dept. of Education). Mr. Ray moved and asked unanimous consent

Legislative Intent

that the legislative intent be that the Department of Education is to seek out matching federal funds to finance this program and that the Department would provide the finance committees with a progress report next session. No objection so ordered.

Commodities: Mr. Ray moved and asked unanimous consent that the committee adopt the figure of \$8,600. No objection so ordered.

Equipment: Mr. Ray moved and asked unanimous consent that the committee adopt the figure of \$2,000. No objection so ordered.

Grants, claims

& shared revenues: Mr. Ray moved and asked unanimous consent that the figure of \$1,805,600 be adopted. Mr. Borer objected saying he questioned the \$215,000 shown for the Department of Public Safety. Mr. Ray requested that Mr. Freer find out what the \$215,000 is for and Mr. Ray moved and asked unanimous consent that the \$1,805,600 be adopted. Mr. Borer objected. Motion carried.

Inter-Agency Charges: Mr. Ray moved and asked unanimous consent that the committee

adopt the figure of \$54,600. No objection so ordered.

Mr. Ray moved and asked unanimous consent that the total figure of \$2,241,300 be adopted for Vocational Education.

No objection so ordered.

HOUSE BILL
NO. 127

Mr. Ray moved and asked unanimous consent that the committee consider HOUSE BILL NO. 127 (an act creating a public defender agency; and providing for an effective date). No objection so ordered.

Mr. Croft said at the present time there is approximately \$200,000 that would not be needed in the Court System budget if this bill was adopted. He said the original fiscal note on this bill by the Court System was \$409,106. He said that Mr. Martini had informed him, however, the Court System did not include 14% for employee benefits in this note and so he came up with a new figure of \$429,470. Mr. Croft said he had gone through the budget and compared the cost of the statewide district attorney offices and felt that on certain items, particularly in travel the fiscal notes were too high. He said he would place a fiscal note on this bill of \$413,870 and that the figure of \$400,000 is roughly correct. He said that all of that would not be used the first year because they won't get into full operation. He said the plan calls for nine lawyers, nine steno-typists, three investigators (the Public Defender's Office would include 1 Public Defender, 1 Executive Secretary I;

the Anchorage office, an Asst. Public Defender, 2 Asst. Public Defenders, 1 Investigator, 1 Secretary III, 2 Clerk-Steno III; Juneau Office, 2 Asst. Public Defenders, 1 Investigator, 1 Secretary II, 1 Clerk Steno III; Fairbanks Office, 2 Asst. Public Defenders, 1 Investigator, 1 Secretary II, 1 Clerk-Steno III; Ketchikan, an Asst. Public Defender, and a Secretary II).

Mr. Croft said this bill would allow the state to meet its responsibility for providing attorneys for indigent people and the bill puts this agency in the Office of the Governor. He said the bill provides that a Public Defender Office must be provided in each judicial district of the state.

Mr. Ray said one of the things he objected to was on the appointment and term (page 1, line 17) and said he felt this position should be confirmed by the Legislature.

Mr. Croft agreed saying this would increase the stature of the office. Mr. Bradner suggested using the existing language but adding "confirmed by the legislature."

Mr. Ray said on page 2, line 26 the "compensation of persons appointed under this section shall be fixed by the public defender" should be changed to "...fixed by the Personnel Division." Mr. Bradner noted on line 25, page 1 "If the governor decides to retain the public defender he need not call for nominations from the judicial council" and questioned this.

Mr. Croft said the court will determine those cases in which a person is entitled to counsel.

There was a discussion on who would be called an indigent person and his ability to pay and Mr. Croft said it was more equitable to leave this up to the judge. Mr. Ray said he was concerned with maximum protection of the public and wanted to be sure that this bill would cover people who are not able to pay.

Mr. Borer said he was concerned with page 5, line 7 - 10 which reads: "At the conclusion of all services by the public defender to the person, the public defender shall release to the attorney general all information received under this subsection except information that might incriminate or tend to incriminate the person." He said this would prohibit the public defender from being able to disclose the information if he found out the person actually wasn't an indigent. Mr. Croft said that he thought the Public Defender would bring that to the attention of the judge. Mr. Ray said he thought the subsection (b), line 19, page 5 should be deleted. This gave the public defender authority to contract with private attorneys. Mr. Croft said if the Attorney General's office had the right to hire experts then the Public Defender should also have this right. He said if the Attorney General had the right to hire an expert and the Public Defender didn't this could actually put the Public Defender "way out of his class" at a trial.

Mr. Bradner said he thought this should be left in and after a brief discussion it was decided this section would remain.

The Finance Committee requested that a FINANCE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 127 be written.

Mr. Bradner moved and asked unanimous consent that FINANCE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 127 be accepted in lieu of HOUSE BILL 127 and be reported out with a "do pass" recommendation. Mr. Borer and Mr. Haugen objected. A vote was called with the following result:

"Do pass": Messrs. Ray, Croft, Hohman, Bradner and Sackett

"Do not pass": Messrs. Borer and Haugen

Recess: Meeting recessed at 10:00 a.m.

AFTER RECESS
10:35 a.m.

Mr. Bradner was absent

Dept. of Education

BOOK II Mr. Ray announced that the committee would continue with the closeout of the Department of Education, Book II.

State Libraries Mr. Ray moved the following figures:

Personal Services	\$137,000
Travel	9,000
Contractual Services	10,400
Commodities	40,000
Equipment	3,000
Grants, claims & shared rev.	<u>170,100</u>
	\$309,500

Personal
Services:

Mr. Ray moved and asked unanimous consent that the figure of \$137,000 be approved. No objection so ordered. He said the decrease was for the vacancy and turnover factor.

Travel:

Mr. Ray said this figure was cut to \$9,000 and moved and asked unanimous consent that this be adopted. No objection so ordered.

Contractual
Services:

This figure remained the same as the Governor's allowance of \$10,400.

Commodities:

Mr. Ray moved and asked unanimous consent that this figure be \$40,000. No objection so ordered. He said even though this figure had been cut from the Governor's allowance of \$49,300, it still allowed almost a \$6,000 increase.

Equipment:

Mr. Ray moved and asked unanimous consent that this figure of \$3,000 be adopted by the committee. No objection so ordered.

Grants, claims
& shared revenue:

Mr. Ray moved and asked unanimous consent that this figure of \$170,100 be adopted. No objection so ordered.

Mr. Ray moved and asked unanimous consent that the total figure of \$369,500 for State Libraries be adopted. No objection so ordered.

Vocational Rehabilitation

Mr. Ray moved and asked unanimous consent that the total for the Division of Vocational Rehabilitation be adopted. This figure is the same as the Governor's allowance -- \$1,540,500. No objection so ordered.

Mr. Ray moved and asked unanimous consent that the committee adopt \$61,485,700 as a total figure for Department of Education. Mr. Sackett objected and pointed out that Rural Schools had been cut. Motion carried.

After Recess
10:45 a.m.

Present: All members were present with the exception of Messrs. Bradner and Sackett. Also present was Mr. Richard Freer from Budget and Management.

Alaska Court System
Supreme Court Mr. Ray called the meeting to order, and noted that the Governor's allowance for the total budget is \$10,300 over the Department's request.

Personal Services: Mr. Ray moved a decrease of \$8,400 from the Governor's allowance for personal services, or a figure of \$600,000. This increase over the previous year is due primarily to the vacancy and turnover factor.

Travel: Mr. Ray moved a figure of \$30,000 for travel; and the following figures for contractual services:

Contractual Services:

Communications	\$ 17,000
Printing and Advertising	3,300
Rents & Utilities	132,600
Repairs, Services & Alterations	5,000
Transportation of things	3,000
Equipment Rental	20,000
Insurance & Bonding	1,900
* Professional Fees & Services	25,000
Other Contractual Services	300
	<u>\$ 208,100</u>

*In professional fees and services, Mr. Ray deleted funding for Forma Pauperis Appeals.

Recess: Meeting recessed at 10:55 a.m.

After Recess

11:25 a.m.

Mr. Ray moved the Governor's allowance for those remaining line items be adopted.

The figures moved, therefore, are as follows:

Personal Services	\$600,000
Travel	30,000
Contractual Services	208,100
Commodities	38,700
Equipment	11,200
Lands & Structures	5,000
Inter-Agency Charges	52,500
	<u>\$945,500</u>

Mr. Ray moved and asked unanimous consent that the committee adopt the total figure of \$945,500 for the Supreme Court.

Mr. Borer objected and moved that this figure be amended to \$900,000.

Mr. Ray objected, and a vote was taken to adopt the figure of \$900,000. Motion failed 2 - 3.

A vote was then taken to adopt the figure of \$945,500.

Motion carried 3 - 2.

Superior Court

Personal
Services:

Mr. Ray moved the figure of \$940,000 for personal services.

This approves the positions of three Attorneys (\$45,000) three Deputy Clerks of Court (\$24,000) and two supporting positions (\$13,000) not to exceed \$85,000. In answer to

Mr. Croft's question, however, Mr. Ray said he would prefer not to specifically approve the Marriage Counselor, that this should be left to the discretion of the Chief Justice as to where he needs the positions most.

Mr. Croft moved that the committee accept the figure of \$940,000 with Legislative Intent that the committee specifically approve the position of Marriage Counselor.

Mr. Borer objected; however, Mr. Ray asked to let the ^{show} Legislative Intent/that the committee respectfully requests the Chief Justice seriously consider establishing the position of Marriage Counselor in Anchorage within the funds provided. No objection, so ordered.

Legislative Intent:

Travel:

Mr. Ray moved the figure of \$35,000 for travel, which is a 25 per cent increase. Mr. Croft proposed amending the figure to \$37,000 on the basis that there are two new judges. Mr. Ray objected and a vote was taken to adopt the figure of \$37,000. Motion failed; whereupon, the figure of \$35,000 was accepted.

Contractual Services:

Mr. Ray moved the figure of \$451,700 for contractual services. Mr. Borer objected, and Mr. Ray explained that under Code 380, professional fees and services, he deleted the Court Appointed Attorneys amounting to \$165,020, which left a balance of \$451,680, rounded to \$451,700. Motion carried with Mr. Borer still objecting.

Commodities:

Mr. Ray moved the figure of \$16,300 for commodities. No objection, so ordered.

Equipment: Mr. Ray moved the figure of \$11,000 for equipment. Mr. Croft objected since equipment was almost \$11,000 in FY68-69, and they now have eight new positions. Mr. Ray replied that it only takes \$11,000 to supply those eight new positions.

The figures moved, therefore, are as follows:

Personal Services	\$ 940,000
Travel	35,000.
Contractual Services	451,700
Commodities	16,300
Equipment	11,000
	<u>\$ 1,454,000</u>

Mr. Ray moved that the figure of \$1,454,000 for the Superior Court be adopted by the committee, thus resulting in a decrease from the Governor's allowance of \$235,400.

No objection, so ordered.

Magistrate Court

Personal
Services:

Mr. Ray moved the figure of \$820,000 for personal services, and questioned the differences in salaries for magistrates at various locations in the same district, and deleted the contingency fund for increases in magistrates remuneration of \$10,000. Mr. Ray felt the reduction of \$14,200 allowed enough leeway in this budget with all the various positions, etcetera, and that the figure of \$820,000 is realistic. Mr. Hohman objected, and said they need another magistrate in the Nelson Island District, and moved the figure of \$822,000. Mr. Ray objected, and requested the figure

Legislative
Intent:

be kept at \$820,000 with Legislative Intent that the Chief Justice will establish a magistrate's position at Nelson Island within the amount in this budget.

No objection, so ordered.

Travel:

Mr. Ray moved the figure of \$27,000 for travel.

Mr. Croft objected, stating that they requested an increase in travel on the basis of increased supervision. Mr. Ray said he allowed \$14,000 for transportation within Alaska and \$13,000 for per diem, and again moved the figure of \$27,000. Mr. Croft withdrew his objection. Now, being no objection, so ordered.

Contractual
Services:

Mr. Ray moved the figure of \$400,000 for contractual services.

Mr. Croft objected. Mr. Ray said under Code 380, professional fees and services, he deleted \$39,035 for Court Appointed Attorneys and took out an additional \$8,000. He noted that they are still getting an increase of \$36,300.

Mr. Croft referred to the \$24,000 in Code 380 for Autopsy - Medical, and mentioned that he introduced a bill at the request of the Judicial Council that transfers the function of the Coroners to the Commissioner of Public Safety, and that this figure, if the bill goes through, probably should be taken out of the Court System budget and transferred to Public Safety since it is the State Police or the District Attorney's office who decides whether there will be an autopsy or not. Mr. Freer said they should appropriate money where it belongs, and that if the bill passes the committee should then take this action.

Commodities: Mr. Ray moved the requested figure of \$23,800 for commodities;
Equipment: and reduced equipment by \$7,500 to \$40,000. No objection,
so ordered.

Mr. Borer felt that under the circumstances, the \$35,000 for the microfilm system in the Anchorage District should be deleted. Mr. Croft objected, and Mr. Borer said they just approved a Records Management Specialist position for Administration and would rather wait a year and see what they come up with. Mr. Borer moved and asked unanimous consent that the figure of \$12,500 be adopted by the committee. Mr. Ray took a vote as to how many supported Mr. Croft in his objection. With no one supporting it, the objection was denied and the figure of \$12,500 was accepted.

Land, Buildings,
Non-structural Improvement: Mr. Ray moved the figure of \$5,000 for leasehold improvements. No objection, so ordered.

Inter-Agency Charges: Mr. Ray moved the figure of \$19,600 for inter-agency charges. He stated that he objected to it in his own mind, but couldn't find a valid reason to cut it. No objection, so ordered.

The figures moved, therefore, are as follows:

Personal Services	\$ 820,000
Travel	27,000
Contractual Services	400,000
Commodities	23,800
Equipment	12,500
Land, Buildings & Non-Structural Improvement	5,000
Inter-Agency Charges	19,600
	\$ 1,307,900

Mr. Ray moved and asked unanimous consent that the committee adopt the figure of \$1,307,900 for the Magistrate Court.

No objection, so ordered.

Judicial Qualifications
Commission

Mr. Ray then temporarily moved the figure of \$3,707,400 for the Court System budget since the committee had to decide where to put the \$7,000 for the Judicial Qualifications Commission.

Mr. Freer suggested making it a separate line appropriation since the Court System feels it doesn't belong in their budget. The Statute provides they make out the budget each year for this commission.

Mr. Borer questioned whether this was the same \$7,000 as on page 20. The Judicial Qualifications Commission determines whether a judge is qualified to remain on the bench and the one on page 20 determines a judge's qualification to be appointed to the bench. Mr. Borer wondered why they couldn't be combined into one board.

Mr. Ray moved that the \$7,000 be line itemed as a separate function in the Court System budget to be called the Judicial Qualifications Commission. No objection, so ordered.

Mr. Ray moved and asked unanimous consent that the new total figure of \$3,714,400 be adopted for the Court System.

No objection, so ordered.

Recess:

Meeting recessed at 11:55 a.m.

HOUSE FINANCE COMMITTEE
Tuesday, April 1, 1969
2:00 p.m.

Present:

All members were present.

Discussion on
benefits for
State Employees

The committee began discussing HOUSE BILL 174 (An Act relating to state employees' salaries). Mr. Croft said that the Department says the Governor's bill only costs 55% of the total amount, and HB 174 would cost much more. Mr. Sackett said that this is correct; the various agencies under the Governor's bill will absorb the other 45% of the cost. He said that the increases are in the amount of 3.7 million dollars, two million of which is funded in this year's budget, and the remainder of which is to be absorbed.

Mr. Ray said that he would like the committee to consider the lower 14 grades. He said he would like to see a definite increase in wages by some \$500,000 to be spread out through the lower 14 pay grades.

There was some question raised as to how the agencies are supposed to absorb the 1.7 million dollars in the Governor's bill and Mr. Sackett suggested that perhaps this was to have been taken care of by vacancy and turnover. Mr. Croft suggested that rather than giving the full percentage increase as of July 1, they might give perhaps a 5% increase at that time, another 2% in October, and another 1% in January, or something like that. This would help the state financially, and also, Mr. Croft felt, might have a psychological advantage, as people would be getting 3 raises instead of only 1. Mr. Ray felt that people would object to

Mr. Ray said that there is about \$1,000,000 in the budget being used for reclassifications, and he said he feels some of this is being used to increase pay rather than really being reclassifications. He said, too, that he thinks there have been reclassifications downward in the lower ranges; for example personnel clerks have been dropped and now are just clerks and clerk typists. Mr. Ray said that the unofficial position of Mr. Hunt is to negate the last pay raises in as many areas as possible through reclassifications downward.

Mr. Ray mentioned the situation of temporary (seasonal) full time employees who do not get any benefits including paid holidays. He said in a previous administration a memo had gone out stating that these employees on a monthly salary would be paid for holidays. However, Commissioner Ward on December 16 of this past year rescinded this action, and Mr. Ray indicated there are some hard feelings about this. He said that it is his opinion that these valuable employees, who do not get any other benefits, might at least have this one, and he plans to request that Mr. Ward's action be rescinded.

Bill Assignment

Mr. Ray assigned HOUSE BILL 3 (Fer djem for state employees) to the subcommittee of Messrs. Ray, Croft and Haugen who are handling all the bills relative to state employees.

HB 297

Mr. Croft moved and asked unanimous consent that the committee consider HOUSE BILL 297 (Providing for relocation assistance and authorizing payments to

persons displaced by highway activities). No objection so ordered. Mr. Croft passed out copies of a finance committee report to go into the journal (copy attached, and said that the bill is required to conform with the Federal Highways Act of 1968. Almost all of the provisions in the bill are identical to the provisions in the Federal Highways Act of 1968, Mr. Croft said; he said the only exception he has been able to find is page 9, line 5, that portion reading "not to exceed 50 miles." There was brief discussion by the committee. Mr. Croft moved and asked unanimous consent that the bill be sent out of committee with a unanimous "do pass" recommendation. No objection, so ordered.

Mr. Ray announced that the committee would go over every bill now in the Finance Committee, and by vote of the committee would determine which bills they intend to consider this year and which they will hold over until next year. He said that any bill in the "hold over" category can be removed from that category by vote of 4 members of the committee. He proceeded then to read the list of bills.

HB 2

HOUSE BILL 2 (Relating to the wage and hour act)

Mr. Borer said before this bill is considered he wants time enough so some of his constituents in the canneries in Cordova can get down to Juneau to be heard. Mr. Ray assured him that there will be hearings held on the bill. On committee vote of 4 to 3 it was decided that HB 2 be held over until next year.

HB 3

HOUSE BILL 3 (Relating to per diem for state employees)

FINANCE COMMITTEE REPORT ON HOUSE BILL 297

This bill conforms to the Federal Highways Act of 1968. (Public Law 90-495, 82 Stat. 830-82 Stat. 834, 23 U.S.C.A. 501 through 511.) Passage of this bill is necessary in order for the state to receive federal matching funds in this regard. Cost of this program is borne approximately 94% by the federal government and 6% by the state after July 1, 1970.

According to information supplied by the Department of Highways there will be no cost to the state from this program through June of 1970 as all payments until then are 100% funded by the Bureau of Public Roads. No precise estimate can be made as to the cost to the general fund of this bill after that date as the ultimate cost will depend upon the extent of Highways' construction and amount of property condemned; however, merely as an estimate it could be noted that the Department of Highways projected for FY 1970 the anticipated cost to the Bureau of Public Roads will be \$233,600,000 which if it were not 100% funded by the Bureau of Public Roads would result in a cost to the state of approximately \$14,000.

This bill will be considered Friday night along with the other bills relating to state employees.

HB 4

HOUSE BILL 4 (Establishing a system of wilderness trails and campsites) The committee decided on a 6-1 vote to hold this bill over until next session.

HB 6

HOUSE BILL 6 (Creating the office of supervisor of fire service training in the Department of Education)
The committee voted to hold this bill over.

CSHB 8

CSHB 8 (Relating to assistance to certain dependent children) Mr. Ray said this would raise the amount of assistance from \$105 to \$150. Mr. Sackett said that he needs the time between now and next session to research this, and so the committee voted to hold it over until next year.

CSHB 25

COMMITTEE SUBSTITUTE FOR HOUSE BILL 25 (Relating to sale of fish) MR. Ray said this provides that a person must have sold fish for five years or put up bond of \$50,000, ^{or} have a certificate verifying that the purchaser owns property in the state having a value of \$150,000 at least. The committee voted 6-1 to hold this bill over to next year.

HB 26

HOUSE BILL 26 (Providing for loans to processors of

HB 27

agricultural and fisheries products and HOUSE BILL 27

(Appropriation to the Department of Natural Resources)

These two bills, the second being the appropriation for the first, were voted on by the committee and on a 5-2 vote it was determined that they be held over until next year.

HB 42

HOUSE BILL 42 (Repealing the disaster relief act)

per capita taxes, providing for refunds of those taxes due and payable in the 1969 calendar year, and establishing substitute revenues to the state.

The committee vote 7-0 to hold this bill until next session.

HB 48

HOUSE BILL 48 (Western Interstate Nuclear Compact)

Mr. Ray moved and asked unanimous consent that this bill be considered by the committee at this time.

No objection, so ordered. Mr. Bradner said that one thing wrong with the bill is that it is the Board of the Compact who will present the budget to the State of what is necessary, and the state would be expected to appropriate that amount; another is that there is no kind of pro rata or formula distribution of costs, but rather there is equal divisions between all member states; and it takes two years to withdraw from the Compact. Mr. Ray moved that the bill be returned to the subcommittee for further study. No objection, so ordered.

HB 50
(and CSHB 50)

HOUSE BILL 50 (Amending the Teachers' Retirement Act)

Mr. Ray moved and asked unanimous consent that the bill be brought up for discussion at this time. Mr. Borer objected. Mr. Ray moved to return the bill to subcommittee for further work. No objection, so ordered.

HB 60

HOUSE BILL 60 This is the BUDGET.

HB 61

HOUSE BILL 61 (Appropriation to University of Alaska) has been withdrawn.

HB 66

HOUSE BILL 66 (Appropriation to Department of Highways)

This is the bill for appropriating for costs incurred in constructing a winter road north of Fairbanks; this

current year. This is a supplemental appropriation. Mr. Sackett asked when they would hear either the Governor's Office or North Commission on how North Commission funds were spent. Mr. Ray said they would take care of this in the next few days.

The committee voted to consider this bill this session.

HB 72

HOUSE BILL 72 (Appropriating to the Department of Natural Resources) This is a \$13,000 supplemental for the Division of Lands. Mr. Ray moved and asked unanimous consent that the bill be indefinitely postponed. Mr. Sackett objected. He said that the Department says they do not have the funds to absorb it, although he is not convinced of this himself.

The committee voted to indefinitely postpone HB 72.

HB 75

HOUSE BILL 75 (Relating to revenues from oil and gas properties) Mr. Ray asked that a finance committee substitute be prepared by the Chairman for presentation to the committee. Mr. Croft indicated that he feels there should be a hearing. Mr. Ray said there had been. Mr. Sackett said he would like a letter from the Department of Natural Resources on how much this is going to bring in. Mr. Ray said that he has such a letter from the Department of Revenue. He asked unanimous consent that the bill be kept for action this session. No objection, so ordered.

HB 76

HOUSE BILL 76 (Relating to the Japanese World Fair of 1970) and HOUSE BILL 78 (Appropriation to Department of Economic Development \$120,000 to construct and operate an exhibit in the Japanese World Fair of 1970)

Mr. Ray directed Mr. Borer to be ready with these bills to present them to the committee before the end of the week.

HB 81

HOUSE BILL 81 (Relating to unitization and unitized operation of oil and gas pools) Mr. Croft moved and asked unanimous consent that HB 81 be considered by the committee at some time this year. The motion was defeated on a 3-4 vote, and so the bill will not be considered this year.

CSHB 81

Mr. Ray moved and asked unanimous consent that COMMITTEE SUBSTITUTE for HOUSE BILL 81 be considered some time this year. Mr. Sackett objected. He asked if this would have any financial implications for the coming year, and was answered possibly.

Mr. Croft moved and asked unanimous consent that earlier committee action be rescinded and that all Committee Substitutes for HB 81 along with the original bill be considered at some time this year. On committee vote of 4-3, Mr. Croft's motion was adopted.

HB 94

HOUSE BILL 94 (Repealing the school tax)

Mr. Ray moved and asked unanimous consent that this bill be held over until next year. No objection, so ordered.

HB 96

HOUSE BILL 96 (Changing the rates of liquor tax)

Mr. Ray moved and asked unanimous consent that HB 96 be held over until next year. Mr. Croft objected.

Mr. Croft removed his objection. Mr. Sackett objected.

Mr. Bradner asked if this is recommended by the tax study, to repeal the school tax and add more liquor tax. Mr. Ray said no. On a vote of 6-1 the committee

voted to hold this bill over.

HB 97

HOUSE BILL 97 (Relating to the ad valorem tax exemption on oil and gas production) Mr. Ray moved and asked unanimous consent that HB 97 be held over. No objection, so ordered.

HB 99

HOUSE BILL 99 (Appropriation to the Legislative Affairs Agency) This is an appropriation for student guests to the Legislature. Mr. Ray moved and asked unanimous consent that this be placed in the Legislative Affairs Budget for this coming year. Mr. Sackett objected. He felt there were more important priorities. He said that about 40 students have been funded out of Title 3 education funds from Fairbanks, and that this can be done in other schools. Mr. Ray amended his motion to bring the bill up before the close of the session. No objection, so ordered.

HB 120

HOUSE BILL 120 (Relating to an appropriation to the Department of Education) This is for funding the adult basic education for the balance of the fiscal year. Mr. Ray said this has been funded in the budget.

HB 106

HOUSE BILL 106 (Amending the State Personnel Act and Creating the Alaska Civil Service Commission) This bill is presently in the House Judiciary Committee. However, Mr. Ray assigned it to the subcommittee on state employee legislation.

HB 128

HOUSE BILL 128 (Relating to cooperative arrangements made by school districts) Mr. Ray moved and asked unanimous consent that HB 128 be held over. No objection, so ordered.

HB 129

HOUSE BILL 129 (Relating to the sale of tobacco)

products) Mr. Ray said this bill provides an increase in the tobacco tax. He moved and asked unanimous consent that this bill be held over until next year. No objection, so ordered.

HB 133

HOUSE BILL 133 (Creating the Alaska Commission on Youth

Mr. Bradner moved and asked unanimous consent that HB 133 be brought up, and he put a price tag on it of \$6,000 to \$10,000. Mr. Ray said that he objected to the concept of the bill. Mr. Bradner suggested that the bill be considered at the same time as the student guests bill (HB 99). No objection.

HB 140

HOUSE BILL 140 (Appropriation to Fish and Game)

This is for a Fish and Game attorney. Mr. Ray said this has been taken care of in the budget.

HB 142

HOUSE BILL 142 (Relating to the education of

exceptional children within the state) Mr. Ray asked Mr. Hohman to work on this with Representative Helen Beirne and get it ready to present to the committee.

HB 144

HOUSE BILL 144 (Appropriating to the Department of

Natural Resources) This money is for the purpose of expending equal amounts in constructing multipurpose buildings on the Alaska State Fair properties in the Tanana Valley and in the Matanuska Valley. Mr. Ray moved that this bill be held in abeyance until they bring up the Natural Resources budget. No objection.

HB 147

HOUSE BILL 147 (Relating to P.L. 81-874 funds and to state aid under the Public School Foundation)

Mr. Ray moved that this be brought up at the same time as they discuss with Dr. Hartman the 1.3 million additional for Public School Foundation. No objection.

HB 148

HOUSE BILL 148 (Relating to the Alcoholic Beverage Control Board) Mr. Ray moved and asked unanimous consent that HB 148 be held over. No objection, so ordered.

HB 149

HOUSE BILL 149 (Relating to the number of days in a school term) Mr. Ray moved and asked unanimous consent that HB 149 be held over. No objection, so ordered. Mr. Ray said this has already been taken care of.

HB's 156-158

HOUSE BILLS 156, 157, and 158 all will be taken up Friday night at the state employees' legislation hearing.

HB 159

HOUSE BILL 159 (Relating to adoption of technical changes of the Internal Revenue Code in the collection of corporation income taxes) Mr. Ray moved and asked unanimous consent that HB 159 be held. No objection, so ordered.

HB 162

HOUSE BILL 162 (Providing for teacher aides) Mr. Ray moved and asked unanimous consent that HB 162 be held over until next year. No objection, so ordered.

HB 165

HOUSE BILL 165 (Appropriation to Department of Education pay part of the cost to This is to/Implement cooperative plans between districts) Mr. Ray moved and asked unanimous consent that HB 165 be held over. No objection, so ordered.

CSHB 168

HOUSE BILL 168 (Relating to electrical safety) Mr. Ray said the cost of this would be approximately \$21,000. He said he feels it is important, and asked unanimous consent that the bill be considered this session. No objection, so ordered.

HB 171

HOUSE BILL 171 (Relating to construction of campus activities center; ...creating campus activities center revenue fund) Mr. Ray moved and asked unanimous consent

that HB 171 be brought up at some time this session.
No objection, so ordered.

HB 173

HOUSE BILL 173 (Relating to the deposit and investment of state funds) HB 173 will be brought up this week.

HB 174

HOUSE BILL 174 (State employees' salaries) This will be considered Friday night.

HB 178

HOUSE BILL 178 (Claims arising from damaged boats during Fairbanks flood) Mr. Ray moved and asked unanimous consent that this bill be left open for consideration should it become necessary this session. No objection, so ordered.

CSHB 186

COMMITTEE SUBSTITUTE FOR HOUSE BILL 186 (Relating to sales of competitive oil and gas leases) Mr. Ray requested Mr. Hohman to be ready to report on this tomorrow.

HB 193

HOUSE BILL 193 (Appropriating to the agricultural revolving loan fund) Mr. Ray moved and asked unanimous consent that the committee consider this bill this session if they have the bill. No objection, so ordered.

CSHB 195

HOUSE BILL 195 (Relating to the bank tax) The committee voted to hold this bill.

HB 199

HOUSE BILL 199 (Appropriating to Department of Natural Resources) The committee voted to hold this bill.

HB 220

HOUSE BILL 220 (Appropriation to Alaska Native Housing Program) This bill was withdrawn by the Governor.

HB 231

HOUSE BILL 231 (Relating to winter roads) Mr. Croft moved and asked unanimous consent that this be considered at the same time as HB 66. No objection so ordered. Mr. Ray assigned HB 231 to Mr. Croft.

HB 233

HOUSE BILL 233 (Relating to sale of timber and materials)

Mr. Haugen has been assigned this bill and said he would report the bill when the committee is ready.

HB 240

HOUSE BILL 240 (Appropriation to University of Alaska, for a study of commercial fishing gear license limitation) Mr.

Ray suggested this study be put under the Legislature's budget and put under the direction of Legislative Council. Mr. Haugen said he does not want the University of Alaska to do this. The University of Washington recently did a study and Legislative Council could study that. The committee indicated they would put this in the Legislative Council budget with legislative intent

Legislative Intent

that the study not be contracted out to the University of Alaska.

HB 242

HOUSE BILL 242 (Appropriation to Department of Commerce)

This is to the Division of Veterans' Affairs, Alaska World War II veterans' revolving fund. Mr. Ray moved and asked unanimous consent that this bill be held over. No objection, so ordered.

HB 251

HOUSE BILL 251 (Relating to purchase of primary services by the Department of Health and Welfare from private voluntary institutions and agencies) Mr. Ray said there will be hearings held in

Anchorage and Fairbanks during the interim. Mr. Croft is subcommittee chairman, and Mr. Ray said all members of the

Legislative Intent

committee are invited to be on the subcommittee. Mr. Croft asked that they express the intent of the Finance Committee that the Department of Health and Welfare set up certain cost accounting criteria and that they do it prior to July 1.

HB 259 ..

HOUSE BILL 259 (North Star Borough Hospital) The committee

voted to keep this bill open for this year in case the money is needed.

HB 268 and

HOUSE BILL 268 (Providing for loans to certain rural communities for the purpose of establishing boarding home dormitory facilities for school children) and HOUSE BILL 269 (Appropriation to the Rural Community Boarding Home Revolving Fund) Mr. Honman

moved and asked unanimous consent that the bills be brought up and passed out with a "do pass" recommendation. Objection was heard, and on vote of the motion it failed 2-5. Mr. Ray suggested this be put in the Rural Development Agency, in the sum decided by the committee for a pilot program of boarding cottages. He moved and asked unanimous consent that the bill be kept open for this year. No objection, so ordered.

HB 276

HOUSE BILL 276 (Appropriation to Health and Welfare) Mr. Ray asked that HB 276 be held until next year with the understanding that the budget on alcoholism requested in the Department of Health and Welfare, office of coordinator will be approved in the amount of \$97,000 which is the full amount of the request. He moved that the bill be held over. Mr. Borer objected and the motion passed 5-2.

307

HOUSE BILL 307 (Relating to the licensing of boiler operators) This has been assigned to Mr. Haugen who said he would bring it up after all the bills had been gone through.

HB 303

HOUSE BILL 303 (Relating to limitations on acreage in coal leases and prospecting permits) Mr. Ray assigned this bill to Mr. Bradner.

HB 313

HOUSE BILL 313 (Appropriating to Mr. Werner Borer) Mr. Croft said he has asked for an Attorney General's opinion on this bill and is waiting for it.

HB 307

Mr. Haugen moved and asked unanimous consent that HB 307 be considered at this time. No objection, so ordered.

It was moved and asked unanimous consent that the bill be passed out of committee with a "do pass". Objection was heard. On vote of the committee the bill was reported out with four "do pass" recommendation and 3 "no recommendation" votes.

Adjourned:

Meeting adjourned at 3:40 p.m.

HOUSE FINANCE COMMITTEE MEETING
Wednesday, April 2, 1969

9:05 a.m.

Present: All members

HB 233

Mr. Haugen moved and asked unanimous consent that the committee consider HOUSE BILL NO. 233 (an act relating to sale of timber and materials). No objection, so ordered. Mr. Haugen explained that this bill allows more than one sale of timber to an individual within a one-year period. He said the existing law limits this to one. He said there is a demand for rough sale timber in the North Slope area, and Mr. Ray explained under the existing statute if a person buys 75,000 feet he can't make another purchase from the state that year and HOUSE BILL NO. 233 will allow him to purchase up to 500,000 board feet. Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 233 be reported out of committee with a "do pass". Mr. Sackett objected saying people have been going into the Kinto area and getting timber that is necessary for the local people to use for firewood. Mr. Croft suggested amending this bill by saying that anyone who participates must be an Alaskan resident. There was more discussion on this and Mr. Haugen said he had discussed this with the Department of Natural Resources

and this is not necessary because the people who are engaged in the sale of timber are Alaskan residents and anyone who was engaged in the export of timber would be on competitive bid basis so this does not relate to the bill. Mr. Sackett withdrew his objection.

It was again moved and unanimous consent was asked that HOUSE BILL NO. 233 be voted out with a "do pass" recommendation. Objection was heard and following recommendations were made:

"no recommendation": Messrs. Croft, Hohman, Bradner and Sackett

"do pass": Messrs. Ray, Borer and Haugen

Mr. Ray moved and asked unanimous consent that the committee consider sponsorship for a HOUSE BILL (an act authorizing a program of state aid for local school and other municipal purposes and providing a source of revenue to the state to meet the costs of the program; and providing for an effective date).

Mr. Ray said he would request individual recommendation on this bill. Mr. Ray said this was a compilation of the program of state aid for local school and other municipal purposes (See HOUSE BILLS NOS. 317, 318, 319, 320, 321, 322, 323, 324, 325). Mr. Ray said this is both the revenue sharing package and the increase of severance tax in one bill. Mr. Ray suggested that the committee either pass the bill as a whole or take the local government bill and the severance tax separately and predicate the increase of

the severance tax on what part of the package is passed. He said they could put them both together and amend a figure upwards or downwards, and therefore, he was requesting recommendations from the committee on how to handle this.

Mr. Sackett said he felt this should be handled in two bills.

Mr. Ray said it would be expedient if the Rules Chairman would place the local sharing on first, and then the members could make up their minds on the percentage increase on severance tax. Mr. Bradner said he did not think the severance has to be predicated on this. Mr. Ray said the severance tax for:

FY69-70 for 3% is	\$5,866,100
FY70-71 for 3% estimated	6,152,000
FY71-72 for 3% estimated	5,700,000

and said these figures were obtained from the Department of Revenue.

Mr. Ray said if the tax is increased it would be effective on October 1 instead of July 1 and therefore would just be for three-fourths of the next fiscal year. Mr. Sackett said he would like to take exception to the figures Mr. Ray gave, saying he is trying to get revised figures on this from the Department of Natural Resources.

Mr. Ray gave the following figures obtained from the Department of Revenue. These are based on a 8% tax:

8% (for 3 quarters for 1959-70	\$13,198,000
8% (full year) 1970-71	16,400,000

8% (full year) 1971-72 \$15,175,000

Mr. Ray suggested that the returns on gas and oil production tax should be filed on a monthly basis instead of a quarterly basis.

Mr. Sackett said that Dale Wallington, Deputy Commissioner of Natural Resources, is obtaining new revised figures for this and said that last year on a 3% tax this amounted to \$2,774,200 and the new revised figure for FY69-70 is \$2,340,000 based on the number of barrels. Cook Inlet is not going to be increasing and they are not going to put in any new platforms so they can project no increase in this area.

Mr. Croft asked what the figure for FY70 was and Mr. Sackett said the Department of Natural Resources is trying to get this.

Mr. Ray read the following from a memo dated March 22nd from R. D. Stevenson, Chief of the Excise Tax Section:

"In general new oil from development drilling has offset the production decline for the past six months with the total state production holding fairly steady around 190,000 barrels per day. A reduction in estimated income for Fiscal 1968-69 is because production declines have been more severe than originally anticipated and productivity of later wells in the McArthur River Field has not been as large as the first wells. More drilling trouble has been encountered than originally considered resulting in fewer wells being completed in a given time period.

Production from known fields is declining at a rate of 50 per cent per year. Installation of artificial lift equipment has retarded the decline in some cases, but the decline is to be rapid until pressure maintenance projects are installed and effects realized. Since this work is progressing

rapidly in some fields and slow in others, the overall result will be a small, gentle increase in 1970-'71 and start of decline thereafter until the North Slope comes on production. The estimated daily oil production in barrels is as follows:

1968-69	202,250
1969-70	197,580
1970-71	208,390
1971-72	191,650
1972-73	274,180
1973-74	409,400

Mr. Ray asked Mr. Borer what his recommendation on this bill would be and Mr. Borer said he wants to look at the bill and see the costing out of these different packages. He added he wanted this bill treated like all the others. There was a brief discussion on this and the meeting recessed at 9:40 a.m.

Recess:

AFTER RECESS
2:20 p.m.

Present: All members except Mr. Sackett. Senator Terry Miller and Representative Gene Guess were also present.

Mr. Ray called the meeting to order and said the committee would discuss the possibility of sponsorship of a bill entitled "an act authorizing a program of state aid for local school and other municipal purposes and providing a source of revenue to the state to meet the costs of the program; and providing an effective date."

Mr. Ray said there were some Finance Committee members who wished some information on this and wanted to know the cost estimates.

Senator Miller said referring to Section 1 of the bill they had raised the average daily membership of the different districts to make them equal and then increased \$50 across the board and the cost on this is about \$3,171,000.

Mr. Croft asked if this amends the Public School Foundation Act and Senator Miller said yes, upward.

Mr. Borer asked how they arrived at the \$3,171,000 figure and Senator Miller said they asked the Commissioner of Education about this and used the \$60,000 ADM, 1% of this year's budget.

Mr. Borer asked how many students are in Southeastern and Senator Miller said he didn't have those figures but would get them for him. Mr. Borer asked how many are in Central and Northwest and said he would like to know how many are in the two categories and also how many Southeastern

students and how many Central and Northwestern students.

Mr. Ray quoted the following statistics from the recapitulation as of November 12, 1968 by the Department of Education:

A total of 58,932 ADM, which brought in \$6,492,802 from the 3.5 mill tax effort; \$1,369,662 from PL 874 funds; and \$27,334,000 state aid.

In answer to Mr. Borer's earlier question on breakdown of the number of students, Senator Miller gave the following figures:

10,968	projected for Southeastern, FY1970
11,515	projected for Central and Northwestern, FY1970
<u>36,449</u>	projected for Southcentral
58,932	total

SENATE
BILL 279

In response to a question, Senator Miller said the fiscal note on SENATE BILL 279 (an act relating to state and local school districts) is \$3,171,000.

Mr. Croft asked what was meant by the past legislative intent to bring Southeast equal to Southcentral and Senator Miller said he was probably referring to the last time the legislature increased the state employees' pay to within 1% of Southcentral based on cost of living and 1 1/2% in Central and Northwestern, but the cost of living gap was getting larger.

Mr. Croft said then as he understood it the state is contributing roughly \$1,000 per pupil and that this bill raises it another \$50. He said they are increasing the state's share about 10%.

Mr. Ray said it is the only equitable way to provide lessening of tax requirements of the local tax sharing.

Mr. Borer asked if this would change anything relative to

the classification of district schools and various locations. Mr. Ray said the only difference is the amount of money and the formula that was adopted by ADM would still be used and this just increases it \$50 per student. Mr. Borer added except in these two areas where it has increased \$60.

Mr. Ray requested the committee discuss Sec. 14.12.025, on page 1, "State Aid for District School Facilities."

He said this is for the construction, rehabilitation, repair and maintenance of district school facilities.

Mr. Ray read from the Bill the following:

"(1) a basic allotment to each district according to average daily membership, as follows:

Average Daily Membership	Basic Allotment
0 - 999	\$15,000
1,000 - 2,499	12,000
2,500 - 4,999	9,000
5,000 - 9,999	6,000
10,000 or over	3,000"

Mr. Croft asked if there is an existing program for state aid in school construction and Mr. Ray said there is the bond bill but no law that he knew of.

Mr. Sackett entered the meeting, and also Mr. Van Haute.

Mr. Borer questioned the "152° west longitude" (page 1, line 21) and Mr. Ray said this is the way the statute reads now.

In response to Mr. Ray's question concerning page 2, line 16 (350 times ADM) Senator Miller said the financial impact of

this part of the bill would be \$3,300,000. Mr. Borer said he came out with a figure of about \$3,357,000. There was a question on this and Mr. Borer noted they had not included the additional \$15,000 for the grant portion. Mr. Croft asked for the breakdown on this and it was:

19 - 15,000
3 - 12,000
1 - 6,000
1 - 3,000

The basic allotment for the grant portion is \$357,000.

Mr. Croft asked why they use a different formula in Central and Northwestern and part of Southcentral in the first portion of the bill but not in the construction and maintenance part. Mr. Ray said in construction and maintenance it is predicated on members within the district. Senator Miller said they came up with a package that is salable and it doesn't consider the differences in construction cost.

Mr. Ray said the more complicated the formula the less interest will be shown on the floor.

Mr. Croft said he thought that the present ADM came to about \$300 a student and yet the bill only has a figure of \$215 to \$235. Mr. Ray said the original ADM is \$145 for Southeastern, \$195 for Southcentral, \$200 for Northwestern and \$175 for Central. Senator Miller said ADM is just part of the formula. The next session of the bill on page 2, "State Aid to Districts Affected by State Activities" Mr. Ray said is "for a school district which provides free public education to a student whose parent works on or lives on state property shall receive

an additional yearly allotment..."

Senator Miller said this is probably the most complicated part of the bill and said essentially this part provides that the state adopt a program similar to the P.L.874 program. The intent, he said, is that as nearly as possible the state would follow the same formula and guidelines as used by the federal government except it applies to state land instead of federal. Mr. Ray said 50% is provided for a student whose parent lives and works on state property and 25% for those students whose parents work on state property.

Senator Miller said more work on this part of the bill will be done by the Department of Education and will probably be revised to include a third category - 25% for a student whose parent lives on state property. Senator Miller said this will benefit Anchorage, Juneau and Fairbanks especially where there are numerous state employees.

Mr. Suss said one of the things in considering this bill is they are attempting to come up with a method for a number of areas of the state that do not pay assistance or anything in lieu of taxes and this is an attempt to remedy that situation. It is the same approach as the federal and Senator Miller felt this was the most equitable way of going this.

Mr. Haugen asked how much would this reduce the University of Alaska budget and Senator Miller said this could conceivably reduce it by \$82,000.

Mr. Croft quoted from page 2:

"A school district which provides free public education to a student whose parent works on or lives on state property shall receive an additional yearly allotment under this chapter equal to the percentage of the state average cost of education,..." and questioned how this works. Senator Miller said this is part of the formula used in the Public School Foundation Act. Mr. Ray again summed it up by saying this gives a P.L.874 impact for state property, the same as federal property.

Mr. Croft asked if they peg it to the state portion does that indicate the district cannot afford to pay more and Mr. Van Haute said the underlying circumstances are basically the state has control of the amount of money given a school district and if you maintain the control of the percentage the state will always be the controlling factor.

Mr. Ray said ADM is predicated on the assessed value of the property in any one district or city. If it is state property that lessens the ADM amount because it is not on this valuation roll, this takes up the slack and gives those areas that have a larger impact of state land the same possible amount of assessed valuation.

Mr. Croft said if there is so much state property that the district is having to pay more of the cost than the state then it seems they should peg the allotment to the district. Senator Miller said the state average cost of education is

what is used in the deferral formula and does not apply just to the state share.

Mr. Croft asked if there is a section in this bill that provides for the Department of Education to set regulations when a person moves or when a child is from a separated family, etc. Mr. Van Huate said this is done under P.L. 874 and the state would do the same thing. Mr. Ray said the Department of Education by law has regulatory authority.

From looking at the architecture of the bill, Mr. Ray said, he didn't feel that any area of the state would be left out.

In answer to Mr. Bradner, Mr. Van Huate said, in the case of Hoonah, there is not much assessed valuation because of so much federal land and 90 per cent of the school cost is paid by the state because of the foundation program. He said the poorer districts get far more support from the state.

Mr. Croft said if that is the case and if they provide in this section of the bill that the increase is equal to the percentage of the state's cost is the bill really doing what they want? Mr. Croft felt they are trying to give aid to

those districts that share higher percentage. Anchorage bears 55% of total cost compared to another area which bears 30%, and he thought it should be based on district average.

Mr. Bradner defined small school districts, and said some of these have no business being a school district but he did feel they need an incentive to get in the business of sharing.

Mr. Ray asked for a cost estimate for this section on state property and Senator Miller said a very rough estimate would be \$700,000. He said he had gotten this figure from

Dr. Hartman and that the Department of Education is trying to find out how many parents are working or living on state property. He added there is no way of knowing right now if this estimate is correct.

Mr. Borer asked where they are taking care of the districts that have a high percentage of tuition pupils. Mr. Guess said they did not consider that point. Senator Miller said it should be figured out on the tuition formula.

Mr. Ray said under nonresident there is a regular formula used and this would be whatever the Department of Education brings out.

Mr. Ray requested they go to the next article "State Aid for Local Police Protection" on page 3 of the proposed bill.

Mr. Ray read the following from the bill: "During each fiscal year the state shall pay to a city or organized borough of any class which has power to provide for police protection and exercises the power a sum to be used for protection services equal to \$5 per capita for the population of the city or borough..." Mr. Ray thought the point of this section was clear and asked for the estimated cost figure for this. Mr. Guess said \$1,200,000 and this was obtained from the Department of Public Safety but they didn't have the breakdown for districts. Senator Miller said these estimates were predicated on a 225,000 population in cities and/or boroughs that have a police function; however, he thought the estimate a bit high and was probably closer to 150,000.

Mr. Ray asked if Senator Miller would support this bill and Senator Miller answered in the affirmative.

Mr. Guess said they had discussed this with Mr. Personett, Commissioner of Public Safety, and that if this bill were enacted this particular article, (article 2) should free about 17 policemen.

Mr. Bradner said Fairbanks would be a good example of what might happen should this bill become law, saying that they might find the troopers cut down about 60 per cent.

Mr. Ray brought up the next section of the bill "State Aid to Local Government" on page 3, reading from the bill the following: "During each fiscal year the state shall pay to a city or organized borough of any class which has power to provide for air or water pollution control or both and exercises the power a sum to be used for control purposes equal to \$1 per capita for the population of the city or borough..."

Mr. Ray asked what the cost factor for this would be and Mr. Guess said about \$225,000 based on the \$1 per capita. This is \$225,000 for air or water pollution. Mr. Ray said they should combine air and water pollution and let the local government decide whether it should be for air or water. Mr. Guess said in order to get federal grants, particularly for water pollution control, the matching federal funds requires planning and in some instances other matters, and though this is not a lot, it would help an area in planning for matching federal grants. Mr. Ray said where water would be a problem the local government

could use this money for water pollution or where they had air pollution it could be used for that. He said in the realm of economy they could put these together. Let them use it where they want between the two.

Mr. Croft asked Mr. Guess if it were necessary for the state to set this up, as water or air pollution, in order to get Federal funds and Mr. Guess said no. Mr. Ray said they could combine this and Mr. Guess had no objection.

Mr. Guess said this \$225,000 would be for air or water pollution control and then the local government could use it as they see fit.

With reference to page 4, "Financial Aid to local Governments. During each fiscal year the the state shall pay to a city or organized borough of any class which has power to provide for land use planning and exercises that power to a sum to be used for the planning services equal to \$1 per capita for the population of the city or borough..."

Mr. Guess said this again is an incentive, even more so than the others. Mr. Ray commented that this is the only section he has reservations on, and added that this would cost out at another \$225,000.

Mr. Ray said the next "State Aid to Local Governments" and read from the bill the following: "During each fiscal year the state shall pay to a city or organized borough of any class which has power to provide for road maintenance purposes equal to \$1,000

a mile for each mile of municipal road, street or highway maintained by the local government..." Mr. Borer asked if this includes alleys (no one was sure); and Mr. Haugen asked if this would apply to those cities that have contractual arrangements with highways and asked if that money would be taken away from them.

Mr. Ray summarized it by saying that where the state has been maintaining city streets on contract, then the cities won't receive any of this money; however, if the city should then take this function over and maintain streets themselves, then they would get the maximum, probably of \$1,000 a month.

Mr. Ray said when they are talking about districts this is a Highways district, e.g., Juneau District encompasses from Ketchikan to Yakutat.

Mr. Guess estimated the cost of this section at \$500,000.

Mr. Sackett questioned why one section of the bill says "Financial Aid to Local Government" and the other section says "State Aid to Local Government". Mr. Ray said this could be corrected to read "state aid..."

Mr. Ray read from the next section on pages 4 and 5 of the bill "State Aid for Local Fire Protection" and read the following: "...a sum to be used for fire protection services equal to \$2.50 per capita for the population of the city or borough..."

Mr. Ray asked what the estimated cost of this is and Mr. Guess said \$575,000 and quoted from the bill "the state shall pay to a volunteer fire department registered with the state fire

marshal and serving an area not in an organized borough or a city a sum for protection purposes equal to \$2.50 per capita for the population served by the department..." Mr. Ray said the entire package contained in this one bill would be about \$9,897,000 but stressed this is an estimate. Mr. Guess said the figures on police protection will probably be off substantially. Mr. Borer said he had come up with a figure of \$10,007,000 with reference to the 8 per cent for oil and gas tax. Mr. Ray quoted the following memo from Mr. Stevenson of March 22nd: (see attached letter - section in quote)

TO: The Honorable Gene Cress
 Chairman, Local Government Committee
 Alaska State Legislature
 Juneau, Alaska

DATE: March 22, 1969

FROM: *[Signature]*
 Chief, Police New Station
 Department of Revenue
 State of Alaska
 Juneau, Alaska

SUBJECT: Proposed Bill H.R. 1000
 Relating to the Oil and Gas
 Production Protection Tax,
 and Providing for a
 Five Cent

House Bill No. 225 provides, effective July 1, 1969, for an increase in the oil and gas production protection tax from the present rate of 10 percent to a new rate of 15 percent. The gross value to the State of all oil and gas produced in the State, less the value of any part, the ownership or right to which is shared with another, the tax is upon the whole production, including what is commonly known as the royalty interest.

Reference is made to pages 14 and 15, copies of which are attached to the document entitled "State of Alaska - Revenue Bill, 1969 - 1970" containing Code Book 125 - Oil and Gas Production Tax.

Nichols regard to the North Slope, the estimates of revenue for fiscal years 1969-70; 1970-71 and 1971-72 for Oil and Gas Production Tax at the three per cent rate are as follows:

<u>Fiscal Year</u>	<u>Estimated Full Year Revenue</u>
1969-1970	\$5,666,100.00
1970-1971	6,152,500.00
1971-1972	5,690,700.00

While the increase from three to eight per cent is an effective increase of 166-2/3% of the original rate, revenues for the fiscal year 1969-70 will not increase by such percentage amount for the reason that the tax on gas and oil production for the months of April, May and June of 1969 will be paid at the three per cent rate on a quarterly return to be filed on July 31, 1969 or during the fiscal year 1969-70. The next three calendar quarters will be taxed at the eight per cent rate to complete collection for the fiscal year 1969-70 revenues. For fiscal years 1970-71 and 1971-72 and succeeding fiscal years, of course, the revenue estimates could be upped by 166-2/3%. Accordingly, increased revenues for the next three fiscal years, with the present in the North Slope, could be projected as follows:

1969-70

Estimated full year revenue at three per cent	\$ 5,666,100.00
One quarter of \$5,666,100 at three per cent is	1,416,525.00
Three quarters of \$5,666,100 at three per cent is	4,249,575.00
April, May and June of 1969 paid in July of 1969 at old rate of three per cent	\$ 1,466,500.00
Next three calendar quarters paid in October of 1969 January of 1970 and April of 1970 at old rate of three per cent	4,249,575.00
Total 1969-70 at \$5,666,100 three per cent rate	5,666,100.00
Additional revenue for 1969-70 under House Bill No. 325	5,666,100.00
Estimated revenue for 1969-70 under House Bill No. 325	11,332,200.00

1970-71

Estimated full year revenue at three per cent	\$ 6,152,500.00
Estimated revenue for 1970-71 under House Bill No. 325 at 166-2/3% of \$6,152,500	10,254,166.67
Total revenue for 1970-71 under House Bill No. 325	16,406,666.67

1971-72

Estimated full year revenue at three per cent	\$ 5,690,700.00
Estimated revenue for 1971-72 under House Bill No. 325 at 166-2/3% of \$5,690,700	9,467,816.67
Total revenue for 1971-72 under House Bill No. 325	15,158,516.67

INCOME, EXCISE, OCCUPATION AND PROPERTY TAXES

REVENUE SOURCE

CODE

Code	Revenue Source	1977	1978	1979	1980	1981	1982
101	Alcoholic Beverage Excise Tax	\$ 3,760,988	\$ 3,707,909	\$ 4,030,600	\$ 4,245,100	\$ 4,471,500	\$ 4,710,100
102	Cigarette Tax (3c portion)	955,276	970,000	950,000	948,400	948,400	1,024,670
104	Insurance Premium Tax	1,956,956	2,150,000	2,100,000	2,400,000	2,500,000	2,600,000
105	Alaska Business License Tax	1,811,226	3,697,000	3,997,000	4,396,200	4,693,500	4,812,200
106	Individual Income Tax	\$22,542,000	\$25,250,000	\$29,017,000	\$32,202,000	\$34,795,000	\$37,556,000
107	Partnership Income Tax	6,960	14,600	14,600	15,000	15,000	16,000
108	Corporation Income Tax	1,860,151	4,100,000	4,050,000	4,396,200	4,693,500	4,812,200
109	Gifts and Mining Tax	\$ 57,575	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
110	Inheritance Tax	140,650	105,000	110,000	115,000	120,000	125,000
111	Sub-Total	\$ 22,722,526	\$ 139,000	\$ 139,000	\$ 139,000	\$ 139,000	\$ 139,000
112	Law Fish Tax	\$ 1,929,246	\$ 2,417,300	\$ 2,477,100	\$ 1,678,200	\$ 3,841,500	\$ 2,223,100
113	Fish Tax - Cold Storage	331,207	200,000	200,000	210,000	215,000	215,000
114	Fish Tax - Freezer Ship	126,415	220,000	110,000	110,000	105,000	105,000
115	Oil and Gas Production Tax	\$ 1,166,991	\$ 6,308,400	\$ 5,771,490	\$ 5,866,100	\$ 6,132,300	\$ 5,690,700
116	School Tax	950,971	921,300	997,000	1,025,800	1,077,200	1,120,300
118	Property Tax	2,580					
120	Electric and Telephone Co-op Tax	272,674	297,000	297,000	326,000	358,000	383,000
121	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
122	Highway Fuel Tax	\$ 6,277,245	\$ 6,180,000	\$ 6,625,000	\$ 6,950,000	\$ 7,247,000	\$ 7,662,000
123	Aviation Fuel Tax	774,486	700,000	1,280,000	1,415,000	1,486,000	1,550,000
124	Watercraft Fuel Tax	749,491	770,000	800,000	830,000	865,000	890,000
125	Sub-Total	\$ 7,800,222	\$ 7,650,000	\$ 8,675,000	\$ 9,145,000	\$ 9,413,000	\$ 9,895,000
131	Total Income, Excise, Occupation and Property Tax	\$49,473,482	\$37,556,400	\$58,285,000	\$64,228,000	\$70,260,400	\$71,645,100
132	Sub-Total	\$77,365,700	\$77,365,700	\$77,365,700	\$77,365,700	\$77,365,700	\$77,365,700

Code	Revenue Source	1977	1978	1979	1980	1981	1982
133	Sub-Total	\$ 6,277,245	\$ 6,180,000	\$ 6,625,000	\$ 6,950,000	\$ 7,247,000	\$ 7,662,000
134	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
135	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
136	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
137	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
138	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
139	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
140	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
141	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
142	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
143	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
144	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
145	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
146	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
147	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
148	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
149	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
150	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
151	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
152	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
153	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
154	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
155	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
156	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
157	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
158	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
159	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
160	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
161	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
162	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
163	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
164	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
165	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
166	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
167	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
168	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
169	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
170	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
171	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
172	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
173	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
174	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
175	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
176	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
177	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
178	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
179	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
180	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
181	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
182	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
183	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
184	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
185	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
186	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
187	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
188	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
189	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
190	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
191	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
192	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
193	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
194	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
195	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
196	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
197	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
198	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
199	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000
200	Sub-Total	\$ 2,621,718	\$ 7,370,700	\$ 7,065,900	\$ 7,227,900	\$ 7,567,500	\$ 7,196,000

GENERAL FUND - UNRESTRICTED REVENUE

F.Y. 1977	F.Y. 1978	F.Y. 1979	F.Y. 1980	F.Y. 1981	F.Y. 1982
Estimated	Revised	Estimated	Revised	Estimated	Revised
\$11,917,900	\$11,917,900	\$12,064,300	\$12,064,300	\$12,064,300	\$12,064,300
Estimated	Revised	Estimated	Revised	Estimated	Revised
\$11,917,900	\$11,917,900	\$12,064,300	\$12,064,300	\$12,064,300	\$12,064,300

DEPT. OF STATE REVENUES

SECTION 11

862

Revenue
Code

115 Oil and Gas Production Tax (Continued)

In general new oil from development drilling has offset the production decline for the past six months with the total state production holding fairly steady around 190,000 barrels per day. A reduction in estimated income for fiscal 1968-69 is because production declines have been more severe than originally anticipated and productivity of later wells in the McArthur River Field has not been as large as the first wells. More drilling trouble has been encountered than originally considered resulting in fewer wells being completed in a given time period.

Production from known fields is declining at a rate of 50% per year. Installation of artificial lift equipment has retarded the decline in some cases, but the decline is to be rapid until pressure maintenance projects are installed and effects realized. Since this work is progressing rapidly in some fields and slow in others, the overall result will be a small, gentle increase in 1970-71 and start of decline thereafter until the North Slope comes on production. The estimated daily oil production in barrels is as follows:

1968-69	202,250
1969-70	197,580
1970-71	208,390
1971-72	191,650
1972-73	274,180
1973-74	409,400

Revenue
Code

116 Disaster Severance Tax

Rate:

The disaster severance tax is levied at 1% of the gross value at the well head, after deduction of Federal and State royalties.

Allocation:

Revenue from the disaster severance tax are paid into the General Fund and a special account kept of the money deposited for appropriation to the Disaster Relief Fund.

Mr. Guess said they had been checking on this with the Department of Revenue up until the day before they brought this package bill down and were told that each 1 per cent would be equal to \$2,000,000 in revenue.

The estimated full year 1969-70 at 3 per cent was \$5,866,100 and Mr. Ray said the figure of the increase over and above that already allocated would be \$7,332,625.

Mr. Borer said if he understood this package they were just reducing the general fund balance by \$2,000,000. Mr. Guess said they were told by the Department of Revenue that these projects would be funded by this increase, but they had since written a memo to him lowering their estimate.

Mr. Guess said the figure of \$7,300,000 that the Department of Revenue came up with three days after they had said it orally was \$10,000,000. Mr. Ray said if the projection of \$10,000,000 was right at the rate of 8 per cent it would be an overall tax figure of \$15,642,933 for 1969-70. For a full year's estimate at 3 per cent (which is technically already spent) this would be \$5,866,100, so you would subtract that from \$15,642,933; then you also come down for the first quarter of 1969-70 for which you would only gain 3 per cent and again subtract the figure of \$1,400,000. Then, according to Mr. Ray, one can come pretty close to the estimate.

Mr. Bradner said as he sees it, they are up against a three-fourths of a year prediction as opposed to a full year.

Mr. Sackett said in computing percentage increase why didn't they take the percentage per barrel.

Mr. Guess said they had the figures on projections already and the feeling of his committee is that the per barrel in Alaska is not fair to the companies because first, they are dealing with different calibers of oil, different prices and, second, they would be discriminating against the North Slope oil because it is not tide oil.

Mr. Ray said if there was a slight reduction in ADM impact and the possible deletion of one area in budgeting they could come nicely within the expected increase of \$7,000,000.

Mr. Guess said there is a difference of opinion each year in this matter of revenue sharing and they are attempting in this manner now to set a pattern for future years that will be fair to all areas. Mr. Bradner asked if they had considered a large block grant, Mr. Guess said he had sent out over 30 letters and these are the areas in which the cities were requesting special grants. Mr. Bradner referred to the multitude of federal grants that are so restrictive and he thought if the state gave a lump sum basis, basically unrestricted, they wouldn't be missing any areas.

Mr. Van Haute said they might have a community like Kotzebue or Barrow which might be trying to provide fire protection and doesn't come under A.D.M. and this way they could get some aid

on this basis which they are not eligible for under school district basis.

Mr. Ray said some of them are already in these federal programs and they need some assistance from the state to continue the programs and this would be an incentive in some areas and a life saver in other areas.

Mr. Guess thought they would have a problem in figuring out a formula for this. Mr. Bradner said his only concern is whether they are getting into the same mess as the federal government has put the state in. Mr. Bradner said that right now in Education they have so many grants they don't know where they stand.

Mr. Ray said through the Borough Act the state has already put some areas into picking up their own tab.

Mr. Borer said what they are really doing is making it easier to stay outside of a borough but they have to get some of these areas to begin to assume some local support.

Mr. Ray said what he would like to see is the entire concept (referring to the bill) go to the floor and have some debate and discussion on this. He said it should go to caucus or whatever, but in the end he feels it must be settled on the floor. He said he didn't like to have the responsibility for removing sections of this bill without giving everyone an opportunity to see the whole package. Mr. Bradner said the block grant has

some good possibilities and should be considered. Mr. Ray said he would request the bill be corrected eliminating the one or two mechanical problems they had: 1) the 25 per cent on page 3; 2) changing the word "financial" aid to "state" aid; 3) and deleting all material on page 6 except the effective date.

Mr. Ray said that by sending the entire bill down all the people would be afforded the same opportunity to see what's going on and then they can pass a severance tax increase.

HB 350

Mr. Ray moved and asked unanimous consent that they prepare this bill (later numbered HOUSE BILL NO. 350) with the corrections and send it out with individual recommendations. There was a brief discussion on this and Mr. Haugen said there is quite a bit of concern for areas that don't pay any taxes and also noted they were putting this responsibility on one industry. He said the Finance Committee is obligated to come up with some other ways of funding this besides the oil industry. The following vote was recorded:

"Do pass":	Messrs. Croft, Ray and Bradner
"No recommendation":	Messrs. Haugen, Sackett, Borer and Holman.

Adjournment:

Meeting adjourned at 4:00 p.m.

HOUSE FINANCE COMMITTEE MEETING
Thursday, April 3, 1969

9:00 a.m.

Present: All members except Mr. Haugen.

SB 212

Mr. Croft briefly touched upon CSSB 212 amended (relating to the legal rate of interest) and said it sets the usury rate at 8 per cent for most loans. However, he wanted to do some more research on this and would come back in possibly with a committee substitute. CSSB 212 amended was returned to subcommittee. Mr. Borer added the comment that he felt there should be no ceiling and no bottom and if someone is being abused, then they can put it back on next year.

HJR 26

It was moved and unanimous consent was asked to consider HOUSE JOINT RESOLUTION NO. 26 (relating to relaxing of interest rates on savings and time deposits in Alaska). No objection, so ordered.

Mr. Borer pointed out that the state has nothing to say about this, it is governed by the federal; however, it was moved and unanimous consent was asked to report HJR 26 out with a "do pass" recommendation. All members signed "do pass" except Mr. Sackett who signed "no recommendation."

Mr. Ray told Mr. Croft to get all of the "money" bills ready at one time and the committee would work on them tomorrow.

HCR 2

Mr. Ray moved and asked unanimous consent to consider HOUSE CONCURRENT RESOLUTION NO. 2 (relating to leasing office facilities from ASHA). Objection was heard and motion failed.

HCR 18

Mr. Ray moved and asked unanimous consent to consider HOUSE CONCURRENT RESOLUTION NO. 18 (relating to construction of airfields at Chevak and Scammon Bay). Objection was heard, but motion carried 4 - 2. Mr. Croft moved to amend HCR 18 on line 23 by deleting "requested to direct" and inserting "urged to request" and a "do pass" recommendation. Motion failed 3 - 4. Mr. Bradner moved that HCR 18 be reported out with individual recommendations. Mr. Borer objected and it was reported out with Messrs. Ray, Bradner, Croft and Hohman signing "do pass" and Messrs. Sackett and Borer signing "no recommendation."

HCR 29

Mr. Ray brought up HOUSE CONCURRENT RESOLUTION NO. 29 (relating to the leases from ASHA) and then it was decided to hold it until a later time.

HOUSE CONCURRENT RESOLUTION NO. 43, HOUSE CONCURRENT RESOLUTION NO. 44 and HOUSE RESOLUTION NO. 8 were briefly mentioned and the committee decided to take these up also at a later date.

HJR 10

It was moved and unanimous consent was asked that the committee consider HOUSE JOINT RESOLUTION NO. 10 (relating to the establishment of a cabinet level office of fisheries). There was no objection and it was then moved and unanimous consent was asked that it be reported out with a "do pass" recommendation.

No objection, so ordered.

JR 31

It was moved and unanimous consent was asked that the committee consider HOUSE JOINT RESOLUTION NO. 31 (requesting the Department of Education to institute an environmental education plan for the state and to establish the position of conservation and environmental education consultant in the Department). No objection, so ordered. Mr. Hohman moved that HJR 31 be reported out with individual recommendations. Mr. Sackett moved to table HJR 31. Mr. Ray asked for a show of hands of how many wanted to report it out of committee and on a vote of 2 - 6, it was held in committee.

HB 142

Mr. Ray announced that HOUSE BILL NO. 142 (relating to education of exceptional children within the state) would be brought up later in the day.

Recess:

Meeting recessed until a call of the chair at 9:35 a.m.

HOUSE FINANCE COMMITTEE MEETING
Friday, April 4, 1969
9:00 a.m.

Present: All members except Mr. Ray. Messrs. Dickerson Reagan and William Jacobs, from the Alaska Legal Services Corporation were also present.

Mr. Haugen took over the chair in Mr. Ray's absence and called the meeting to order.

Mr. Jacobs began his presentation by saying he appreciated the committee finding time to hear their testimony. He said that he is the Director of the Alaska Legal Services Corporation and explained this is a private, non-profit corporation with a Board of Directors, composed of seven attorneys and six non-attorneys. He said they contract with the federal Office of Economic Opportunity to set up and operate a private office to provide civil (non-criminal) services for people who are too poor to pay for these services. As a part of the overall war on poverty, he said it is extremely important for people in our society to be represented by a lawyer. He said the overall reason for this program is to bring justice to these people and in Alaska possible as many as one-fourth of the population are unable to pay for legal representation.

Mr. Jacobs said they are appearing before the committee to request an appropriation of \$40,000 for this coming year. In the past two years \$20,000 for this program has been represented as part of the Governor's budget. He said the

reason they are requesting the \$40,000 appropriation is there has been a federal law prohibiting them from paying over a \$15,000 a year salary. In 1968 the federal law was changed to make it possible to use federal money to pay salaries that exceed \$15,000. He said they have been dickering back and forth on negotiations with OEO since late January to determine whether they could get this additional money from the federal government and the state administration has received word as of April 1 that they would allow this program to pay over \$15,000 for salaries but no money was made available for this by the federal government. He said they have 17 attorneys working for the Corporation and they are especially concerned with rural Alaska. He said they have five supervisor attorneys in the program and these positions can't be filled for \$15,000 a year. He gave an example of a VISTA volunteer who was working for them, saying he had graduated from law school in 1968, and had been hired for \$15,000 a year in Fairbanks. He said they couldn't hire a lawyer with three or four year's experience for this amount of money and added they are very lucky to get them at \$20,000 a year.

Mr. Borer asked if the Public Defender bill passes, what the necessity of this office would be. Mr. Jacobs explained the Public Defender office, if it is set up, is intended to carry out an obligation by the state to provide an indigent person an attorney in criminal cases. He said

about 90% of the people in this category can't afford an attorney. He said his program does not handle criminal cases and they have completely separate functions.

Mr. Borer asked if this Corporation tells people if they can qualify for welfare. Mr. Jacobs said yes in some cases they do and explained if there is a welfare law on the books it would be their obligation to inform these people that they could qualify for aid to dependent children, aid to the blind, etc. He said they would be unethical if they disguised from their clients the fact that the law says they are entitled to these various welfare programs.

Mr. Jacobs told the committee if they were unable to obtain this appropriation the program would only be able to last a few months. He said their total budget with 17 lawyers and 9 offices is \$620,000. Of this, \$500,000 is federal funds. Of the balance of \$120,000, \$80,000 is contributed in time by private lawyers. He explained these lawyers contribute their time and are not paid anything for their services.

He said a logical question the committee would ask is are these lawyers really worth more than \$15,000 a year. He referred to a memo written to Walley Kubley saying most of these lawyers were earning over \$20,000 a year at the time they were hired. He said with the assistance of the state they are running a really good program to really give

good legal representation to the people and to do this they need high class, skilled lawyers to work for the Corporation. In answer to a question from Mr. Bradner, Mr. Jacobs said the federal government would not allow them to pay over \$15,000 a year for a salary and they could take this from their travel or rent budget but they would be out of their office if they did this.

In answer to another question from Mr. Bradner, Mr. Jacobs said the federal government would allow them to take this from other parts of their budget only if they felt like they could carry on a successful program. He said there are about 52 programs in the 7 western states, one of which is Alaska, which had to accept a \$1,000,000 cutback. He said this program was one of only three out of 52 that was refunded at the same level and said the size of the program increased by 17%.

Mr. Bradner questioned the amount of divorce cases handled by the Corporation, and Mr. Jacobs said approximately 1/3 of the number of law suits are divorce actions. He said he is personally not in favor of divorce and in the Anchorage office they are instituting a practice of asking these people to consult with priests, ministers, etc. He said they do this to see if divorce is in the best interest of the people and children involved.

Mr. Jacobs and Mr. Reagan left the meeting.