

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2505

Mr. Bradner said no, they had a direct appropriation bill and this is a compromise. Mr. Haugen asked what the interest rate is on paying back this money. Mr. Bradner said it is a 5% rate of interest for 5 years. Mr. Ray moved and asked unanimous consent that HB 838 be reported out of committee with individual recommendations. No objection so ordered. The majority report was "no recommendation," with Mr. Bradner signing "do pass."

Mr. Ray moved and asked unanimous consent that HB 839 be reported out of committee with individual recommendations. No objection so ordered. The majority report was "no recommendation" with Mr. Bradner signing "do pass."

HB 843 Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 843 (GO bonds - capital improvements to state ferry system ) be passed out of committee with individual recommendations. No objection, so ordered. The majority report was "do pass" with Mr. Croft voting "no recommendation."

Recess: Meeting recessed at 10:00.

HOUSE FINANCE COMMITTEE

April 27, 1970

9:20 a.m.

Present: All members. Alan Adasiak, Juneau Alaska Empire,  
and Mr. Van Houte were also present.

HB 853 The committee was asked by Chairman Ray to consider  
and sponsor a new house bill [later number HOUSE BILL NO.  
853 -- an act relating to state employees' compensation].

Mr. Ray explained that this bill provides for approxi-  
mately a 6% increase and is a fully integrated pay plan.  
The cost of the bill is \$4,286,358, according to Mr. Ray.  
Mr. Ray said until they have an integrated pay plan  
there will be no continuity.

Mr. Ray read section 2 of the bill:

"It is the intent of the Legislature that all permanent  
employees of the legislative branch of the government shall  
receive pay increments as comparable as possible....."

Mr. Ray said it was his intent to contact the Division  
of Personnel and instruct them to come up with two  
schedules -- one vocational and one technical.

The committee discussed what happened during Free Conference  
last year regarding the state employees' pay bill and  
Mr. Ray explained that they tried to keep it integrated  
last year but it was changed in Free Conference and  
the pay ranges were changed at Range 16 and had half step  
increases from Range 16 on up.

Mr. Haugen asked about the classification changes.  
Mr. Ray felt that this is an administrative problem.  
In answer to Mr. Borer, Mr. Ray explained that there is approximately the same increase in each of the districts. There was a brief discussion on specific pay ranges and the amount of increase in each pay range.  
Mr. Ray said that the cost of living went up 6.3% and his feeling is the employees should be paid for the same year -- he did not feel they should go back in time to pick up a cost of living increase.  
Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 853 be passed out of committee with individual recommendations. No objection, so ordered. HOUSE BILL NO. 853 was passed out of committee with 4 "do pass" recommendations, Messrs. Haugen, Borer and Sackett voting "no recommendation."

SB 455 Mr. Sackett moved and asked unanimous consent that the committee consider SENATE BILL NO. 455 (an act relating to the teachers' retirement system). No objection, so ordered. Mr. Sackett explained this would change the teachers' contribution for the retirement fund from five percent to seven percent and this would cost the state \$1,455,524 more. Mr. Sackett gave a brief

explanation of the fiscal note on this bill [see bill file for complete breakdown].

Mr. Croft asked Mr. Van Houte what the teachers' position is on changing this from 5 percent to 7 percent.

Mr. Van Houte said that the Employees' Retirement Committee agreed although some teachers felt that 7 percent was too much of an increase. Mr. Sackett said it was his understanding the Alaska Education Society had approved this.

Mr. Van Houte said only the Advisory Retirement Board had. He said they are in support of the bill but the only question is the percentage of contribution by the employees. Mr. Van Houte said he felt they would be more satisfied with 6 percent instead of 7 percent.

Mr. Croft asked the difference in cost to the state if this were reduced to 6% or 5%. Mr. Ray explained that the state's cost for 5% is \$1,781,984 and the cost for 7% (SB 455) would be \$3,237,508.

Mr. Hohman said he could not understand why they would ask for more contribution from the teachers than from anyone else. Mr. Borer pointed out the teachers will be getting a 33 1/3% increase in benefits.

Mr. Haugen said the teachers he had talked to were in agreement with the 7%. He said in view of the fact

the committee had just passed out an employees' pay bill, he felt they should accept the 7%. The committee voted on this and decided on 7%. Mr. Bob Mottram, Associated Press, entered the meeting.

In answer to Mr. Croft, Mr. Van Houte said that the nurses in the schools had come under the retirement program two years ago. He said the nurses were not allowed to count outside experience unless it was in a school; however there is only one nurse in Fairbanks to whom this applies. He said he had reservations in using a bill as a vehicle for legislation for one individual.

Mr. Ray read the amendment adopted by the Health, Welfare and Education Committee. It was line 18, before "educational" insert "accredited" and after "institution" delete "accredited" and insert "recognized". The committee decided to accept this amendment. Mr. Hohman referred to page 2, line 7 which reads:

"The combined total of outside and BIA service claimed may not exceed 15 years; however, no more than 10 years outside service may be claimed." Mr. Hohman felt the teachers should get credit if they were teaching within the state even though they were teaching for BIA. The committee briefly discussed this. Mr. Borer pointed out that teachers working for the BIA would be getting retirement from the federal government and therefore

would be receiving double credit for their years of service.

Mr. Van Houte said they had no quarrel with the outside credit but he thought Mr. Hohman's point was if they are going to give in-state credit, or they are going to have an inequality.

Mr. Sackett asked if by doing this they weren't giving preferential treatment to the teachers from BIA.

Mr. Van Houte said in a way this is true. He pointed out that this gives the teachers the right to make up their contribution for retirement and that in order to receive this from the state the teachers have to contribute their share for whatever number of years they are eligible. The committee discussed this briefly; however, there were no changes to the bill.

Mr. Sackett moved and asked unanimous consent that SENATE BILL NO. 455 as amended be passed out of committee with individual recommendations. No objection, so ordered. So SENATE BILL NO. 455 as amended by the HWE committee went out of committee with 4 "do pass" recommendations, Messrs. Bradner, Hohman and Croft voting "no recommendation".

Bill Assignment: Chairman Ray assigned the following bills:

SB 579 Revenue bonds for Anchorage and Fairbanks Mr. Borer  
Intn'l Airports

SB 384	limitation upon oil and gas leases in certain areas	Mr. Ray
CSHB 373	legislative campaign expenditures	Mr. Croft
CSHB 579	creation of a guide licensing and control board	Mr. Sackett
HB 266	appropriation for tourist access road near Seward \$125,000	Mr. Bradner
HB 745	appropriation to Dept. of Administration	Mr. Haugen
HB 813	appropriation to Dept. of Fish and Game	Mr. Haugen
SB 416	state health plan	Mr. Sackett
HB 653	preschool education	Mr. Borer

HB 708 Mr. Ray noted that Mr. Borer still has HOUSE BILL NO. 708 (mutual banks) in subcommittee and is not ready to report on it yet.

CSHB 660 Mr. Ray moved and asked unanimous consent that the committee consider HOUSE BILL NO. 660 (creating the Alaska higher education aid program). No objection, so ordered. There was a brief discussion on this. Mr. Bradner briefly discussed possible changes but decided the bill was alright as written. Mr. Ray moved and asked unanimous consent that the committee adopt Health, Welfare and Education Committee Substitute for HOUSE BILL NO. 660 in lieu of HOUSE BILL NO. 660. No objection, so ordered. Mr. Ray moved and asked unanimous consent that COMMITTEE SUBSTITUTE

FOR HOUSE BILL NO. 660 be passed out of committee with individual recommendations. No objection, so ordered. SO COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 660 was passed out of committee with 5 "do pass" recommendations, Mr. Ray and Mr. Borer voting "no recommendation".

HB 813 Mr. Haugen moved and asked unanimous consent that the committee consider HOUSE BILL NO. 813 (appropriating \$375,000 to the Department of Fish and Game). No objection, so ordered. Mr. Haugen said there was \$450,000 in the original budget for the purchase of a vessel by the Department of Fish and Game. Mr. Haugen said there is a vessel in Seattle that is available now for \$332,000. Mr. Haugen said if this bill is passed out, the Department could have the bids advertised and he felt the state could get this boat. Mr. Haugen felt this should be passed out of committee. Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 813 be passed out of committee with a "do pass" recommendation. All members signed "do pass" except Mr. Borer who had left the meeting.

Recess: The meeting recessed at 10:35 a.m.

HOUSE FINANCE COMMITTEE  
Monday, April 27, 1970  
4:00 p.m.

Present: All members with the exception of Mr. Hohman.

HB 793 HOUSE BILL NO. 793 (Relating to leases on mineral lands) was brought up for discussion. He said this is for situations where the federal government does not recognize the state's right to the land and the state is charging people rent for the land yet the operators cannot proceed with development plans or be relieved of their rental responsibilities. He said that there is no<sup>immediate</sup> charge to the state in the event that refunds become necessary.

Mr. Borer said that last week he had requested that the committee obtain some type of estimate of what the cost eventually might be. Mr. Ray said that he had talked with Commissioner Kelly who said that the Department of Natural Resources had no objections to this bill. Mr. Ray said that they really cannot make an estimate even because no one knows what the amount of a refund would be, as the state has never refunded money for lack of title to a lease.

Mr. Borer asked if in that circumstance the operator would waive all right to the lease or would just hold on to it. Mr. Ray felt if it still belonged to the federal government, the state wouldn't be held to a lease. Mr. Croft said that the bill does not say that. Mr. Borer felt that if an operator is not paying money

he shouldn't get to "hang on" to a lease.

Mr. Ray felt that if an operator goes to the state and asks for a lease which the state grants him, and he pays money and starts working and then the federal government says he cannot work because it is federal land, he should be able to get his money back. Mr. Borer said, however, that when the money is given back then the operator should have to relinquish all his claims on the land. He asked if the bill says that, and Mr. Croft said no, it doesn't. Mr. Croft said that another question that he has is what is the status of a state oil and gas lease, whether the state is guaranteeing that they have title or whether the state is just giving whatever it has. He said that he is concerned about the situations where the state leased lands it did not have a patent on, and that some oil companies might request a refund. He said this worries him. Mr. Ray said that it isn't mandatory, it is just permissive. The language reads may waive, suspend, refund, or reduce the rental.

Mr. Haugen asked who the individual is who encouraged the Resources Committee to put this bill out, and Mr. Ray said it was Mr. Guess.

HB 844

The committee then took up HB 844 (GO bonds- highway facilities maintenance/) which was reported out of committee on April 23, 1970. Mr. Ray suggested that the bill, which was being recommitted to Finance, be changed to ASHA bonds then put out with the ASHA resolution in front of it

add a direct appropriation behind it. Mr. Croft asked why they don't just make it a direct appropriation for \$5 1/2 million. He said now it is about half and half. He said that there is about \$5.4 million of the old ASHA bonds and direct appropriation and the rest is new. Mr. Ray said that that is why he was trying to get both under the same thing. Mr. Croft said that there is going to be about \$40 million in ASHA bonds. They started out last year with \$23 million. Then it was kicked up to \$29 million, two new projects were added and it is now \$33 million. Mr. Ray felt that direct appropriation would be the route to take except that it would surely be killed in the Senate. Mr. Croft didn't feel this would happen, because there are a couple of essential projects involved. Mr. Sackett asked how much the direct appropriation in HB 705 is, and he was answered \$33,000,000. Mr. Ray commented that they can't send up a bill for GO bonds when they already have ASHA and direct appropriation. Mr. Ray suggested changing this bill to a direct appropriation and passing it out of committee again. He asked Mr. Bradner how he felt, and Mr. Bradner said he thought it would have to go as a straight appropriation.

Mr. Bradner left.

Mr. Ray asked Mr. Borer how he felt about it. Mr. Borer said he wanted to know which projects are involved. He asked what HB 844 started out to be, and Mr. Croft

said it was the Governor's bonding bill for highway maintenance. Mr. Ray explained that they forgot to put some of the projects in, however, and HB 705 didn't take care of them, either, because the State Office Building is in there. Mr. Ray said that they are taking care of these projects at the Administration's request. Mr. Borer said he wanted to see the request.

Mr. Hohman came in.

Mr. Borer asked which areas are involved, and Mr. Ray said Livengood, Juneau, Manley, Fairbanks and Chitina.

Mr. Croft said this is just accelerating the projects and that that is all right. Mr. Ray directed Mr. Dean to prepare a committee substitute for HB 844 making this a direct appropriation bill.

Adjourn-  
ment:

Meeting adjourned at 4:30 p.m.

HOUSE FINANCE COMMITTEE  
April 28, 1970  
9:10 a.m.

Present: All members of the committee were present.

Mr. Ray called the meeting to order, and asked that HOUSE  
HB 519 BILL NO. 519 (relating to the regulation of compressed air  
sold for human respiration) be brought before the committee.  
Mr. Ray said he had received a letter from William A. Smoker,  
Laboratory Director for the Bureau of Commercial Fisheries,  
regarding the usefulness of this bill, and read the letter  
to the committee [copy may be found on page 1465 of the  
minutes].

Mr. Ray said the cost, according to the fiscal note, for  
fiscal year 1970-71 would be \$2,300.

Mr. Ray moved and asked unanimous consent that HOUSE BILL  
NO. 519 be reported out with individual recommendations.  
HOUSE BILL NO. 519 was thereby reported out with a unanimous  
"do pass" recommendation.

SB 500 am At Mr. Ray's request, Dr. Hartman, Commissioner of the  
Department of Education, came before the committee to  
testify on SENATE BILL NO. 500 am (relating to education  
for exceptional children).

Dr. Hartman said the original SENATE BILL NO. 500 in section  
(E) opened the door widely for the "gifted" children. As  
amended, however, they inserted: "Programs or services  
beyond the level of those ordinarily provided as regular

school programs shall be submitted to the Department for supplemental funding on an approved program basis."

The department was concerned, he said, that under the original bill each district would decide their children were "gifted" and could come under this act.

He said they thought it would come under a supplementary portion of the new foundation program that no district could offer a "gifted" children program without the review of the department and the review of the legislature, which Dr. Hartman felt was wise.

Mr. Ray again referred to their fiscal note, which indicates a cost of \$1,261,336 for fiscal year 1968-69, \$1,463,800 for fiscal year 1969-70, and \$2,314,000 for fiscal year 1970-71. He asked if this means this program has been funded for all three years.

Dr. Hartman said no, that this is the anticipated increase in special education funding under the present statutes. This bill would not affect that level of funding for the "gifted." A few districts could come in with new programs under (D), he said, for children with learning disabilities. They can't expand those programs very much this year because they don't have classrooms; in addition, they would have to have at least five children to start a program in a district. He felt, for this reason, it would be a minimal increase. Mr. Ray asked if this is in their department budget request now. Dr. Hartman said it would be under the Public School

Foundation Program and would be the same as other funds. Mr. Ray questioned the figure of \$2,314,000 shown in Code 700 of the fiscal note, and the same figure is also reflected under Unrestricted General Fund Receipts. Dr. Hartman said this would be under the Public School Foundation Program under Grants, Claims and Shared Revenue [Code 700]. He said he didn't believe there would be any facilities in the state to provide for "gifted" children under (E) unless it was a pilot program and it would be on ADM equivalency basis.

Mr. Ray said his main concern is for children with a learning problem.

Mr. Bradner felt that the number of pupils indicated on their fiscal note, which is roughly about 2% of the district enrollment, could just about be expected to double with this bill.

Mr. Ray moved and asked unanimous consent that Finance COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 500 be reported out with individual recommendations. Mr. Borer objected, and said he would like to have a little more discussion on it, and a chance to read it and see the new fiscal note. Dr. Hartman said this fiscal note was written before SENATE BILL NO. 500 was amended. This would reduce any cost next year in terms of the "gifted" because they have changed the manner in which any "gifted" program would be funded since there are no programs in now. There would be no

expenditures of funds next year for the "gifted."

It is conceivable there would be a few districts gear up for one or two programs for children with learning disabilities, but he didn't feel there would be more than five or six programs throughout the state.

Mr. Ray asked if most of the big districts don't have "gifted" programs in terms of accelerated programs, to which the answer was yes.

Mr. Haugen asked if a local district didn't have a program, could they send a child to Anchorage or a district where they did have a program.

Dr. Hartman said this is available to them now, and a few districts are doing this.

Mr. Haugen thought it would be a good idea to consolidate this program. Dr. Hartman agreed, and reiterated that there is a limit on the number of students they must have to start a program, which is five similarly handicapped. If there are not enough to start a program, they can send them to another district.

Mr. Van Houte, lobbyist for the National Education Association arrived.

Mr. Borer referred to page 1, line 11, "of legal school age."

Dr. Hartman said there is another bill in to reduce the legal school age to three years. If that bill does not pass then there is no change in this bill because the legal age will still be five years.

Mr. Ray assured him that the other bill would NOT pass.

In answer to Mr. Bradner, Dr. Hartman said the standards and criteria for all of these handicapped have to be developed by the Departments of Health and Welfare and Education. This is why these programs will be approved on a line item basis.

There will be some people unhappy with this, he said, but thought it would be good.

In answer to Mr. Borer's question on how they are presently handling the mentally retarded, Dr. Hartman said they already have in the present law (A)(B)(C)&(F). There are standards and criteria set up by the Departments of Health and Welfare and Education that qualify a student for one of these given programs. The students are given medical and psychological examinations to determine which classification they fit into. It is funded under special education.

The two new sections added, he said, were (D) "children with learning disabilities" and (E) "gifted."

Mr. Ray said that the HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 500 would include in both (D) and (E) the wording, "Programs or services beyond the level of those ordinarily provided as regular school programs shall be submitted to the department for supplemental funding on an approved program basis."

Mr. Ray said that way it can be controlled so the districts don't take it upon themselves to start a program; it would

have to be approved by the department and the legislature. He added that children with learning disabilities are not covered under any present categories.

Mr. Borer asked how many there are in the state with learning disabilities, and Dr. Hartman said there are a lot of them already under other categories, but they would be picking up a few more, although he didn't think anyone could answer just how many there are.

Dr. Hartman added that similar bills have been introduced [HOUSE BILL NO. 715 (education for exceptional children, by Representative Beirne) and HOUSE BILL NO. 520 (special education outside the state for exceptional children, by Representative Ray)], and these were incorporated into HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 500.

Mr. Borer asked what they would do if the Anchorage school district, for example, had five children who were deaf.

Dr. Hartman said they do have about three "hard-of-hearing classes" in Anchorage, and classes for the partially blind.

Mr. Ray asked about the ACCA Program, and Dr. Hartman said this deals mostly with the physically handicapped.

Mr. Borer removed his objection, and HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 500 was reported out with the recommendation that it "do pass;" all members signing the majority report with the exception of Mr. Croft who voted "no recommendation," as he would liked to have discussed it further, but didn't want to go into it at that time.

Mr. Ray asked Dr. Hartman if the department was in complete agreement with this bill, and Dr. Hartman said yes. Mr. Van Houte agreed that the Teachers' Association is also in favor of this bill.

Dr. Hartman left.

Mr. Mottram of the Associated Press arrived.

HB 847 Mr. Ray asked Mr. Dean to get backup on HOUSE BILL NO. 847 (general obligation bonds in the amount of \$25,300,000 for capital improvements at the University of Alaska) as he would like to know what the breakdown is.

HB 661 HOUSE BILL NO. 661 (appropriating to the higher education aid fund \$250,000) was brought before the committee. Mr. Ray said that as subcommittee for this bill he recommended deleting the figure \$250,000 and replacing it with \$100,000. He didn't feel they could use any more than that anyway. Mr. Sackett felt \$50,000 would be enough. Mr. Ray said that possibly \$60,000 would be enough, but rather than deny anyone the opportunity, he would rather make it \$100,000. He moved and asked unanimous consent that Finance COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 661 be reported out with individual recommendations. On vote by the committee, Finance COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 661 was reported out with a "do pass" recommendation, the members voting as follows:

DO PASS: Messrs. Hohman, Croft, Bradner, Sackett.

NO RECOMMENDATION: Messrs. Ray, Haugen and Borer.

HB 668

Mr. Borer moved that HOUSE BILL NO. 668 (relating to eligibility for veteran loans) be considered.

Mr. Ray said this broadens the eligibility for veterans' loans, and passed out copies of the bill to the committee for review.

After a brief discussion, HOUSE BILL NO. 668 was returned

Recess: to file, and meeting recessed - 9:50 a.m.



ALASKA REGION  
(REGION 8)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
FISH AND WILDLIFE SERVICE  
BUREAU OF COMMERCIAL FISHERIES

BIOLOGICAL LABORATORY  
BOX 155  
AUKE BAY, ALASKA  
99821

April 20, 1970

Representative Bill Ray  
Chairman, Finance Committee  
Alaska State Legislature  
Pouch A, State Capitol Building  
Juneau, Alaska 99801

Dear Mr. Ray:

I am writing to you about House Bill 519, the "Compressed Air Bill." The usefulness of this bill would be the assignment of responsibility of regulating the quality of air offered for sale for scuba diving. Presently, no one has this responsibility and poor quality air is being sold.

We have several diver-biologists on our staff and we maintain our own compressor for scuba diving air. Although we have a good compressor and maintain it properly, we periodically have our air analyzed by a testing laboratory. The public should be assured that the dealer selling compressed air takes similar precautions.

Since we have what is probably the greatest concentration of divers in Juneau, our divers have frequent contact with other divers and are aware of the need for legislation to protect divers from poor quality air. We urge you to take action on House Bill 519 as the first step in regulating the quality of air being sold for scuba diving.

Sincerely yours,

  
William A. Smoker  
Laboratory Director

cc: Finance Committee, Alaska State Legislature

HOUSE FINANCE COMMITTEE  
Wednesday, April 29, 1970  
9:00 a.m.

Present: All members.

HB 640 HOUSE BILL NO. 640 (Disposal of property and vacating of lands by the Department of Highways) was brought up for consideration. Mr. Ray said that there isn't really any money concerned. He explained the Attorney General said that they have to have this change in the law in order for the Highway Department to dispose of the property. Mr. Borer asked if there was a list of the types of parcels that are involved, and Mr. Ray said no but they are sending over the backup on it. Mr. Haugen asked if what they are talking about are the small pieces of land left over in Highway construction and Mr. Ray said yes. Mr. Borer felt if these were sizeable parcels then they should be run through the Division of Lands, but that this isn't necessary if they are just small ones.

Mr. Van Houte came in.

Mr. Croft moved and asked unanimous consent that HB 640 be passed out of committee with individual recommendations. No objection, so ordered. The bill was passed out with a majority report of "do pass" with Mr. Hohman voting "no recommendation."

HB 793 Mr. Borer reported briefly on HOUSE BILL NO. 793 (Leases on mineral lands). He said that he had talked

with Mr. Guess who had agreed to check the point brought out in the Finance Committee about whether the operators would be relinquishing all rights to the property if they were given a refund under this law. He said that Mr. Guess also believed that they should relinquish this right, but did not know if under this bill they would necessarily be doing so.

Bill Assignments: Mr. Ray assigned the following bills:

SB 341	SB 341 (Classification of Public Lands)	Hohman
SB 303	SB 303 (Environmental Quality Control Commission)	Ray
CSSB 456	CSSB 456 (Exempting business inventories from property taxes levied by local governments)	Ray
SB 386	SB 386 (Requirements for old age assistance and aid to the blind)	Sackett
HB 348	HOUSE BILL NO. 348 (Legislators' transportation allowance) was brought up for consideration/ [This bill was recommitted to Finance]	

Mr. Mottram from the Associated Press came in. After brief discussion, the committee decided to amend the bill by adding on page 1, line 17, after "pounds", the wording ", or 35 pieces," since excessive baggage on some airlines is handled by the piece rather than by the pound. Mr. Ray moved and asked unanimous consent that HB 348 amended be reported out with individual recommendations. No objection, so ordered, and so HB 348 was passed out of committee as amended with a

suggested checking into the intent to pave the  
airfield and try to coordinate the two. Mr. Ray  
asked Mr. Sackett to check and see if the road from  
St. Mary's to the airfield needs repairs.

Recess: Meeting recessed to a call of the chair at 9:45 a.m.

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

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majority report of "do pass" with Mr. Borer voting "no recommendation."

SB 385

Mr. Sackett moved and asked unanimous consent that SENATE BILL NO. 385 (Appropriation - \$45,000 - to Department of Public Works) be brought up for consideration. No objection, so ordered. Mr. Sackett read a letter from Mr. Buck to Commissioner Strandberg dated January 27, 1970 [copy in bill file]. Mr. Ray requested Mr. Sackett to contact the Department of Public Works and find out how much it would cost to include Homer in this bill. He asked if that would then take care of Kodiak, and was answered no. Mr. Borer asked that he check into Glennallen and then Mr. Sackett said that he felt Galena should be included, too. Mr. Ray felt that this is important to these areas that don't have it. Mr. Bradner suggested when the bill is brought up again that SB 372 (Alaska Broadcasting Commission) be brought up at the same (and the Alaska State Education Assoc.) time. Mr. Van Houte said that he/is in favor of SB372 with amendments that have been discussed.

HCR 36

Mr. Sackett moved and asked unanimous consent that HOUSE CONCURRENT RESOLUTION 36 (Relating to construction of an all-weather road between St. Mary's and Mountain Village) be brought up for consideration. No objection, so ordered. Mr. Ray read from the backup on this resolution [see bill file] and he asked the committee if they feel this is feasible. A cost figure of \$481,318.80 was given. Mr. Bradner

suggested checking into the intent to pave the  
airfield and try to coordinate the two. Mr. Ray  
asked Mr. Sackett to check and see if the road from  
St. Mary's to the airfield needs repairs.

Recess: Meeting recessed to a call of the chair at 9:45 a.m.

HOUSE FINANCE COMMITTEE  
Thursday, April 30, 1970  
9:00 a.m.

Present: All members.

Chairman Ray called the meeting to order at 9:00.

HB 347

HOUSE BILL NO. 347 (Relating to legislative per diem) was brought up for discussion. Various changes in the bill were discussed. One item that was brought up was that in section (b), line 17, where it reads "unless he has been absent by reason of official legislative business" the wording should be "officially excused on legislative business or upon a doctor's request" rather than "absent by reason of official legislative business." Also, on line 17 following "city" the words "during a legislative session" should be inserted, since there are members who travel for the state and are paid per diem when the legislature is not in session. The committee also discussed adding a provision clarifying that no member shall be paid per diem for the days he is absent on personal business. Mr. Bradner suggested some sort of provision that a member would have to state on the floor whether he was asking to be excused for personal or for official legislative business so that if a person was misusing "official state or legislative business" he could be challenged on the floor.

Mr. Croft brought up the question about there being

two motions, one to excuse a person from a call of the house and the other to excuse a person on official business. He wondered if the language in the bill should be excused from a call of the house. Mr. Bradner thought perhaps that could be taken care of in the joint rules, and Mr. Haugen agreed. Mr. Ray recommended a section c reading "no member shall be paid per diem for those days he is absent from the Legislature on personal business."

Recess: The committee recessed at 9:45 to a call of the Chair.

See previous  
file for  
first page  
of 5-1-70

Code 200: Travel shows a Governor's allowance of \$22,300; Mr. Sackett recommended the figure of \$18,000 for a decrease of \$4,300. No objections.

Code 300: Mr. Sackett recommended the Governor's allowance of \$41,900 for contractual services remain the same. No objections.

Code 400: The figure recommended for commodities is \$4,400, which is the same as the Governor's allowance. No objections.

Code 500: Mr. Sackett recommended \$1,100 for equipment, which is the Governor's allowance. He said he left this figure the same because of the backup material in the minutes -- apparently, this equipment is badly needed. No objections.

Code 900: Inter-agency charges remains the same as the Governor's allowance of \$12,000. These are charges that came from Administration, Mr. Sackett said.

Mr. Ray asked Mr. Freer about the vehicle rental of 8,000 miles at 15¢, or \$1,200, to be paid to the Department of Highways.

Mr. Freer said this is normal rental from the Department of Highways.

Mr. Ray asked if this 8,000 miles was to be in the Juneau area, and Mr. Freer said no, it could be Anchorage, Fairbanks, etc.

Mr. Ray then asked if Mr. Freer felt this request was justified. Mr. Freer replied that it is sufficient.

The figure of \$12,000 for inter-agency charges was then

agreed upon.

**Total** The total figure for the Commissioner's Office, Mr. Sackett said, would then be \$238,800 as compared to the Governor's allowance of \$245,800, an decrease of \$7,000.

**Employment of the Handicapped** The Governor's allowance of \$6,200 represents no increase over the last fiscal year, and Mr. Sackett recommended that this figure be left at \$6,200. No objections.

**Fisherman's Fund** Mr. Sackett said that the major change in this budget request is the request for \$180,000 under Code 800, Miscellaneous. This, Mr. Sackett said, would take the entire revenue from the Fishermen's Fund. It was Mr. Sackett's desire that the legislative body have some control over this by authorizing what is spent. [See page 590 of the minutes for prior explanation.]

Mr. Borer noted that the budget book indicates that this program increase is to reflect an increase in claims, professional fees and medical supplies which are not qualified at this time. He asked if they have some enabling legislation that would make more things qualify.

Mr. Freer said this request for the entire fund was put in the budget at the suggestion of Budget and Management because the Fishermen's Fund is 60% funded by fishermen's licenses. The way it has been they have run into problems where if they needed additional money, they would have to go the route of an Executive Order to get it. If the balance of the fund were appropriated to the department

they would get away from all the unnecessary paperwork of getting an Executive Order, and the money that isn't used would be carried forward and available for the following year.

Mr. Ray felt that if this money were appropriated to the department there could be collusion between the department people.

Mr. Sackett said it would be his recommendation that this be deleted.

Mr. Ray agreed and asked the feeling of the committee.

Mr. Borer asked where they got the money before this, and Mr. Ray said these items came out of contractual services. \$140,000 of the amount requested for contractual services, it was noted, is for professional fees and services -- doctors and hospital fees.

Mr. Freer reiterated that if the claims go higher they would already have the money appropriated and wouldn't have to go into an Executive Order situation.

Mr. Croft arrived.

Mr. Ray questioned Code 390, why \$1,000 for consulting physicians. Mr. Freer said he couldn't answer that specifically.

Mr. Ray suggested to Mr. Sackett that under contractual services, the Governor's allowance of \$142,900 be increased to \$150,000, an increase of \$7,100, and that the request for \$180,000 in Code 800 be deleted.

The total figure for the Fisherman's Fund, Mr. Sackett said, would then be \$215,800, and the breakdown as follows:

	Governor's Allowance	Increase (Decrease)	Subcommittee Recommendation
Code 100: Personal Services	\$ 26,800	--	\$ 26,800
Code 200: Travel	25,000	--	25,000
Code 300: Contractual Services	142,900	\$ 7,100	150,000
Code 400: Commodities	9,000	--	9,000
Code 700: Grants, Claims, etc.	5,000	--	5,000
Code 800: Miscellaneous	<u>180,000</u>	<u>( 180,000)</u>	<u>--</u>
Total	\$ 388,700	(\$172,900)	\$215,800

Wage & Hour Mr. Sackett recommended \$102,000 for personal services. This

Code 100: is \$2,800 less than the Governor's allowance of \$104,800, which Mr. Sackett said is due to the deletion of the vacancy factor (\$2,300 on page 32, and \$500 on page 34 of the budget book).

Code 200: The Governor's allowance for travel is \$14,500, which is an increase of \$6,000 over the last fiscal year. This increase, Mr. Sackett said, was due to the added new positions; however, he recommended a figure of \$12,000 (decrease of \$2,500).

No objections.

Code 300: Mr. Sackett recommended \$24,700 for contractual services, \$1,200 less than the Governor's allowance of \$25,900. He decreased Code 350 (Transportation of Things) from \$2,000 to \$1,000, and Code 390 (Other Contractual Services) from \$500 to \$300.

Mr. Ray asked Mr. Sackett if he went back to the Wage and

Hour Section and checked the \$10,000 under rent. Mr. Sackett said yes, it was decreased under the Commissioner's Office and moved to the Wage and Hour section.

Code 400: Commodities remains the same as the Governor's allowance of \$800. No objections.

Code 500: Recommended for equipment was \$3,600, which is \$800 less than the Governor's allowance of \$4,400. Mr. Sackett said they are requesting three new positions and are asking for four desks; he therefore deleted one desk and some additional equipment. No objections.

Total The total figure for the Wage and Hour section would be \$143,100.

**INDUSTRIAL SAFETY** Mr. Sackett said he deleted \$1,400 for vacancy and turnover on regular positions, and deleted \$1,400 for vacancy and turnover on new positions, thus making his recommendation for personal services \$224,800. This is \$2,800 less than

**Safety and Electrical Inspections**  
Code 100: the Governor's allowance of \$227,600. No objections.

Code 200: Recommended for travel was \$43,000, which is \$10,300 less than the Governor's allowance of \$53,300. No objections.

Code 300: Mr. Sackett recommended the Governor's allowance of \$40,600 for contractual services. No objections.

Code 400: Recommended for commodities was \$5,000, which is \$800 less than the Governor's allowance of \$5,800. Mr. Sackett said he deleted training films under Code 470. No objections.

Code 500: Mr. Sackett recommended the Governor's allowance of \$3,600 for equipment. No objections.

Code 900: Mr. Sackett recommended the Governor's allowance of \$3,600 for inter-agency charges.

Mr. Ray recommended \$1,200 for each of the two vehicles to be rented from the Department of Highways, making a figure of \$2,400 instead of \$3,600.

Mr. Borer said, however, that with all the time and travel necessary for these inspections, etc., if any area would be short of funds this would be, and he didn't feel it should be cut back.

Mr. Ray felt 8,000 miles was too much, and suggested a compromise of \$3,000. No objections, so the Governor's allowance of \$3,600 was decreased by \$600.

Total The total, therefore, for Safety Electrical Inspections would be \$320,000 as compared to the Governor's allowance of \$334,500, a decrease of \$14,500.

Pressure Vessel Inspections Mr. Sackett recommended \$121,800 for personal services, which is \$2,600 under the Governor's allowance of \$124,400.

Code 100: He deleted \$1,600 for vacancy and turnover on regular positions, and \$1,000 for vacancy and turnover on new positions. No objections.

Code 200: Recommended for travel was \$28,000, which is \$7,000 less than the Governor's allowance of \$35,000. This would still give them a \$14,000 increase over the last fiscal year, and Mr. Sackett felt this was adequate as they have only added two new inspectors.

Code 300: Recommended for contractual services is \$18,400, which is \$1,200 less than the Governor's allowance of \$19,600.

Mr. Sackett said he deleted \$900 from Code 360 for commercial auto rental for inspections.

Mr. Borer asked if they do inspections outside the state also, such as Tulsa where the vessels are being built.

Mr. Sackett said no, this is primarily for inspections at the North Slope oil sites, the Bering Sea canneries, etc.

Mr. Ray suggested, just to keep things straight, using a state vehicle and putting it under the Working Capital Fund. He asked Mr. Freer if he is satisfied that this item could stay under Code 360. Mr. Freer said yes.

The recommended figure of \$18,400 was then agreed upon by the committee. No objection.

Code 400: Mr. Sackett recommended \$5,000 for commodities; which is \$500 less than the Governor's allowance of \$5,500. No objection.

Code 500: Recommended for equipment was the Governor's allowance of \$6,200. Mr. Sackett said they are requesting a Reflectoscope with accessories, a \$4,000 item, but the fees charged on this will pay for it in two years. No objection.

Total The total for Pressure Vessel Inspection would therefore be \$179,400, which is \$11,300 less than the Governor's allowance of \$190,700.

WORKMAN'S  
COMPENSATION

Mr. Sackett recommended \$101,400 for personal services,  
a decrease of \$1,000 from the Governor's allowance of  
Code 100: \$102,400. No objection.  
Code 200: Recommended for travel was \$18,400, which is \$1,000 under  
the Governor's allowance of \$19,400. No objection.  
Code 300: Contractual services remains the same as the Governor's  
allowance of \$16,100.  
Code 400: Mr. Sackett recommended the Governor's allowance of  
\$3,600 for commodities.  
Code 500: Recommended for equipment was also the Governor's allowance  
of \$6,700.

Total The total for Administration, therefore, is \$146,200,  
which is \$2,000 under the Governor's allowance of \$148,200.

Second  
Injury

The Second Injury Fund shows no increase over the last  
fiscal year, Mr. Sackett's recommendation being the same  
as the Governor's allowance of \$108,000.

EMPLOYMENT  
SECURITY

The Governor's allowance for the Employment Security  
Division as indicated in the budget book is \$4,387,100.  
Since the Governor's Budget Review Committee reviewed the  
budget, however, the Department of Labor received approval  
to establish four new positions as explained in the following  
letter from Commissioner Downes of the Department of  
Administration dated March 13, 1970:

"The Alaska Department of Labor has received approval  
to establish four new positions for the current year  
in accordance with the provisions of Executive Order  
No. 20.

"Because these positions have been authorized subsequent to the convening of the 1970 Legislature, they are not included in the fiscal year 1971 budget document now under consideration. We request that the Governor's recommendation be amended to include fiscal year 1971 authorization and funding for an Accountant II, a Programming Supervisor, a Systems Analyst II, and a Programmer III. The following amounts should be added to the fiscal year 1971 budget request from the Department of Labor:

100	<u>Personal Services</u>		
	Accountant II	\$10,200	
	Programming Supv.	15,700	
	Systems Analyst II	13,600	
	Programmer III	12,600	
		<u>52,100</u>	
	Plus 12% Employee Benefits	6,300	
			\$58,400
300	<u>Contractual Services</u>		1,500
400	<u>Commodities</u>		400
			<u>\$60,300</u>
	Total		

"It will not be necessary to allocate additional State funds as the three data processing positions will be funded by Federal grants money and the Accountant II position will be funded by inter-agency receipts that are available in the WIN, HIRE, New Carrers, OJT, and Skill Center Programs."

Therefore, the total amount of \$60,300 would be added to this division, affecting the line items as follows:

		Governor's Allowance	Increase	Governor's New Recommendation
Code 100:	Personal Services	\$3,367,300	\$58,400	\$3,425,700
Code 200:	Travel	183,200	--	183,200
Code 300:	Contractual Services	587,400	1,500	588,900
Code 400:	Commodities	54,800	400	55,200
Code 500:	Equipment	17,300	--	17,300
Code 700:	Grants, Claims & Shared Revenue	84,600	--	84,600
Code 900:	Inter-Agency Charges	92,500	--	92,500

Total

The total for the Employment Security Division, therefore, would be \$4,447,400, which is the addition of \$60,300 to the Governor's allowance of \$4,387,100.

Mr. Borer asked where this \$60,300 had been added as far as programs were concerned, and Mr. Freer replied that it was added to the Grants Program.

Mr. Freer added that under the Grants Program, page 105 of the budget, inter-agency receipts would be increased to \$30,700, an increase of \$10,200 over the Governor's allowance of \$20,500, and federal receipts would be increased to \$3,820,700, an increase of \$50,100 over the Governor's allowance of \$3,770,600 (because of these new positions).

The total figure for the Grants Program would therefore be \$3,900,500, which is of course the \$60,300 increase over the Governor's original allowance.

Mr. Ray moved and asked unanimous consent that the committee adopt the figure of \$4,447,400 for the Division of Employment Security. No objection, so ordered.

MANPOWER  
TRAINING

Mr. Sackett recommended the Governor's allowance of \$1,803,000 for Manpower Training be adopted; however, Mr. Ray wanted to go through the different programs first. Mr. Sackett said the review could be found on page 602 of the minutes.

Mr. Ray referred to page 173 of the budget book, and asked why they should go back to the National Legislative

Conference -- two trips. Mr. Borer replied this is to participate in seminars regarding the efficiency of the program and various things.

Mr. Ray asked Mr. Freer this same question, and Mr. Freer thought possibly they attend these conferences because it may have to do with legislation on programs.

Mr. Borer wondered why they don't send legislators back to these conferences, and Mr. Ray agreed that that is what it is for.

Mr. Ray also questioned the 36 days and the 2,400 miles requested for Skill Center Business for vehicle rental (8 trips to and from Seward) on page 175 of the budget book. Following this brief discussion, however, the committee agreed to the recommended figure of \$1,803,000 for Manpower Training.

TOTAL

The total adopted for the Department of Labor would thereby be \$7,607,900.

Mr. Ray announced that this budget is closed, but can be reopened at any time, as can all other budgets.

Recess: Meeting recessed 10:00 a.m.

After Recess  
10:15 a.m.

DEPARTMENT OF  
LAW

Mr. Ray made reference to the Governor's letter of April 10 requesting an additional attorney and secretary in Anchorage, an additional attorney and secretary in Juneau and an additional attorney in Fairbanks. The reason given was the five additional Superior Court judgeships per Chapter 44, SLA 1970. Mr. Ray expressed the feeling that having more judges did not necessarily mean that they would need more district attorneys. Mr. Croft mentioned the 38 new state troopers, and said if you have these additional troopers you need a substantial increase in the number of district attorneys to handle the caseload. Mr. Ray didn't feel this was the case. He said they have increased in number all along and that hasn't meant an increase in arrests. Mr. Croft did not agree. Mr. Croft noted that the overall/<sup>percentage</sup>increase in the Department of Law is one of the lowest of the departments.

Admin. &  
Operations

Mr. Croft said that the department requested 12 new positions, four attorneys and 8 clerical positions.

Code 100:

Mr. Ray asked if this includes the positions requested in the Governor's letter and Mr. Croft said no. In addition, Mr. Croft continued, two new attorneys

were added via executive order this year, and so the actual increase would be six attorney positions. [They added one appellate attorney and one oil and gas attorney this year.] Mr. Croft said that the subcommittee recommendation [the subcommittee being Messrs. Croft and Sackett] for Personal Services, existing positions, is to reduce the figure by \$24,000 which would reinstitute vacancy and turnover and for new positions, to reduce the figure by \$10,000 for vacancy and turnover, which is a greater percentage reduction than for the old positions, but they felt by the time the budget is approved they will not have time to get the new positions on the line, anyway. Mr. Croft said that this could even be cut more, but Mr. Ray felt it shouldn't be. This brings the total for personal services to \$1,474,700. This, however, does not include the additional per the Governor's request. Mr. Sackett recommended the figure of \$1,474,700 be accepted. Mr. Croft felt the additional for the new positions added in the Governor's letter should be accepted. Mr. Haugen asked how many new attorneys the Department was given last year, and Mr. Sackett said three or four. Mr. Ray moved a figure of \$1,510,000 for Personal Services, which is a \$84,100 decrease from the revised Governor's Allowance of \$1,594,100. Mr. Sackett objected, but the figure was accepted.

Code 200: The revised Governor's Allowance for Travel is \$57,400.

The subcommittee moved a figure of \$50,000, which is  
from the Governor's figure.  
a \$7,400 decrease/ No objection, so ordered.

Code 300: The subcommittee recommendation for Contractual  
Services was \$358,200, which is about a 16% increase,  
Mr. Croft said. He said that they felt with the additional  
new attorneys the professional fees and services could  
be held at the current level of \$53,000 rather than  
increased increased per the Governors Allowance of  
\$63,000. They also recommended a figure of \$136,000  
for Witness Fees (Code 393) rather than the \$141,800  
requested by the Governor. Mr. Croft moved a figure of  
\$358,200 for Contractual Services. The revised Governor's  
Allowance was \$377,700, which means the committee's  
decrease is \$19,500. No objection, so ordered.

Code 400: Mr. Croft moved a figure of \$20,700 for Commodities,  
which is a \$3,100 decrease from the revised Governor's  
Allowance of \$23,800. No objection, so ordered.

Code 500: The Revised Governor's Allowance for Equipment was  
\$34,100. Mr. Croft moved a figure of \$20,000 which is  
a \$14,100 decrease from the Governor's request. No  
objection, so ordered.

Code 700: The Governor's Allowance for Judgment Claims was \$4,000.  
The subcommittee recommended a figure of \$2,000, which  
is a \$2,000 decrease from the Governor's request, with  
the reasoning that the department is getting more attorneys.  
The figure was moved and there were no objections.

Code 900: Mr. Ray asked about the Public Safety Investigators in Inter-Agency Charges. He said that he thought they were not to be included in this budget. Mr. Dean said that Captain Nelson of the Department of Public Safety said Public Safety would not charge the Department of Law for these investigators and so they do not need to be included in this budget. Therefore, the committee reduced the Governor's request for Inter-Agency Charges of \$60,800 by \$52,000. Mr. Croft moved a figure of \$8,800 for Code 900. No objection, so ordered.

Mr. Croft moved and asked unanimous consent that a total figure of \$1,969,700 be accepted for Administration and Operations. This is a \$182,200 decrease over the revised Governor's request of \$2,151,900. No objection, so ordered.

Total

	Governor's Allowance	Governor's amended Allowance	Legislative Allowance
Code 100	\$1,508,700	\$1,594,100	\$1,510,000
Code 200	56,000	57,400	50,000
Code 300	373,200	377,700	358,200
Code 400	22,700	23,800	20,700
Code 500	29,400	34,100	20,000
Code 700	4,000	4,000	2,000
Code 900	60,800	60,800	8,800
Total	\$2,054,800	\$2,151,900	\$1,969,700

Reimbursable Services

Mr. Croft said that the subcommittee's recommendation for Reimbursable Services is to leave it at \$275,000, which is the Governor's Allowance. He said that the Highways attorneys are almost 94% reimbursable by the

Total federal highway funds/ He moved the figure of \$275,000.  
No objection, so ordered.

Mr. Croft moved and asked unanimous consent that a  
TOTAL total for the Department of Law of \$2,244,700 be  
accepted. No objection, so ordered.

Mr. Haugen asked about the Fish and Game attorney  
work  
and how much/he does for the Department of Fish and  
Game. The staff was directed to look into this.

Recess: Meeting recessed at 10:45 a.m.

AFTER RECESS  
2:10 p.m.

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

DEPT. OF MILITARY AFFAIRS

Mr. Borer moved and asked unanimous consent that the  
committee accept the figure of \$1,325,000 for the

Department of Military Affairs budget. Mr. Croft objected.  
ALASKA NATIONAL GUARD  
Otag and State Armories

- 100: Mr. Sackett recommended the Governor's Allowance of  
\$321,600 for personal services. There was no objection.
- 200: Mr. Ray questioned the 60 days of travel requested on  
page 22 of the budget for travel for Military Affairs to  
the State Legislature. Mr. Ray moved to accept the figure  
of \$13,500 which was a decrease of (\$1,500) from the Governor's  
Allowance of \$15,000.
- 300: Mr. Sackett recommended the Governor's Allowance of  
of \$99,500. [Later in the meeting the committee added  
\$1,000 to this code for rental of microfilm and the  
figure was changed to \$100,500.]
- 400: Mr. Sackett recommended the Governor's Allowance of  
\$44,600. There was no objection.
- 500: Mr. Ray asked the justification of the microfilming unit  
requested under equipment. Mr. Freer said this was in  
Anchorage and they were not prepared to get into this  
area yet. Mr. Sackett read page 35 of the budget book

which noted the justification for this. Mr. Ray asked that the microfilming unit be left out. Mr. Freer suggested this might be contracted out but he did not know the amount this would cost. Mr. Sackett read from the minutes [review of Military Affairs, 614-636] which explained the justification for this.

Legislative Intent Mr. Borer noted the legislative intent would be that \$1,000 be used for microfilming (this was put in code 300, contractual services). The committee accepted the amount of \$1,000 for code 500, equipment.

900: The committee accepted the Governor's Allowance of \$45,000 for code 900.

Total

The total amount of OTAG and State Armories is \$526,200, a decrease of (\$4,500) from the Governor's Allowance of \$530,700.

Air National Guard

100: There were 7 new positions requested and Mr. Freer said that all 7 of these positions were on board. In answer to Mr. Ray, Mr. Freer said this came up during the year with the expansion of the Air Base and it was necessary to hire these people [this was done by Executive Order 20]. Mr. Freer noted that \$75,000 of this program is federally funded. The committee reluctantly accepted the Governor's Allowance of \$148,800 for personal services.

200: There was no travel.

300: Mr. Ray moved the figure of \$50,000 for contractual services. Mr. Borer objected. He felt there was money requested for repairs on things they would not be able to build. Mr. Ray said that, according to the cost analysis on page 52, \$50,000 is the current level and they could take out widening the road, paint for the hangar or anything else. Mr. Borer moved the figure of \$50,000 which was a (\$7,400) decrease from the Governor's Allowance of \$57,400. and the committee did not object.

400: Mr. Sackett recommended the figure of \$35,000 for commodities, code 400. Mr. Ray noted they are requesting \$9,000 for code 450, maintenance and construction materials, and wondered why some of this work could not be done by the Adult Camp. Mr. Sackett still recommended \$35,000 for a cut of \$2,200 from the Governor's Allowance of \$37,200. The committee agreed on this.

Total

The committee accepted the figure of \$233,800 for the Air National Guard total. This is a decrease of \$9,600 from the Governor's Allowance of \$243,400.

Army National Guard

Mr. Sackett recommended the figure of \$50,700 for the Army National Guard. This is the same as the Governor's Allowance. There was no objection to this.

Mr. Sackett noted that somewhere in the budget they would have to put in \$60,000 for the two bills that had passed--HOUSE BILL NO. 755 (educational assistance for members of the Alaska National Guard) and HOUSE BILL NO. 756 (creating the Division of Recruitment and Retention with the Dept. of Military Affairs). Mr. Ray suggested this be brought up in Free Conference and asked that this be put in the analysis.

Federal Scout Armories Mr. Sackett recommended the total of \$127,300 which is the same as the Governor's Allowance. There was no objection.

Camp Carroll Mr. Sackett recommended the total of \$31,500 which is the same as the Governor's Allowance.

HB 755 [On May 13, the committee met and added \$10,000 funding for  
HB 756 HB 755, \$30,400 funding for HB 756, and \$15,000 funding for  
HB 757 HB 757 (reenlistment bonus).

Total The total for Alaska National Guard is \$1,027,900 which is an increase of \$41,300 over the Governor's Allowance of \$983,600.

ALASKA DISASTER OFFICE Administrative Program Mr. Sackett said the only change he would recommend is that \$7,500 be added to code 300, contractual services, in the Administrative Program. He said this will allow them to move from the Quonset hut to the McKay Building and he felt this request was

worthwhile. Mr. Sackett moved that this be added on to the Governor's Allowance but the motion failed. Mr. Croft moved the figure of \$350,000 for the total for the Alaska Disaster Office. Mr. Sackett objected.

100: The committee accepted the figure of \$198,800 for personal services. This is the same as the Governor's Allowance.

200: The committee accepted the figure of \$10,500 for travel which is the same as the Governor's Allowance.

300: The committee accepted the figure of \$31,000 for contractual which is the same as the Governor's Allowance.

400: The committee accepted the figure of \$9,300 which is the same as the Governor's Allowance.

900: The committee accepted the figure of \$2,400 which is the same as the Governor's Allowance.

The total for the Administrative Program is \$252,000 which is the same as the Governor's Allowance.

ADO Participants Mr. Sackett recommended the total of \$51,000 which is the same as the Governor's Allowance. There was no objection.

Community Shelter Mr. Sackett recommended the Governor's Allowance of \$33,900. No objection.

Radiological Program The Governor's Allowance is \$26,600,  
which was accepted by the committee.

Natural Disaster Mr. Sackett recommended the figure of \$29,900,  
the Governor's Allowance.

Mr. Bradner came in.

Mr. Freer said this position has already been established  
by Executive Order 20. Mr. Ray moved to eliminate the  
entire program suggesting the Governor could take this  
out of his contingency fund. Mr. Freer noted that the  
federal money for this is already available. On vote of  
the committee the figure of \$29,900 was accepted by  
the committee, with Mr. Ray and Mr. Croft voting "nay".

Hardware Program The Governor's Allowance is \$200 for the  
total program. Mr. Borer moved and asked unanimous consent  
that this be deleted. There was no objection from the  
committee. The figure of 0 was accepted which was a  
decrease of \$200.

Facilities and Equipment Mr. Borer moved and asked unanimous  
consent that \$2,500 requested under inter-agency charges,  
900: code 900, for purchase of surplus property be deleted.  
Mr. Ray wanted the record to show that this \$2,500 was not  
to be paid to Dept. of Administration for administering the  
program. There was no objection. The committee accepted a  
total of \$1,100 for this program. This was a decrease of  
(\$2,500) as the Governor's Allowance was \$3,600.

Total The committee accepted the total of \$394,500 for the Alaska Disaster Office which is a decrease of (\$2,700) from the Governor's Allowance of \$397,200.  
CIVIL AIR PATROL

200: Mr. Ray questioned the need for so much outside travel. He noted most of the travel requested is for outside of Alaska. However, the committee accepted the figure of \$5,500 which is the same as the Governor's Allowance.

300: The committee accepted the Governor's Allowance of \$33,400.

400: The committee accepted the Governor's Allowance of \$23,700.

500: Mr. Ray requested that the two station wagons (total of \$5,000) be deleted. There was no objection to this. Mr. Borer moved that the \$5,000 requested for radio equipment be taken out of code 500 and that it be placed in inter-agency charges, code 900.

Mr. Ray asked if there were any Executive Orders in this program and Mr. Freer answered no.

The committee accepted a figure of \$1,200 which was a decrease of (\$10,000) over the Governor's Allowance of \$11,200.

700: Mr. Borer moved and asked unanimous consent that the committee increase code 700, inter-agency charges, to provide for additional search and rescue. Mr. Croft

moved to add an additional \$5,000 to this code.

Mr. Borer objected. The committee decided to accept the figure of \$15,000 for code 700, which is an increase of \$5,000 over the Governor's Allowance of \$10,000.

900: The committee accepted the total of \$5,000. This was to provide for radio equipment. This is an increase of \$5,000 as there is nothing requested in the Governor's Allowance.

Total The committee accepted the total of \$83,800 for Civil Air Patrol. This is the same as the Governor's Allowance.

Total The total for the Department of Military Affairs is \$1,503,200 which is an increase of \$38,600 from the Governor's Allowance of \$1,464,600. Mr. Sackett moved this amount and the committee accepted it.

Mr. Croft, however, objected to this total as it was a cut of only slightly over 1%.

HB 859

Mr. Ray moved and asked unanimous consent that a bill introduced by the Finance Committee (an act increasing the per diem compensation for members of the Alaska Commission on the Status of Women) be passed out of committee with a "do pass" recommendation. [This bill later became HOUSE BILL NO. 859.] Mr. Sackett objected.

So HOUSE BILL NO.        was passed out of committee with  
5 "do pass" recommendations, Mr. Bradner being absent  
and Mr. Sackett signing "do not pass."

CSHB 347 Mr. Ray requested that a Finance Committee Substitute  
for House Bill No. 347 (an act relating to legislative per diem)  
be prepared as follows:

"...(b) The per diem provided for in (a) of this section  
may not be paid to a member of the legislature for those  
days he is absent from the capital city during a legislative  
session unless he has been officially excused on legislative  
business or upon a doctor's request.

(c) No member shall be paid per diem for those days he  
is absent from the Legislature on personal business."....

Mr. Haugen moved and asked unanimous consent that COMMITTEE  
SUBSTITUTE FOR HOUSE BILL NO. 347 be passed out of committee  
with a "do pass" recommendation. No objection, so ordered.  
So COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 347 was passed  
out of committee with 6 "do pass" recommendations, Mr. Bradner  
being absent.

HCR 4 Mr. Hohman moved and asked unanimous consent that the  
committee consider HOUSE CONCURRENT RESOLUTION NO. 4  
(resurfacing airfield at Hooper Bay). Mr. Ray objected.

DEPARTMENT  
OF  
TREASURY

Mr. Borer recommended a total of \$1,000,000 for the Department of Treasury. This is a decrease of \$485,900 from the Governor's Allowance of \$1,485,900. Mr. Borer said that this effectively takes the \$204,900 from Banking and Securities and is "peeling" off another 20% because they can't be expected to have all their people on the line right away. Mr. Borer said that it was the opinion of the Monetary Committee, and he concurred in their opinion, that Banking and Securities are basically regulation and so belong in the Department of Commerce, so that entire division is deleted from the Department of Treasury.

Mr. Ray expressed the feeling that the new department should be given as much leeway as possible. If they don't spend their funds, they lapse anyway, he noted.

Mr. Croft asked about the increase in the Department of Revenue, and Mr. Borer said that by the Governor's Allowance they are going from \$2,000,000 to \$2,400,000, or around 20%.

TOTAL The figure of \$1,000,000 for the Department of Treasury was unanimously accepted.

Recess: Meeting recessed at 3:35.

After Recess  
3:40 p.m.

DEPT. OF  
ECON. DEV. Mr. Ray moved the following figures for the Office of  
OFFICE OF the Commissioner, Commissioner's Office, in the Depart-  
COMM.  
Com's ment of Economic Development:  
Office

Code 100: Personal Services	\$155,000	(Governor's Allowance \$159,400 - a \$4,400 decrease)
Code 200: Travel	\$ 16,000	(Governor's Allowance \$18,900 - a \$2,900 decrease)
Code 300: Contractual Services	31,000	(Governor's Allowance \$36,600 - a \$5,600 decrease)
Code 400: Commodities	3,000	(same as Governor's)
Code 500: Equipment	2,500	(Governor's Allowance \$5,300 - a \$2,800 decrease)
Code 900: Inter-Agency Charges	9,000	(Governor's Allowance \$12,000- a \$3,000 decrease)

Code 500: There were no objections to the figures. Part of the Equipment justification was for the Anchorage Office, and Mr. Ray said that he did not know of any Anchorage Office. He said if they have managed without an appropriation for Equipment this past year, they can manage now. Mr. Freer said that they used the position that has already existed in Industrial Development in Anchorage here. Mr. Ray went ahead and moved the \$2500 figure, however.

Total Mr. Ray moved a total figure of \$216,500 for the Commissioner's Office, which is a decrease of \$18,700 from the Governor's request of \$235,200, <sup>no objection, so ordered.</sup> This is also the Division total, since the committee voted to delete

Anchorage Comm. the \$38,100 requested by the Governor for the Anchorage Commissioner's Office. /Mr. Borer objected to this deletion, but the motion passed.

Total Therefore, the Division total for the Office of the Commissioner is \$216,500, which is a \$56,800 decrease

from the Governor's request of \$273,300.

INDUSTRIAL Mr. Ray moved a figure of \$300,000 for Personal  
DEVELOP-  
MENT Services, which is a \$22,200 decrease from the Governor's

Code 100: Allowance of \$322,200. No objection, so ordered.

Code 200: Mr. Ray moved a figure of \$30,000 for Travel, which is  
a \$8,000 decrease from the Governor's Allowance of  
\$38,000. No objection, so ordered.

Code 300: Mr. Ray moved a figure of \$119,700 for Contractual  
Services, which is a \$50,000 decrease from the Governor's  
Allowance of \$169,700. He said that to take \$35,000  
out for the 16mm soundtrack film and \$15,000 out of  
Other Contractual Services for seminars and workshops.  
There were no objections.

Code 400: Mr. Ray moved a figure of \$6,000 for Commodities, which  
is a \$3,700 decrease from the Governor's Allowance of  
\$9,700. No objection, so ordered.

Code 500: Mr. Ray moved a figure of \$2,500 for Equipment, which  
is a \$7,900 decrease from the Governor's Allowance of  
\$10,400. He said that this is because without the new  
positions in Anchorage they will not need all this equip-  
ment. Mr. Freer asked if in the Personal Services reduc-  
tion to \$300,000 the new positions were deleted. Mr.  
Ray said that that was an arbitrary cut and<sup>it</sup> is up to the  
department as to where in Personal Services it is taken  
from. The figure was accepted without objection.

Code 700: Mr. Ray questioned Mr. Freer about the \$100,000 allowed  
by the Governor for the State Matching of Federal

Development Funds which the Department had not been authorized in 1969-70, and the deletion of funds for the Agricultural Assistance Program and Small Business Development Loan Fund which both had been funded in the amount of \$37,500 in 1969-70. Mr. Borer requested an up to date report on these two programs. The committee voted to appropriate \$75,000 for the two programs authorized last year, but to not appropriate for the State Matching of Federal Development Funds, which means that the appropriation for Grants, Claims and Shared Revenue is a \$25,000 increase over the Governor's Allowance of \$50,000.

ALASKA  
TRAVEL

Code 100: Mr. Ray moved a figure for Personal Services in Alaska Travel Division of \$235,000, which is a decrease of \$14,600 from the Governor's Allowance of \$249,600. No objection, so ordered.

Code 200: Mr. Ray moved a figure for Travel of \$27,000 which is the same as the Governor's Allowance. No objection, so ordered.

Code 300: Mr. Ray moved a figure of \$500,000 for Contractual Services, which is a decrease of \$9,000 from the Governor's Allowance of \$509,000. Mr. Sackett objected, but the motion passed.

Code 400: Mr. Ray moved a figure of \$50,000 for Commodities, which is a decrease of \$4,800 from the Governor's Allowance of \$54,800. No objection, so ordered.

Code 500: Mr. Ray moved a figure of \$14,000 for Equipment, which is the same as the Governor's Allowance. No objection, so ordered.

Code 600: Mr. Ray moved to delete Lands & Structures, which is

what the Governor had done.

Code 700: Mr. Ray moved a figure of \$38,200 for Grants, Claims and Shared Revenues. This was the Governor's Allowance, also. Mr. Borer objected, and so did Mr. Sackett. Mr. Borer asked what Budget Review had cut from the Department request of \$58,000. Mr. Freer said there were two new programs which were cut. Mr. Borer did not feel that the \$3,000 for the Anchorage Air Show should be included and the committee concurred. Mr. Ray moved an amended figure of \$35,200, which is \$3,000 less than the Governor's Allowance of \$38,200. No objection, so ordered.

Code 900: Mr. Ray moved a figure of \$7,400 for Inter-Agency Charges. [However, on May 13 the committee met and after a brief explanation by Mr. Bradner \$40,000 was added for completion of the Tok facility. This was to be used the other 8 months for educational purposes.] The figure of \$47,400 was accepted which was an increase of \$40,000 over the Allowance of \$7,400. Mr. Ray moved a total figure for the Alaska Travel

Total

Division of \$908,600 which is \$8,600 more than the Governor's Allowance of \$900,000. No objection, so ordered.

EXPO 70 The Governor's Allowance of \$120,000 for Expo 70 was funded in Ch. 11, SLA 1970 and so was deleted from the budget.

TOTAL

Mr. Ray moved a total for the Department of Economic Development of \$1,658,300, which is \$235,000 less than the Governor's Allowance of \$1,893,300.

Adj.: Meeting adjourned at 4:20 p.m.

HOUSE FINANCE COMMITTEE

May 4, 1970

9:55 a.m.

Present: All members of the committee were present with the exception of Messrs. Croft, Borer and Hohman. Also present were Representative Carl Moses, Mr. Van Houte, Lobbyist for the Alaska Education Association, and Mr. Robert Thomas, Director of Administrative Services, Department of Education.

General Meeting There was a brief disucssion with Representative Carl Moses regarding moorage facilities at Dutch Harbor, followed by bill assignment.

Bill Assignment

HCSSB 482

HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 482 (relating to loans under the Alaska Agricultural Loan Act) -- assigned to Mr. Haugen.

HB 857

HOUSE BILL NO. 857 (relating to trust companies) -- Mr. Ray said that this bill has no financial implications. He referred to a letter dated April 29, 1970 from John K. Robertson, Director of the Division of Banking, Department of Commerce, to Representative Barry Jackson, and quoted the letter [see pages 1510-1511 of the minutes]. Representative Moses and Mr. Van Houte left. Mr. Ray commented that there are some people would want to add a "grandfather clause" to this bill. Mr. Haugen wondered how Mr. Borer felt about this bill, and Mr. Ray replied that Mr. Borer had indicated he is in favor of the bill without the "grandfather clause."

Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 857 be reported out without recommendation. On vote by the committee, HOUSE BILL NO. 857 was reported out without recommendation, all members present signing the majority report. [Mr. Croft later signed the majority report, after his arrival.]

CSSB 378 Mr. Ray asked Mr. Thomas to speak on COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 378 (relating to the public school foundation program).

Mr. Thomas said that he sent two small amendments to this bill to Senator Thomas. One amendment corrected some of the language on page two that had been carried over from the current law and doesn't apply; and the other amendment was to change the effective date. Mr. Thomas noted that the COMMITTEE SUBSTITUTE reflected these changes.

Mr. Croft arrived.

Mr. Thomas said this bill is similar to HOUSE BILL NO. 834, which took in the amendments.

Mr. Sackett asked what the increased cost is, and Mr. Thomas replied about \$30 million over current legislation and \$21 million over what the Governor recommended.

Mr. Ray asked what would happen if the committee came up with a figure between those two figures.

Mr. Thomas said that what they did was tie this formula to the average Anchorage teachers' salaries -- 1.45 times the Anchorage salaries, which works out to about \$19,800.

Mr. Ray said he would like to go in this year with \$18,000 with a provision for \$20,000 next year.

Mr. Thomas said at \$18,000, it would cost \$62 million -- which would save \$8 million.

Mr. Ray asked how much of an increase that would give over the existing program. Mr. Thomas replied \$22 million.

Mr. Ray asked what percentage that would be, and Mr. Thomas said 50-55%.

Mr. Ray then asked what percentage of support the state would be providing, and Mr. Thomas replied 90% of a "skinnier" program.

In answer to Mr. Haugen, Mr. Thomas said a district could live within this amount, or put up more money. Kake, he said, gets \$148,000 under the present formula and would get about \$198,000 under the new one. It more than doubles over the current fiscal year.

Mr. Haugen said some districts don't have facilities to provide for the use of that money, and Mr. Thomas said they can use it in other ways. In order for small districts to use it they will almost have to have a construction package for district schools.

Mr. Ray again suggested cutting it down the first year into the \$18,000 factor, then possibly coming up with a bill of support to some of the distressed districts. This way, he said, they could use the money instead of giving them money they can't use.

Mr. Thomas said that if the districts didn't have any place to use the money they wouldn't get any.

Mr. Ray said he is not so much concerned about the big cities; i.e., Anchorage, Fairbanks, Juneau, Ketchikan. The big districts, he said, compound the situation and the people never get anything out of it.

Mr. Haugen referred to Section (b), and asked if SENATE BILL NO. 378 is predicated on basis need, to which Mr. Thomas replied yes. In answer to Mr. Haugen, Mr. Thomas added they need another bill for construction.

Mr. Ray asked the committee how they felt about the concept of going to \$18,000 instead of \$20,000, with a provision that it goes up next year to \$20,000.

Mr. Haugen questioned what Juneau's budget is based on, and Mr. Thomas said \$20,000, and so is Anchorage's budget. This bill was altered in the Senate on page 5, at the top of the page to read, "The base instructional unit shall be 1.45 times the Greater Anchorage Borough school district salary average for the preceding year."

Senator Vance Phillips started to look at the single statewide salary scale and then abandoned that concept, Mr. Thomas said. It is not what Anchorage pays their teachers, it would be the state school scale. Any district that goes much beyond what the state schools are paying are doing it out of their own pocket. But it helps the poor district by doing this, he said, because it ties it to the ones with longer service.

What they arrived at was paying the teachers' salaries, or roughly 70% of all instructional costs, and by taking 1.45 times the teachers' salaries, they arrived at a figure which takes care of other needs, e.g., heat, lights, etc. The teachers' salaries are the biggest items. When establishing teachers salaries in order to pay that and provide other incidentals it takes about 45% more.

Mr. Ray asked what that would do to state districts, if it would work against them, and Mr. Thomas replied that to a degree it would.

Mr. Croft asked what this comes out to, and Mr. Thomas replied that they don't have all of Anchorage teachers today but thought it was close to \$19,800. Frankly, he said, he didn't like to see it this way because they have to audit teachers for training and experience in order to establish this figure. They were trying to get away from that because it makes a lot of work auditing 1500 teacher positions.

Mr. Ray felt that if they were given a big increase they would be back next year for some more, and that maybe it should be portioned out for a couple of years.

Mr. Thomas suggested setting it at \$17,500 with supplemental monies available. That way the money would be there, but they would have to come back to the legislature for approval to spend any additional -- possibly setting it at \$18,000 and setting the difference between \$18,000 and \$20,000 for supplemental appropriations.

In answer to Mr. Haugen's question, Mr. Thomas said the districts could get a supplemental for this year, the department would approve it until the legislature is in session again.

Mr. Croft asked what standards would be used in determining whether to give a supplemental or not. Mr. Thomas said it would vary from district to district. He said the applications would be similar to those used for applying for federal funds.

Mr. Ray thought possibly this method would stop any "chiseling."

Mr. Croft asked what would determine which districts would get a supplemental. Mr. Thomas replied that it is a matter of setting priorities just as they do now with federal money.

Mr. Ray felt that with this bill they would be allowing money to the districts whether they need it or not, based on a flat formula. To him, he said, Mr. Thomas' suggestion makes sense.

Mr. Thomas said it would put the department in a rough position. The commissioner would review applications and recommend those which should be looked at further, and they would come to the legislature.

Mr. Haugen said his concern is that based on \$18,500 the majority of the money will be teachers' pay and not for new programs. He said if the districts are given money all they do is improve existing programs, and that even with this amount of money there still won't be any new programs, e.g. vocational education.

Mr. Ray felt that if they were given a flat amount of money with no criteria, the teachers' salaries would eat it up.

Mr. Thomas said this is why they like the concept of requesting supplemental programs.

Mr. Ray asked Mr. Thomas to work his suggestion up using the figure of \$18,000.

Mr. Thomas said he had the figures but he had no idea how many applications would come in for supplementals, and thought maybe the committee could decide how much they wanted on top.

Mr. Ray thought they should use it all. However, Mr. Thomas felt that would be a lot and wasn't sure they would get that many applications for supplementals.

Mr. Ray agreed then to \$3 million, and Mr. Thomas agreed, saying that is about all they could use wisely in one year.

Mr. Ray requested Mr. Thomas to prepare his suggestions and necessary changes in the bill, and also asked him to prepare an in-depth comparison of the two bills so that when it comes time to carry the bill on the floor he would be able to answer all questions, e.g., what each bill does and its advantages. [See page 1512 of the minutes.]

Mr. Ray thanked Mr. Thomas for coming before the committee, and Mr. Thomas left.

Mr. Croft expressed concern as to what the affect would be for cutting it back to \$18,000, and Mr. Ray felt they could build a better "mouse trap" this way.

Recess: Meeting recessed 10:40 a.m.

# MEMORANDUM

State of Alaska

TO: The Honorable Barry Jackson  
Chairman  
House Judiciary Committee  
Alaska State Capital Building

DATE : April 28, 1970

FROM: John K. Robertson, Director  
Division of Banking, Securities,  
Small Loans & Corporations  
Department of Commerce

SUBJECT: Summary of Trust Company Bill

In less than a year, the Department has chartered one trust company and is currently considering two other applications. In addition, several application forms have been furnished to interested persons. Prior to this period, the Trust Act (AS 06.25) had never been used. We believe, in some instances at least, the sudden interest in the Act is due largely to the general banking privileges provided under Sec. 06.25.100, low capital requirements and the absence of supervisory and regulatory provisions.

As mentioned, the Department is now considering the "applications" of two trust companies. These "applications" consist of Articles of Incorporation filed under Title 10, List of Stockholders, Affidavit showing \$25,000 in paid capital, Directors Oaths and the receipts showing a deposit of securities with the Department of Revenue. According to the statutes, after the trust company has furnished this information, the Department "shall" issue a Certificate authorizing the trust company to engage in business. In other words, in reality, there is no application or "consideration" of the application by the Department. Therefore, the purpose of the proposed trust company bill is to protect the public by preventing weak and unqualified entries into the state's financial system as well as establishing a legal framework within which the Department may provide continuing regulation and supervision.

The following is a brief explanation of the bill by section:

Sec. 1. Beginning capital requirements are increased from \$25,000 to \$100,000 and the par value is reduced from \$100 to \$1 per share. This would bring minimum capital requirements into conformance with those established for commercial banks (tends to eliminate weak applicants). Reducing the par value to \$1 will allow broader distribution of the capital stock.

Sec. 2. Under the existing statute, a trust company may engage in the general banking business without having demonstrated its ability to do so. The amendments contained in this section would result in a qualification procedure for trust companies, essentially the same as for commercial banks. In other words, standards, i.e., public need and convenience, economic justification, and management capability would be applied. Membership in the Federal Deposit Insurance Corporation would be required of all trust companies engaging in the general banking business. Deposit insurance would not be required of trust companies involved solely in the trust business since the FDIC does not insure a trust company unless it receives deposits not connected with its trust accounts.

Sec. 3. Sec. 06.25.085 is a new section applying certain provisions of

the banking code (AS 06.05) to the regulation, operation, and supervision of trust companies. Specifically, those provisions are:

Article I - Banking Code

Powers of the Department over State Banks  
Examination by the Department  
Bank Reports to the Department

Article II - Banking Code

Handling Deposit Accounts  
Reserves against Deposits  
Legal Limits and other Limitations on Loans  
Liability of Directors  
Authorized Investments  
Limitation on Borrowing  
Investment in Banking Premises and Equipment

Article III - Banking Code

Issue of Capital Notes and Debentures  
Application and Approval for Change of Location  
Limitation on Payment of Dividends and Restoration  
of Surplus  
Approval of Conversion, Merger, or Consolidations  
Prohibited Practices  
Department May Seek Injunction

The Trust Company Act is completely void of these operating and supervisory criteria. Such guide lines are essential to trust company management as well as the Department.

Sec. 4. Sec. 06.25.105 is new and provides branching privileges to those trust companies qualifying for deposit insurance.

Sec. 5. AS 06.25.230 is amended, providing that a trust company which is a member of the Federal Deposit Insurance Corporation is not required to maintain the 20% capital reserve. However, it should be noted, that insured trust companies are required to maintain deposit reserves as required under Sec. 200 of the Banking Code.

Sec. 6. AS 06.25.250, covering deposit reserves is repealed as being superfluous since insured trust companies are required to maintain deposit reserves under Sec. 200 of the Banking Code and non-insured trust companies are required to maintain capital reserves under AS 06.25.230.

Sec. 7. Sec. 06.25.255 is new and provides that the Department may restrict or prohibit a trust company from offering a service which it is not qualified to offer.

Sec. 8. Sec. 06.25.315 is new and establishes standards for regulation and supervision of trust companies similar to those set out in the Banking Code.

# MEMORANDUM

# State of Alaska

TO:  Honorable Bill Ray, Chairman  
House Finance Committee

DATE : May 4, 1970

FROM: Robert L. Thomas, Director  
Administrative Services  
Department of Education

SUBJECT: Senate Bill #378

The change to a specific amount in the statute would simplify the administration of the program and would allow more precise cost estimates than is the case where the figure for the instructional unit is tied to teacher salaries and is subject to fluctuations. Under the present wording, where the amount is "1.45 times the Anchorage salary average for the preceding year" (page 5, lines 2 and 3), we won't know what it is until we find out who was working at the time specified--and what their training and experience was when applied to the State-operated school salary scale. That scale is not settled yet either since SB #470 will probably change it.

The simplest way to change it would be to adopt the language used in HB #834, which states it as follows:

"Sec. 14.17.056. Base Instructional Unit. The base instructional unit shall be \$20,000."

If the amount is varied from the \$20,000 figure, the total change can be quickly computed by using 3475 as the number of instructional units. (It is not 3175, but when all the other variables are lumped together, it equals that), thus:

3475 x \$20,000 =	\$69,500,000
x 19,800 =	68,805,000
x 19,000 =	66,025,000
x 18,000 =	62,550,000
x 17,500 =	60,812,500

In future years, under this program, districts would be able to apply for additional funds (supplemental programs, Sec. 14.17.051) over the above amounts. These would be reviewed by the Department of Education and then by the Legislature before being funded. Because of the late timing of this year, no districts have had a chance to suggest what supplemental programs might be operated in the next year. One suggestion that might be considered for legislative action and appropriation for this initial year, would be to set up an amount, in the Foundation program, for supplemental programs to be approved by the Commissioner. This would put the Department under considerable pressure by competing districts and areas. However, it might be possible to provide some specific Legislative intent. If this were done, it would be the Department's suggestion that the instructional unit be set at \$18,000 and perhaps \$3,000,000 additional be appropriated.

R.L.T.

RLT:br

-1512-

5/4

File: 023.1

After Recess  
1:20 p.m.

Present: All members with the exceptions of Messrs. Hohman and Bradner. Also present were Messrs. Freer and Lind of Budget and Management.

DEPT. OF REVENUE Chairman Ray called the meeting to order at 1:20, and the committee began the budget closeout for the Department of Revenue.

OPERATIONS In the Office of the Commissioner, Mr. Borer moved a  
Office of figure of \$80,600 for Personal Services, which is the  
Comm. same as the Governor's Allowance.  
Code 100:

Code 200: Mr. Borer moved a figure of \$10,200 for Travel [actually moved a figure of \$10,000, but because of a Budget & Management error the committee agreed to accept a figure \$200 higher in this code and wherever this follows through in the budget] which is \$3500 less than the Governor's Allowance of \$13,700. He said that there was almost 200 days of travel provided for just the two positions and he felt this to be excessive.

Code 300: Mr. Borer moved a figure of \$6,000 for Contractual Services and this is the same as the Governor's Allowance.

Code 400: He then moved a figure of \$800 for Commodities and \$600

Code 500: for Equipment, which are both the same as the Governor's Allowance. There being no objection to any of these

figures, Mr. Borer moved a total for the Office of the  
Total Commissioner of \$98,200, which is \$3500 less than the Governor's Allowance of \$101,700. No objection, so ordered.

Admin. Mr. Borer moved a figure of \$348,200 for Personal  
Services Services, which is less than the Governor's Allowance of  
Code 100:

\$355,000. He said that the Department could delete one of the two new positions in the Tax Accounts Section. Mr. Ray moved a figure of \$345,000. After discussion, the committee decided to delete one position, leaving it up to the discretion of the department as to which positions they would cut out, and the figure of \$345,000, which is \$10,000 less than the Governor's Allowance of \$355,000.

Code 200: Mr. Borer moved a figure of \$8,000 for Travel, which is \$1,000 less than the Governor's Allowance of \$9,000.

He said that this is due to cutting the one position.

Code 300: Mr. Borer moved a figure of \$33,500 for Contractual Services, which is the same as the Governor's Allowance.

Code 400: Mr. Borer moved a figure of \$5,800 for Commodities, which is the same as the Governor's Allowance.

Code 500: Mr. Borer moved a figure of \$3,500 for Equipment, which is \$600 less than the Governor's Allowance of \$4,100. This is because of the deleted position, he said.

Code 900: Mr. Borer moved a figure of \$2,500 for Inter-Agency Charges, which is the same as the Governor's Allowance.

Total There being no objections to the figures proposed, Mr. Borer moved a total figure for Administrative Services of \$398,300, which is ~~11,600~~ less than the Governor's Allowance of \$409,900. No objection, so ordered.

Collection

Mr. Borer moved a figure of \$365,600 for Personal Code 100: Services in Collection. This is \$15,100 less than the Governor's Allowance of \$380,700. He explained that

this represents the deletion in the Juneau Central Office of the new position of senior revenue agent.

Code 200: Mr. Borer moved a figure of \$14,000 for Travel, which is \$2,000 less than the Governor's Allowance of \$16,000. Mr. Borer said that this is because of the deleted position.

Code 300: Mr. Borer moved a figure of \$70,000 for Contractual Services. This is \$1,500 less than the Governor's Allowance of \$71,500. He said that this is deleting from Code 390, for drafting and architectural fees for the new Anchorage facility.

Code 400: Mr. Borer moved a figure of \$5,000 for Commodities, which is \$400 less than the Governor's Allowance of \$5,400. He said this is figuring supplies involved in the deleted position.

Code 500: Mr. Borer moved a figure of \$6,000 for Equipment, which is \$1,000 less than the Governor's Allowance of \$1,000. He said that this is because of the deleted position.

Code 900: Mr. Borer moved a figure of \$4700 for Inter-Agency Charges, which is the same as the Governor's Allowance. There being no objections to the proposed figures, Mr. Total Borer moved a total for the Collections Division of \$465,300, which is a decrease of \$20,000 from the Governor's Allowance of \$485,300. No objection, so ordered,

Audit Mr. Borer moved a figure of \$446,700 for Personal Code 100: Services in Audit. This is \$8,300 less than the

Governor's Allowance of \$455,000. Mr. Borer explained that this is due to deleting the requested position of Accounting Clerk III in the Miscellaneous Claims Section. Mr. Ray objected. He felt this position is needed. Mr. Borer said that there are two new positions in the Income Tax Section which is where the work really is. Mr. Ray asked Mr. Freer what he thought, and Mr. Freer said that they always seem to have a lot of work to do. Mr. Borer said that he hadn't taken out the money for overtime. On vote of Mr. Borer's motion for a figure of \$446,700 it passed 4-1, with Mr. Ray voting against the deletion of the position.

Code 200: Mr. Borer moved a figure of \$15,000 for Travel. This is \$800 less than the Governor's Allowance of \$15,800. Mr. Borer did not feel the additional travel was all necessary.

Code 300: Mr. Borer moved a figure of \$34,400 for Contractual Services. This is the same as the Governor's Allowance.

Code 400: Mr. Borer moved a figure of \$3,600 for Commodities. This is the same as the Governor's Allowance.

Code 500: Mr. Borer moved a figure of \$5,200 for Equipment. This is \$600 less than the Governor's Allowance of \$5,800. This is due to the deletion of the one position, Mr. Borer said.

Code 900: Mr. Borer moved a figure of \$2500 for Inter-Agency Charges. This is the same as the Governor's Allowance.

Mr. Ray's objection to the Personal Services figure being the only objection to any of the proposed figures, Mr. Borer moved a total figure for Audit of \$507,400, which is \$9,700 less than the Governor's Allowance of \$517,100. No objection, so ordered.

Motor Vehicles  
Total

Mr. Borer moved a total for the Division of Motor Vehicles of \$653,800 which is the same as the Governor's Allowance. No objection so ordered. Mr. Borer added that Contractual Services in Motor Vehicles Division might be low, according to testimony given during the budget review, but that he felt it would be better just to fund them at the level the Governor did, and the rest of the committee concurred.

Treasury Division

The Treasury Division has been deleted due to the creation of the Department of Treasury.

Excise Tax  
Total

Mr. Borer read from the minutes of the budget review on the Department of Revenue in which this division was discussed [p. 758]. Mr. Ray asked Mr. Freer if he felt the Governor's Allowance of \$127,700 is sufficient for this division, and Mr. Freer felt it would be. Mr. Borer moved a figure of \$127,700, which is the same as the Governor's request, for the Excise Tax total. No objection, so ordered.

Total

Mr. Borer moved a total for the Revenue portion of this budget of \$2,250,700, which is \$44,800 less than the Governor's Allowance of \$2,295,500.

ABC BOARD The committee discussed the ineffectiveness of the operation of this office, particularly in serving areas outside of Anchorage. Mr. Ray stated that in Juneau a person cannot get information on liquor licenses from the Department of Revenue but must write or call Anchorage. Mr. Haugen asked if a position hadn't been funded for Juneau, and Mr. Ray said yes but that it was not being used as such. Mr. Haugen moved that the ABC office be moved back to Juneau. Mr. Croft objected.

Mr. Bradner came in at this time.

LEGIS.  
INTENT

On vote, the motion passed 4-1, and so the committee will put in LEGISLATIVE INTENT that this office will be moved back to Juneau.

The committee accepted the Governor's Allowance figure of \$148,100 for the ABC Board, with the provision that the office will be moved back to Juneau.

TOTAL

Mr. Borer moved a total for the Department of Revenue of \$2,398,800, which is \$44,800 less than the Governor's Allowance of \$2,443,600. No objection, so ordered.

Adjourned: Meeting adjourned at 2:00 p.m.

HOUSE FINANCE COMMITTEE  
Tuesday, May 5, 1970  
9:10 a.m.

Present: All members. Frederick F. McGinnis, President, Alaska Methodist University; William R. Wood, President, University of Alaska; Mr. Stratton, President of Sheldon Jackson College; Dwayne Carlson, Alaska State Federation of Labor; and Mrs. Betty Daugherty, Lobbyist, were also present. Mr. Freer and Mr. Lind from Budget and Management were also present.

Dr. McGinnis spoke on COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 599. (an act relating to scholarship loans), SENATE BILL NO. 545 (an act providing for higher education scholarship loans and grants) and HOUSE BILL NO. 801 (an act relating to the powers of the Department of Education).

CSHB 599 Finance Committee Substitute for House Bill No. 599 had been passed out of committee on March 11, 1970.

Dr. McGinnis said that they were concerned that room and board has been excluded rather than included which was the intent. Mr. Ray said that "required fees" in section a covered room and board. Mr. McGinnis said that normally room and board was not considered in the category of fees. Dr. Wood said that room and board is usually considered charges. Mr. Ray said the committee had assumed that room

and board would be included in "required fees."

SB 545 Dr. McGinnis said their preference would be to see the charges as recognized in SENATE BILL NO. 545 worked out in HOUSE BILL NO. 599.

Dr. McGinnis said that COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 599 would permit students to go outside the state and he felt this goes against the basic purpose of the Scholarship Loan Program. He said some of them feel it would be better to encourage attendance of institutions within the state and that this would also create an incentive to stay and get jobs in Alaska. He added he did not know anyone who would be opposed to a student going outside for graduate work.

[Mr. McGinnis spoke in great detail on the above mentioned items. See page 1523-24 for summary of this.]

Dr. Wood pointed out that he had been informed by the Director of Financial Aid at the University of Alaska that there is a standard of language in the federal loan program dealing with cancellation of loans in the event of death or permanent disability. He said at the present time this was handled administratively according to Commissioner Hartman but perhaps it should be taken care of in legislation. Dr. Wood said they had had two deaths occur under the loan program so far.