

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2509

HB 853 The committee briefly discussed the funding of HOUSE BILL NO. 853 (state employees' compensation). Mr. Freer was to get the figure for this. [It was later determined the figure for judges' salaries would be \$152,500 and the state employees' increase would be \$3,541,300 for a total of \$3,693,800.

Total The total for this is \$6,598,800.

#### PER DIEM INCREASE

Mr. Freer felt the \$533,500 which was the Governor's Allowance could handle HOUSE BILL NO. 3 (raising the per diem to \$30). So the committee committee accepted the figure of \$533,500.

#### REVENUE SHARED WITH POLITICAL SUBDIVISIONS

The committee accepted the Governor's Allowance of \$4,666,000.

#### CAPITAL IMPROVEMENT BUDGET

DEPT. OF EDUCATION Mr. Borer moved the figure of \$6,328,900. Mr. Sackett moved to amend this to \$7,328,900 for a school at Galena. The motion failed and the committee accepted the Governor's Allowance of \$6,328,900.

#### UNIVERSITY OF ALASKA

The committee accepted the Governor's Allowance of \$585,000.

#### DEPARTMENT OF HEALTH AND WELFARE

The committee accepted the Governor's Allowance of \$834,200.

DEPARTMENT OF MILITARY AFFAIRS

The committee accepted the Governor's Allowance of \$752,900.

DEPARTMENT OF NATURAL RESOURCES

The committee accepted the Governor's Allowance of \$180,000.

DEPARTMENT OF FISH AND GAME

Mr. Haugen moved to delete \$425,000 for the vessel for Alaska Peninsula and Aleutian Islands. This had already HB 813 been purchased. (HOUSE BILL NO. 813 -- appropriating \$375,000 to the Department of Fish and Game.)

Mr. Haugen noted that on page 297, "Floating Warehouse" should read "Dock Repairs to Fish and Game Dock, Petersburg."

Mr. Haugen brought up the fact that Fish and Game had requested \$750,000 for an office building in Fairbanks.

Mr. Haugen also noted that there was \$20,000 in the Fish and Game budget that was set up for special gear study that could also be used for this. (See pages 736 to 742 of the minutes for a complete explanation of the requested building.) Mr. Borer moved the total figure of \$1,158,000 which was an increase of \$325,000 over the Governor's Allowance of \$833,000.

DEPARTMENT OF PUBLIC WORKS

CSHB 455 The committee deleted \$1,400,000 for COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 455 (appropriating to the Department of Public Works).

HB 840 The committee added \$33,000,000 for HOUSE BILL NO.

840 (appropriating to the Dept. of Public Works, \$33,051,750 for design, construction and equipping capital improvement projects).

HB 560 The committee added \$675,000 for the funding of HOUSE BILL NO. 560 (appropriating \$675,00 to the Dept. of Public Works, for architectural design and other costs preliminary to going to bid, on the Anchorage District Highway Complex, the Anchorage Court Building and the Juneau Office Building.

Mr. Haugen moved for an amount for two small ferries for Petersburg South and Petersburg North; however, the motion failed.

Total The total for the Department of Public Works, Capital Improvement Budget was \$50,443,100 which was an increase of \$32,275,000.

#### DEPARTMENT OF HIGHWAYS

The committee accepted the Governor's Recommendation of \$74,645,400.  
Total The total for the capital improvement budget is \$134,927,500 an increase of \$32,598,200 over the Governor's Recommendation of \$102,327,500.

#### FISH AND GAME WORKING CAPITAL FUND

The committee added \$156,000 for the Aleutian Charter Vessel.  
The committee accepted the figure of \$635,400 which was an increase of \$156,000 over the Governor's Allowance of \$479,400.

HIGHWAYS WORKING CAPITAL FUND

BUILDINGS AND EQUIPMENT.

The committee accepted a figure of \$7,000,000 which was a decrease of (\$302,100) from the Governor's Recommendation of \$7,302,100.

WORKING CAPITAL - SUMMARY The Committee accepted a total of \$7,635,400 which was a decrease of (\$146,100) over the Governor's Allowance of \$7,781,500.

CSHB 451

CSSB 303 am

The committee discussed COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 451 (an act creating a Dept. of Environmental Affairs) and COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 303 am (creating environmental quality control commission).

They decided to create a new department -- Department of Environmental Affairs. They briefly discussed the organization of this department and discussed taking an ecologist out of the Department of Natural Resources and possibly one out of the Office of the Governor.

Mr. Haugen wondered what this would do to the Water Use Board. Mr. Borer asked why they would appoint a Commissioner for five years. Mr. Croft said he thought they could delete that part. The committee adopted the figure of \$516,600 for the new department. [See fiscal note on page

1741 for complete breakdown.]

The committee then changed the budget for the Division of Environmental Health, Department of Health and Welfare.

It is as follows:

Environmental Health - General	\$515,100
Water Pollution Control	0
Grants, Sewer-Water	2,000,000
	<u>\$2,515,100</u>

The committee adjourned at 5:30 p.m.

The Legislature of the State of Alaska  
FISCAL NOTE

COPIES: THE CHAIRMAN OF THE COMMITTEE MAKING THE REQUEST  
THE HOUSE FINANCE COMMITTEE STAFF  
THE SENATE FINANCE COMMITTEE STAFF  
THE DIVISION OF BUDGET & MANAGEMENT  
RETAIN A COPY FOR YOUR FILES

Subject CS HB 451 SB  
 requested by Rep. Croft  
 referred to \_\_\_\_\_ date of request 5/12/70  
 completion date requested \_\_\_\_\_ date received \_\_\_\_\_  
 (1) (2) (3)

EXPENDITURE DETAIL	Water Pol- lution	Environ. Health	Inc Enrichm
100 PERSONAL SERVICES	\$ 95,000	\$ 158,124	\$
200 TRAVEL	20,000	2,147	
300 CONTRACTUAL SERVICES	13,000	882	
400 COMMODITIES	2,500	1,507	
500 EQUIPMENT	3,700	6,925	
600 LAND AND STRUCTURES			
700 GRANTS, CLAIMS & SHARED REVENUE			

900 Inter-Agency Charges	500	6,110	
TOTAL	\$ 134,700	\$ 181,946	\$ 200,000

FUNDING DETAIL			
FEDERAL RECEIPTS	\$ 19,600	\$ 45,000	\$
SPECIAL FUNDS			
UNRESTRICTED GENERAL FUND RECEIPTS	115,100	136,946	200,000

Man Months \_\_\_\_\_ \$ 452,046  
 Permanent Positions \_\_\_\_\_  
 Temporary Positions \_\_\_\_\_

FISCAL ANALYSIS

- (1) The Water Pollution Control program is removed completely from Health and Welfare and funded in Environmental Affairs.
- (2) Accepting the ratio between current level/program increase recommended in the governor's budget and applying that ratio to the proposed legislative allowance, the proposed program increase in Environmental Health is removed from Health and Welfare and funded in Environmental Affairs.
- (3) Program enrichment in the amount of \$200,000 is included for Environmental Affairs.

NOTE: Funding detail envisions pulling Federal receipts as follows: Air Pollution P.L. 90-148 \$25,000; Water Resources Planning P.L. 89-80 \$20,000; and Water Pollution Control allocation. Perhaps there should be other transfers.

Recommended figures for Water Pollution Control and Environmental Health increase should be pulled out of the Health and Welfare budget. The \$200,000 program enrichment figure is new funding, unrelated to Health and Welfare.

*Total Receipts 516,600  
(200,000) 416,600*

DATE 5/13/70

SIGNATURE \_\_\_\_\_

NAME & TITLE J. H. Hogan, Fiscal Analyst

HOUSE FINANCE COMMITTEE

May 13, 1970

9:10 a.m.

Present: All members of the committee were present. Also present were Messrs. Steve Fitzgerald, Office of the Governor, and Vern Barnes of GSA.

They furnished the committee copies of their booklet, "Economic Potential of Alaska Military Surplus Property, Volume I: Recommendations for the Development of Whittier," by the Doxiadis-System Development Corporation which is quite a detailed analysis prepared for the General Services Administration for the sale of Whittier, Alaska to the State of Alaska. [A copy of this may be found in the House Finance Committee Files.]

The State of Alaska has been offered the opportunity to purchase two major surplus military properties: 5,000 acres at Unalaska in the Aleutian Chain, and 141 acres at the port of Whittier located 62 miles by rail from Anchorage. The general recommendation is that the State of Alaska acquires the Whittier military surplus property and develop a State Park. Mr. Fitzgerald explained that by designating Whittier for recreation use entitles the State to a 50% reduction in cost for the surplus property. Since the last appraisal was for approximately \$150,000, the

State should seek to acquire the Whittier property for \$75,000. Mr. Ray asked if they are proposing the state would operate this, and Mr. Fitzgerald said yes, the state would turn it over to the Department of Natural Resources, Parks and Recreation.

Mr. Fitzgerald then turned the meeting over to Mr. Barnes of GSA. Mr. Barnes said that within the framework of the law, GSA disposes of all property under certain guidelines. Under the law they have to have every piece of property appraised and can't offer the property to the public body for anything less than the fair market value -- it must be fair market value or above, and each sale must be reported to certain committees in Congress.

There are discounts allowable, he said, under those laws, but certain criteria must be met, and they do not consider Whittier as eligible. They have not proposed anything for Dutch Harbor, and he added that they are one of the few agencies to put money back into the agency.

They are talking about several hundreds of thousands of dollars, he said, and would be pleased to discuss it further with the committee.

The Whittier area has a watershed he felt someone should

be taking care of. If the state is not able to buy it, they will offer it for sale and someone else will buy it. Mr. Barnes then asked the names of the committee members, and Mr. Ray introduced them.

Mr. Borer asked, out of curiosity, what their figure is for selling Uralaska.

Mr. Barnes replied several hundreds of thousands of dollars, but that he would rather not be specific unless the committee is going to pursue this because if a figure got out, in the newspapers, etc., it would tend to set a figure in people's minds.

In answer to Mr. Croft, Mr. Barnes mentioned the price on Whittier again, and said that when they told the Senate Finance Committee yesterday they were favorably inclined. This would be a sale to the state with no strings attached with the exception that the Army is in Whittier and will stay there. If the state buys Whittier, they will have to grant continued occupancy to the Army. They would have to grant space for which the Army would pay rent, and the Army would become a tenant of the state.

Mr. Ray asked what facilities there are in Whittier that would be included. Mr. Barnes replied that there are real fine facilities there, which include the Hodge Building - in excellent condition; the old Buckner Building - which

has housed over a thousand people, a bowling alley, two rifle ranges, TV studio, radio studio, cafeteria, bakery, officers' club, snack bar, hospital, library and chapel; and other facilities as listed in their analysis, page 5. Mr. Ray commented that their upkeep must be terrific.

Mr. Barnes said that when the Army ran it the upkeep was high. The Army had a tremendous power plant and they generated their own power and heated the complex. There are many buildings and all were heated from a central plant.

After the earthquake, he said, the Alaska Railroad took over and talked Chugach Electric Company into coming. The Army has installed a brand new heating system for the Hodge Building, and maintenance costs are low.

Mr. Barnes said it was their thought that rent would be received to offset the expenses.

Mr. Ray asked what stage of disrepair the buildings are in, and Mr. Barnes replied that the Hodge Building is in extremely good condition; the Gymnasium Building floor is bad; the Buckner Building is very sound, although the windows are broken and first impressions wouldn't be good, but that it is merely a clean-up job.

Mr. Fitzgerald referred to page 48 of their analysis which gives a breakdown of the major construction costs

for the securing and rehabilitation of buildings being offered for sale at Whittier.

Mr. Barnes added that they have two gasoline turbines and one diesel that can be salvaged.

Mr. Ray asked about the docks or piers. Mr. Barnes said the docks are not included, that the Railroad owns the Marginal Wharf and the Delong Pier.

Mr. Croft asked where they were located on the map, and Mr. Barnes pointed them out.

In answer to a further question by Mr. Croft, Mr. Barnes said that there is only one privately owned structure [Sportsmans Inn].

Mr. Fitzgerald, using the map, indicated the buildings located on the surplus military property.

Mr. Croft asked how soon the state would have to let them know whether they are interested in purchasing this property. Mr. Barnes said that the administrator in Washington, D.C. had said the day the Legislature terminates, if the state has not taken positive action they should publicize it for sale.

Mr. Croft asked if they have considered selling Unalaska and Whittier together. Mr. Barnes said yes, but that the price wouldn't change if they were sold together, it would be the two prices added together.

Mr. Ray asked what those prices are, and he informed them that the committee's records are kept confidential. Mr. Barnes said the price for Unalaska is \$330,000, which is to be kept confidential, and as mentioned earlier the price for Whittier is \$200,000.

Mr. Croft asked why the price for acreage was so high for Unalaska. Mr. Barnes replied this is because it is waterfront and is very saleable. They had hired an appraiser, and this is what it was appraised at.

Mr. Croft said that in the event the Legislature passed a bonding issue they wouldn't know whether the state would purchase this property until November.

If this should go to a bonding issue, Mr. Barnes said he would recommend to the administrator in Washington, D.C. that they hold it for the state as he believed the state should own it, but he didn't know whether they would buy it in Washington or not.

Mr. Croft asked where the new ship for Fish and Game would operate out of, and Mr. Haugen replied that he would imagine the home port would be Kodiak, but he didn't know what the department would do -- the enforcement problems are mainly in Dutch Harbor.

Mr. Fitzgerald stated that Whittier has a fantastic recreational potential for Anchorage.

Mr. Ray thought it might be a good place to put the pipeline. Mr. Ray added that the state being in the recreational business scares him as any state he has seen do this has lost money, mainly he said because the states don't care as much as an individual who has to make a living off it.

Mr. Fitzgerald thought possibly these properties could be slowly sold to private individuals; however, Mr. Barnes said they don't sell to a public agency for resale. There is nothing in the deed saying the state cannot do it, but the Committees of Congress and the Bureaus of Budget take the position that if there is going to be any resale, they will do it.

Mr. Ray replied that if the state did buy this property, regardless of whether it lost money or not, the state would probably not resell it.

Mr. Barnes told the committee they would probably never see another bargain like this one.

Mr. Ray commented, however, that in order to put it in shape they are talking about \$1 or \$1.5 million for rehabilitation. Mr. Barnes said that if the state decides not to buy Whittier, GSA would sell it to someone else, but not for the price offered to the state. He said there is a ready market today for Whittier.

Mr. Borer asked if the state would get water rights to any of this as they would be trapped pretty bad, he said, if they hang on to it, and he wondered if the state would get the tideland. Mr. Barnes said he didn't think they even had any tideland, but if they do the state would get them.

Mr. Ray referred to page 38, Phase I and Phase II, the \$700,000 estimated for a small boat harbors at the far end.

Mr. Fitzgerald said that the alternative is that the one to the west of the ferry terminal could be expanded.

Mr. Ray thanked the gentlemen for their presentation.

Before leaving, however, Mr. Barnes asked what the committee's thoughts would be on this, if they have any.

Mr. Ray said he couldn't give them any at this time, but would let them know before the end of the session.

Mr. Barnes again asked that these figures be kept confidential as if they got out it would tend to set a price. Mr. Ray instructed the committee members and staff that these figures were to be kept confidential and Messrs Fitzgerald and Barnes left the meeting.

Mr. Ray addressed the committee and said that in actuality they are talking about \$5 million, and Mr. Borer added probably \$50 million for construction costs for buildings.

Mr. Bradner thought it would almost be worth it because

it is worth something to tie up a good port.

Mr. Ray said if the state could buy it and have an orderly improvement and adjustment program it wouldn't be bad, but it wouldn't be that way, it would be a crash program putting the state into debt.

Mr. Ray referred to the North Star Hotel in Nome, and reminded the committee of what happened there when the state purchased property. Mr. Croft said that if the multiple plan would be not to use all of the small buildings, they could use the materials from those that are torn down in the construction of new ones.

Mr. Ray said that as individuals they might do it that way, but the state wouldn't.

Mr. Freer arrived, and the committee then went through the Budget Document with him.

Recess: The meeting recessed at 10:00 a.m.

HOUSE FINANCE COMMITTEE

May 14, 1970

9:20 a.m.

Present: Committee members present at the meeting were Messrs. Borer and Haugen. Also present were Commissioner Morrison of the Department of Revenue, Commissioner Kubley of the Department of Commerce.

CSSB 402 Mr. Morrison said that they had come to speak on behalf of COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 402 (providing for the investment of surplus state funds), which would broaden the investment authority so that instead of investing solely in bonds, notes and bills which constitute direct obligations of the United States, it will allow them to invest in those obligations of agencies and instrumentalities of the United States, and commercial paper of prime or equivalent quality. He said they are enjoying a 7.4 return on general fund investments and believe this will conservatively raise investment yield at least 1 point or somewhere above 8.4. At this late stage, he said, they merely want to review this with the committee and strongly recommend that it be passed.

Mr. Borer asked if they have looked at the Special Monetary and Investment Committee's bill on this same subject. Mr. Morrison said the COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 402 is the one they are addressing themselves to. In effect, it is exactly the same bill as presented originally. There are no changes at all between the original bill and the Special Committee on Investment and Monetary Policies.

CSSB 403 The next bill Mr. Morrison said they would like to discuss is COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 403 (providing for the collection and deposit of state money and the collateralization of deposits of state funds). This is a substitute by the Special Committee on Investment and Monetary Policies, and the people that were waiting to appear next have a serious problem in Anchorage bonds, which this bill would have taken care of if passed in its original form. Actually, he said, it would have been more timely if they had appeared first. The form this bill is in now he recommended be changed back to the original form because the amendment (d) that was put in this bill effectively "guts" the bill.

The purpose is simply to provide for collection and deposit of state money and to require the collateralization of state deposits, in a manner which will tend to stimulate the economy of the State of Alaska.

This was a fine purpose originally, he said, and it would have achieved this; however, the amendment that completely wiped out the collateral requirement is such that no longer do they require collateralization for deposit.

The Anchorage Borough brought in yesterday, the City of Fairbanks two months ago, and the City of Nome two years ago, a problem of selling bonds. They find it impossible to sell their bonds for one reason or another. This bill originally would have stimulated banks to purchase these bonds.

One of the problems they did foresee is the problem of municipality bonding, and as the bill was presented it would

have taken care of it, as amended he said, it is meaningless. They would recommend, therefore, that the bill be changed back to its original form.

Mr. Borer commented that the bill as changed is not exactly meaningless.

Mr. Morrison said it is meaningless as far as collateral is concerned, if they can require only 7%, they are not going to stimulate banks in any direction.

Mr. Borer said they still have the authority to place those deposits where they want to place them.

Mr. Morrison said the power he would have would be exceedingly diminished by no collateral requirement. By reducing the collateral requirements, they would be increasing the risk.

Mr. Hohman arrived.

CSSB 404

The next bill Mr. Morrison wanted to discuss was COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 404 (establishing the Alaska resources permanent fund and providing for its administration).

Mr. Morrison said again they have changed it from the original bill. The Special Committee on Investment and Monetary Policies recommended that the monies be put into a permanent fund and be managed by an investment committee composed of the commissioners of Commerce and Revenue, the President of the Senate and Senate Minority Leader, the Speaker of the House and the House Minority Leader, three members of the public, not more than two of whom are of the

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same political party, knowledgeable and experienced in banking, accounting and investing, appointed by the Governor, and confirmed by the legislature in joint session.

Mr. Borer referred back to SENATE BILL NO. 402, and asked why it should be limited to commercial paper, and who rates commercial paper.

Mr. Morrison was not sure, but thought it was Dunn & Bradstreet, or that type of organization with the same prestige.

Mr. Borer asked why they would want commercial paper and exclude other corporate obligations.

Mr. Morrison said basically this part of the investment is geared to short-term cash operation and can work better with these instruments than with corporate bonds. He said they choose commercial paper because it has a lag of 270 days at a maximum.

Mr. Borer said he could remember when commercial paper was not worth having around. He asked if they would have any objection if the committee should decide to broaden this investment policy.

Mr. Morrison said that knowing Mr. Borer he personally would have no objections to this, but time passes and statutes stay and people go, so if they look at in a more conservative manner maybe they don't want to extend that authority.

Mr. Borer said he thought the state should have a broad investment policy.

Mr. Morrison said in former years everyone in Alaska felt

qualified to comment on Fish and Game activities, and now it seems everyone is a financial adviser, which is fine. In a recent report last week, out of 100 state investment funds, the State of Alaska Public Employees' Retirement Fund is number one in effective yield, and Teachers' Retirement is number two. Public Employees' Retirement Fund had 6.6, and Teachers' Retirement 6.4. The rest of the states average from 5.6 to 5.0.

Mr. Borer said the House agrees substantially down here, as well as the Special Committee on Investment and Monetary Policies, in leaving it with the department, but would like to leave it broad, and he said he thought they should want it broader so that they could go into other areas.

Mr. Morrison commented that he is not taking a pessimistic view of humanity, but he has heard that money is not sentimental.

Mr. Croft arrived.

Mr. Borer thanked the gentlemen for coming before the committee, and the meeting recessed 9:40 a.m.

Recess:

After Recess  
1:30 p.m.

Present: Committee members present were Messrs. Ray, Borer and Sackett. Also present were Mr. Robert Schenker, Executive Director, Alaska State Housing Authority, and Commissioner Kubley from the Department of Commerce.

CSSSSB512 Mr. Schenker said that COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 512 (Alaska State Rural and Urban Housing Development Corporation) came out of the House Commerce committee this morning with the recommendation that it do pass as is, and this will be coming to the Finance Committee.

Mr. Schenker said he gave testimony before Mr. Bronson's committee regarding the desire to add an amendment to provide an additional program for remote housing.

He passed out copies of an amendment to this bill which he requested the committee give consideration.

Mr. Kubley said that what happened is the federal government did not appropriate money for the Bartlett Bill [remote housing] so they do not have money for next year.

The points brought out by Mr. Schenker during the meeting are well explained in his memo to Commissioner Kubley dated May 11, 1970 [see pages 1759 - 1766 of the minutes].

Mr. Schenker then referred to HOUSE RESOLUTION NO. 13, and passed copies of this resolution to the committee members.

The program outlined, he said, is a comprehensive approach to doing a job.

Mr. Haugen and Mr. Croft arrived.

In answer to Mr. Croft, Mr. Schenker said there is a bond issue bill passed by the House and Senate which was an administration bill, but there was a question of constitutionality because requesting general obligation bonds be sold to construct units that are not capital improvements, and the question if the general obligation bonds would receive approval of the voters of the state come November.

Mr. Kubley asked Mr. Schenker if the G.O. bond bill does pass, could that \$1 million be used here for matching with the federal.

Mr. Schenker said yes, it could, because it is to provide remote housing.

Mr. Kubley asked if this legislation does not pass could they give this money.

Mr. Schenker said no. Out of \$3 million annually the state actually would be only "on the hook" for 75% of \$1 million. The other two programs will be federally underwritten or funded. He thought the needs of the village housing are such that the state should participate on trying to ease the situation.

They took the federal people through the villages and they were appalled. When they left they were convinced that there are problems up here, and are willing to cooperate, but they also have problems in the other 49 states.

The outstanding problems are that they have 127 village applications at the present time. With \$2 million under

the Bartlett bill they built 335 units in 18 villages but still haven't touched the majority of the villages. Mr. Croft asked what that averages out to, and Mr. Schenker said about \$6,500 a unit. These houses are built under the "Mutual Help Program," and the natives in the villages construct them themselves; therefore, there is the pride of ownership and they don't get under the "turnkey" method.

Mr. Hohman arrived.

Mr. Haugen asked if the project at Hoonah was a "turnkey" type project, and Mr. Schenker said that project was initiated by BIA originally three years ago, and was ineffective in getting the program under way. ASHA took over and got the program under way. The project is now complete, but is one of the least successful programs they have been involved in in a number of years. With the exception of electrical power it is complete. Mr. Borer asked if they are putting plumbing in these units, and Mr. Schenker said yes, the units are wired and plumbed but as yet they don't have electricity or sewerage in these villages, although they are constructed so they can hook them up when the villages do get electricity and sewerage.


Mr. Ray thanked the gentlemen for coming before the committee.

**MEMORANDUM****State of Alaska**TO: 

The Honorable W. L. Kubley  
 Commissioner  
 Department of Commerce

DATE : May 11, 1970

FROM:

Robert Schenker   
 Executive Director  
 Alaska State Housing  
 Authority

SUBJECT: Alaska Remote Housing  
Program

As you are aware, the Federal Government has cut the appropriation for Fiscal 1971 intended for the Alaska Remote Housing Program.

The loss of this \$1 million Federal Program is a serious blow to the plans the Alaska State Housing Authority has for alleviating the serious housing deficiencies which exist in the villages throughout Alaska. This Federal fund appropriated under Title 10, Sec. 1004 (a) Public Law 89-754 appears to be in jeopardy for the balance of the authorization since this was a special program and the National economic conditions presently dictate the cutting out of all special programs. In the case of Alaska, even more scrutiny is levied against our special programs due to misunderstanding in Congress of our so-called oil wealth. As a consequence of this, it appears that the \$8 million still forthcoming for Remote Housing under Public Law 89-754 has been lost to Alaska.

To counteract this loss, the Alaska State Housing Authority has been working with the U. S. Department of Housing and Urban Development (HUD) in order to restore this Remote Housing Program by utilization of on-going standard National HUD programs. Last week a number of top HUD officials from Washington, D. C., San Francisco and Seattle travelled to Anchorage to meet with ASHA officials to develop a program or programs tailored to fit the peculiar needs of Alaskan villages through the vehicle of standard HUD programs. Several meaningful programs were devised during these meetings which appear feasible to achieve annual allocations of housing for our Alaskan villages. Much work must yet be done to assure these as a definite possibility but it is so much boiler plate that is now necessary; the important outcome of the meetings is the assurance that ASHA will have the utmost cooperation from HUD in establishing workable programs to provide Alaska meaningful annual allocations from the Federal plan for National housing.

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The meetings also gave strong indication that the State of Alaska should also contribute to the furtherance of the Remote Housing needs in Alaska. The maximum cooperation from HUD can be expected if the State is willing to fund a portion of an overall program and furthermore, the overall program needs to be accelerated to do the job that is required of it. The \$1 million per year effort behind the Remote Housing Program is not sufficient when the overall problem of substandard remote housing is surveyed.

To give more background for this statement, the following statistics relating to the requirements of remote housing are offered:

1. Village applications on file for present program equal 127.
2. Villages served under first two years of program (\$2 million appropriated) equal 18.
3. Number of units built in first two years equals 335.
4. Number of units estimated to be built in the 127 villages exceeds 5,000.

Obviously, it can be clearly seen that a greater effort than being effected under the present program level can be logically asked for. A more effective program, utilizing both State and Federal funds can now be outlined as follows:

1. The State of Alaska to maintain the on-going Alaska Remote Housing Program by direct appropriation of \$1 million annually to replace the Federally supported program to at least the remaining balance of \$8 million over an eight-year period. This would build approximately 175 homes per year or 1400 homes over the next eight years.
2. HUD promises to develop annual allocations for Alaska's remote housing needs through what they term "Mutual Help Program." This program could provide 200 housing units per year starting in Fiscal 1971 and would essentially replace the loss suffered under the special Federal program. ASHA would administer this program and utilize the framework of the remote program for implementation. This would provide some 1600 homes for home ownership over the next eight years.

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3. A program entitled "Alaska Remote Leased-Home Ownership" can be formulated to provide between 150-200 housing units per year in addition to those listed above. Under this program the Legislature would appropriate \$1 million to ASHA who in turn would administer the funds to a non-profit housing corporation. The non-profit corporation in this case could be constructed from the existing executive committee on remote housing, with membership modifications, and they in turn, under the guidance of ASHA, would build housing units in remote villages under a lease-home ownership basis. When the units are complete, they would be underwritten by HUD and HUD would repay the total cost of construction, including going Federal interest rates, back to the State under an annual contributions contract over an amortization period of 20 years. After amortization, the non-profit corporation would deed the houses to the occupants. Over an 8-year period, this program could develop 1200-1600 housing units.

All the above programs are possible and within our grasp for Fiscal 1971. As you can see, if implemented, they could provide, over the next 8 years, some 4200 to 4600 housing units in the sector that sorely needs housing assistance. It is known that the housing conditions in Alaskan villages are the worst known in the world when climatic conditions are considered.

Under this 3-way, 8-year program, the State would be asked to fund \$8 million by direct appropriation on a 75 per cent grant, 25 per cent pay back basis with an eventual net cost of \$6 million. ASHA would administer this program exactly as the present Federally sponsored remote housing program. Also, under the third program, or "Alaska Remote Leased-Home Ownership," the State of Alaska would provide \$8 million over 8 years as seed money which would be fully repaid by the Federal Government on a 20 year pay back per \$1 million appropriation. The mutual help program would be totally Federally funded.

In order for the above proposed programs to be effective in Fiscal 1971, certain legislation now pending in the Alaska State Legislature needs to be clarified and amended.

The following are the legislative recommendations on behalf of the Alaska State Housing Authority which will provide a viable Remote Housing Program for Alaska. Certain of these recommendations were not possible until after our recent meeting with HUD officials and therefore are late in the season in regard to this legislative session. However, for the benefits to be realized by taking certain actions now, it is felt by the writer that it is worth the effort and the trouble to attempt these changes this year.

PENDING LEGISLATION ADDRESSED TO THE ALASKA STATE HOUSING PROGRAM  
AND RECOMMENDATIONS OF ACTION

1. SB 437. Provides \$3 million for Remote Housing Program through general obligation bonds to be approved by voters of the State this coming November. There are two things wrong with this bill:

A. It may be unconstitutional for the State to sell GO bonds for capital improvements not belonging to the State of Alaska.

B. Even if proven constitutional, it may not be favorably voted upon by Statewide voters due to impending settlement of native land claims bill by Congress. A "back lash" vote may be expected because of such provisions as 2 per cent overriding royalties on both Federal and State lands, etc. This bill is an Administration bill and has passed both Houses and is currently resting for action in the Free Conference Committee. It is recommended that if other legislation in regard to this program can be designed and passed this session, that this bill be killed in committee.

2. CSSSSB 512. Section 1. of this bill amends Chapter 93, SLA 1967 to provide continuance of the Remote Housing Program if the Federal government fails to appropriate under the authorization of Public Law 89-754 (Alaska Remote Housing Program). The wording of this section of this bill is favorable to the needs of the program and would be favored by the Alaska State Housing Authority with one exception - it represents only one item on a bill designed for overall housing assistance, some desirable and some undesirable. The overall bill is complex (see my memo to you of 5-11-70) and the writer personally feels it has no justification for passing the House (it has passed the Senate) with all provisions. If it does pass the House, it may fail appropriation in free conference because the balance of the bill has no delineated money provisions. Therefore, it is felt this bill, as written, will not become a reality.

3. HB 824. This bill is identical to CSSSSB 512 and all remarks above are pertinent to HB 824. This bill is in House Finance Committee and it is recommended that it be tabled or killed.

4. HB 713. This bill, under Section 1, provides for general fund appropriation of \$3 million for the Remote Housing Program. However, it is coupled with six additional sections which request additional general fund appropriations for a multitude of other capital improvements in excess of \$140 million. It is doubtful that this bill will pass the House. It is presently resting in House Finance and it is the writer's recommendation it be tabled or killed.

5. HB 825. This bill simply requests a \$1 million appropriation to ostensibly sustain the Remote Housing Program for one year and the funds are earmarked for the Department of Administration with no direction for its use. Section 1 of this Bill could be deleted and the bill body used to develop a comprehensive bill which would accomplish an effective Remote Housing Program as described herein above. However, this bill presently rests in House Finance Committee and there is no guarantee at this late date that it can pass the House, in amended form, and the Senate. Therefore the writer recommends this bill be tabled or killed.

ADDITIONAL COMMENTS ON CSSSSB 512.

This bill probably provides the best vehicle to achieve a total Remote Housing Program by sustaining the balance of the previously Federally funded program by State funding whenever the Federal Congress fails to appropriate \$1 million annually under Public Law 89-754. For all practical purposes it must be assumed that this Federal program is no longer available for additional appropriations and therefore Sec. 4, as amended by CSSSSB 512 provides \$8 million dollars for Remote Housing over an eight year period.

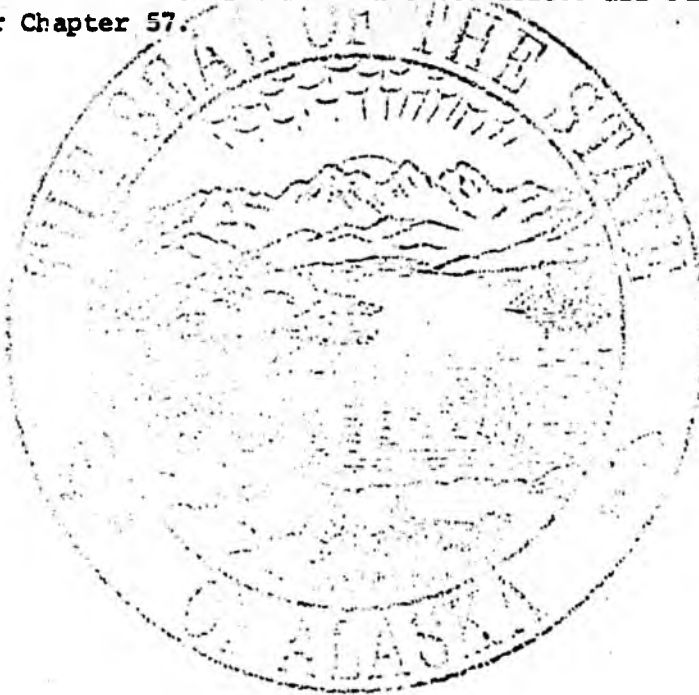
In addition to the funding of the standard Remote Housing Program under Chapter 93, SLA 1967, it is recommended that \$1 million be authorized for 8 years to implement a program to be known as the "Alaska

Remote Leased Home Ownership Program". As described earlier, this would be a State seed money program whereby State funds would be appropriated to the Alaska State Housing Authority who, in turn, would administer the funds to a non-profit corporation. The non-profit corporation would utilize the funds under the administrative guidance of ASHA, to construct housing, annually in remote villages of Alaska. Upon completion of the units, the Federal Department of Housing and Urban Development would enter into contract with the non-profit corporation and ASHA to provide an annual contributions contract for said increment of housing which would repay the State seed money (\$1 million) over a 20 year amortization period. Repayment would include interest to be paid by HUD at the going Federal rate, which is presently pegged at 6 3/8 per cent. This program fits an on going standard HUD program and merely needs the State funding to make it an ongoing State program. A method of achieving enabling legislation would be to amend CSSSSB 512 by adding Sec. 5 under the basic amendment proposed by 512. It could read as follows:

"Sec. 5. In addition to the housing program authorized in Sec. 4, above, the Department of Administration is authorized to make available to the agency designated by the Governor

under Ch. 93, SLA 1967 a sum of at least \$1,000,000 to match each annual appropriation under Sec. 4, above to provide State seed money for a housing program known as the "Alaska Remote Leased Home Ownership Program". The agency designated by the Governor under Ch. 93, SLA 1967 will be responsible for the implementation and administration of this program. The program will provide for full reimbursement to the State by the Department of Housing and Urban Development of all principal monies appropriated by the State including interest at the current rate being paid by the Federal government at the time of program contract agreement between the designated agency and the Department of Housing and Urban Development. Amortization period of each contract shall not exceed 20 years. Cost of administration of this program will be made available from each \$1,000,000 annual appropriation but in no case shall they exceed fifteen percent of the total appropriation."

It is recommended that if this amendment can be made to C5SSSB 512 that the balance of the bill be amended to delete all other provisions under Chapter 57.



# MEMORANDUM

## State of Alaska

TO: John Beard  
Legislative Assistant  
Office of the Governor

THRU: W. L. Kubley  
Commissioner  
Department of Commerce

FROM: Robert Schenker  
Executive Director  
Alaska State Housing Authority

DATE : May 11, 1970

SUBJECT: CSSSSB 512 and  
HB 824 (House Version)

### CHAPTER 57. LOW AND MODERATE INCOME HOUSING DEVELOPMENT.

#### ARTICLE 1. COMMUNITY HOUSING DEVELOPMENT COST FUND.

Sec. 18.57.010. Provides for the creation of this fund within this Department of Commerce to assist non-profit and mutual housing sponsors and is regarded by the Alaska State Housing Authority as a beneficial piece of legislation which may produce additional housing units for low and moderate income citizens of Alaska.

Sec. 18.57.020. ADVANCES TO NON-PROFIT AND MUTUAL HOUSING SPONSORS. Provides for advances from this development cost fund to determine feasibilities for various housing projects for low and moderate income groups, the sponsor of which has attempted to obtain an eligible mortgage from the Federal Department of Housing and Urban Development. Adverse comments of the Alaska State Housing Authority in regards to this section are as follows:

1. Unless 18.57.060 (3) (E) provides for administrative expenses for the implementation and management of this program for the Department of Commerce, there would have to be funds made available for this administration of at least 10 to 15 percent of each development grant for proper staffing and handling of the operation.

2. It is felt that unless 18.57.040 (Regulations) can be construed to mean delegation of program handling by the Department of Commerce to the Alaska State Housing Authority, there would be considerable duplication of staff and services created. The expertise in Federal housing programs now available within ASHA staff makes it a logical decision to place the responsibility of program development and management within ASHA -- not the Department of Commerce.

3. In some cases all, and in many cases, a portion of the advances to non-profit and mutual housing sponsors will become grants because of the failure of or the ineligibility of expenditures to be covered by programs applied for. Regulations under this section necessarily will have to be well thought out to preclude this assistance from becoming a give-away program.

Sec. 18.57.030. through 18.57.050. The services to be provided by the Department of Commerce under these sections places a sizeable burden on the Commissioner's office in way of services and costs. Here again, we find a duplication of staffing and services unless the Commissioner can delegate these responsibilities to the Alaska State Housing Authority. Essentially, the varied responsibilities designated between Sections 18.57.010 and 18.57.050 would require the establishment of a small division within the Department of Commerce unless the bill allows for delegation of such responsibilities under Sec. 18.57.040 (Regulations) by the Commissioner to the Alaska State Housing Authority.

#### ARTICLE 2. HOUSING ASSISTANCE FUND

Sec. 18.57.110. INTEREST RATE SUBSIDY. This interest subsidy parallels Federal programs under FHA; specifically Section 235 (Purchase) and Section 236 (Rental) programs. If the State were to embark on this program, it could lead to high subsidy costs per unit constructed, lasting over a long period of time. Since it actually is a duplication of available Federal programs, this legislation is of questionable value on a State level. It is very difficult to pinpoint what size appropriation would be necessary to support this program annually, but it would undoubtedly run into millions of dollars once under way.

Sec. 18.57.120. SPECIAL ASSISTANCE TO FEDERALLY AIDED HOUSING DEVELOPMENTS. This section is predicated on the assumption that the Federal Government would allow second mortgages on existing federally financed projects. This ability has not had final determination at this time and, therefore, this section might be non-valid if passed.

After Recess  
2:00 p.m.

Present: Committee members present were Messrs. Ray, Borer and Sackett. Also present were: Representative Gene Guess, Mr. John M. Asplund, Anchorage Borough Chairman, Mr. Eric Wohlforth, Sewer and Road Bond Council, Mrs. Wilda Hudson, Anchorage City Council and Borough Assemblyman, and Mrs. Sheila Gallagher, Anchorage Borough Attorney.

HB 864 &  
SB 593

The above people came before the committee regarding the investment of public funds in bonds and notes of political subdivisions of the state [HOUSE BILL NO. 864 and SENATE BILL NO. 593].

Mr. Guess introduced the guests to the committee.

Mr. Asplund said they did not wish to take up too much of the committee's time, but that their community is faced with a real serious problem, a program of some \$13 million in construction this year and some expected 40,000 children next year. When relating that to classrooms, it is a problem.

Mr. Asplund explained that they tried to hold a bond sale for \$13 million, but were unable to do so because they are waiting for a legal opinion from the courts. The only place they could turn at this time is to the state government.

Mr. Asplund turned the meeting over to Mr. Wohlforth, who explained the problem facing the City and Borough of Anchorage.

Litigation involved by Will Key Jefferson is the sixth suit filed against the borough concerning bonds. This time Mr. Jefferson waited until after the bond sale and then filed suit that the boroughs in the state were illegally organized. Mr. Wohlforth explained that they moved as quickly as possible to get the suit dismissed. The bill they asked the committee to consider, was prepared by John Havelock [attorney in Anchorage] who worked hard on this legislation.

On an emergency basis, in this particular situation, the state could purchase the bonds and may resell the bonds presumably at any time, but primarily when they became marketable. It is a bill tailored to the Anchorage situation. He said that the Attorney General's office feels, however, that it should be written in general terms, and not specifically to apply to Anchorage.

Mr. Borer asked how long this procedure is going to take, and Mr. Wohlforth replied a minimum of 90 days and possibly 120 days.

Mr. Jefferson got to them this time, he said, by the timing of the suit.

Mr. Borer asked if they have yet talked to the banks, if the banks would consider this.

Mr. Wohlforth replied no, they haven't talked to the banks, that they don't feel that the bond participation notes would be any more palatable to the banks.

Mr. Borer asked then why they thought it would be all right to stick the state with it.

Mr. Croft said that as he understood what they were saying, they would be really allowing the state to buy these bonds for four or five months until this litigation has been resolved in the supreme court and then they could issue a certification. He asked what the status of the bonds would be, if the state would get 6.9% interest if they are bought.

Mr. Wohlforth said right now the interest is 6.89%. The other provision Mr. Wohlforth suggested is that if the state buys these bonds and takes a loss on the sale of the bonds over the cost, should the bond market go down further in the next six months, the borough would agree to reimburse the state for the loss.

Mr. Croft asked if these bonds were originally approved by the voters, and Mr. Wohlforth replied yes, three different times.

Mr. Croft asked what type of projects they relate to.

Mr. Wohlforth said school construction - 182 classrooms at six different schools, sewers, and roads.

Mr. Breakdown is \$6,350,000 for school construction, \$5,000,000 for sewers, and \$2,000,000 for roads, which totals \$13,350,000.

In answer to Mr. Croft's question as to which roads, Mr. Asplund said there are a number of access roads to tie in

with the state highways.

Mr. Croft asked if they had a breakdown for all of this, and Mr. Wohlforth furnished the committee copies of, "Service Area Roads & Drainage Program Scheduled FY 70/71 Expenditures to be Postponed for Lack of Funds," "Areawide Sewer Program Scheduled FY 70/71 Expenditures to be Postponed for Lack of Funding," "Anchorage Borough School District Capital Program - 1970 Construction in Progress," and the "Anchorage Borough School District 1970 Capital Improvements Planned, Cash Flow, Total Needs." [Copies of these may be found in the House Finance Committee files].

Mr. Croft asked if the only legal question involved in the suit at this time is the legality of the suit itself.

Mr. Wohlforth replied no, there are all kinds of allegations, references to legal contracts with the City, invalid bonds, etc.; in other words, a complete scattershot approach.

Mr. Sackett asked if Mr. Jefferson is an attorney. Mr. Wohlforth replied no, he is not.

Mr. Borer asked how much short-term money there is in the Anchorage banks and borough. Mr. Asplund replied \$4,017,177.

Mr. Borer said that they don't need all this money right now, and wondered why they can't take enough to get started.

Mr. Asplund replied they had difficulty getting a \$1 million loan for schools - the situation is that critical.

Mr. Guess asked Mr. Wohlforth when they would have the

proposed committee substitute ready. Mr. Wohlforth replied they would hope to have it sometime that afternoon. Mr. Guess said that the committee substitute would also have provisions whereby the state would be reimbursed for any losses in the bond market.

Mr. Ray informed them the committee would certainly give this every consideration.

Mr. Asplund said they appreciated the committee giving them this time, and hoped they could understand the problems involved. He added that Will Key Jefferson may move on to another area and cause problems there. They had a legitimate bond sale at a good rate before he filed suit.

Recess: Meeting recessed 2:30 p.m.

After Recess  
2:40 p.m.

Present: All members of the committee were present.

CSSB 270 Mr. Ray moved that COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 270 (relating to pesticides and broadcast chemicals) be brought before the committee. No objection.

Mr. Bradner said this has little financial impact except for two additional persons that will serve on the board. According to the fiscal note the initial cost will be \$133,000 for fiscal year 1970-71, dropping down to \$50,800 for fiscal year 1972-73.

Mr. Bradner moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 270 be reported out with a "do pass" recommendation. On vote by the committee, COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 270 was reported out with the members voting as follows:

DO PASS: Messrs. Ray, Hohman, Croft, Bradner, Haugen and Borer.

DO NOT PASS: Mr. Sackett.

HB 525 Mr. Hohman moved and asked unanimous consent that HOUSE BILL NO. 525 (relating to an increase of employer and/or carrier contributions to the Alaska second injury fund) be reported out with individual recommendations.

On vote by the committee, HOUSE BILL NO. 525 was reported out with the members voting as follows:

NO RECOMMENDATION: Messrs. Ray, Hohman, Croft, and Bradner.

DO PASS: Messrs. Borer, Haugen and Sackett.

HR 4

Mr. Ray moved that HOUSE RESOLUTION NO. 4, starting with line 13, be amended to read: "BE IT RESOLVED that the Governor is respectfully requested to direct the Department of Public Works to explore the feasibility of advancing the scheduled resurfacing of the airfield at Hooper Bay [RESURFACE THE AIRFIELD AT HOOPER BAY]." No objection.

Mr. Ray then moved that this be reported out as a COMMITTEE SUBSTITUTE FOR HOUSE RESOLUTION NO. 4 with a "do pass" recommendation. On vote by the committee, Finance COMMITTEE SUBSTITUTE FOR HOUSE RESOLUTION NO. 4 was reported out with a unanimous "do pass" recommendation.

HCR 29

Mr. Ray moved HOUSE CONCURRENT RESOLUTION NO. 29 (relating to the completion of the Resurrection Valley Tourist Access Road) be brought before the committee.

Mr. Sackett said that the information he received indicated the length of this road would be 9.0 miles, from the Seward Highway near Resurrection River along the river to Resurrection Glacier. The cost would be \$1,900,000, or \$211,000 per mile. The cost per mile figure is based on historical data derived from projects with similar terrain type and standards.

No action was taken on this resolution and it was returned to file.

HB 641

Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 641 (providing for compensation for members of the Workmen's Compensation Board) be reported out without

recommendation. He noted that according to their fiscal note the cost for this bill is \$7,000. On vote by the committee, HOUSE BILL NO. 641 was reported out with the members voting as follows:

NO RECOMMENDATION: Messrs. Ray, Croft, Bradner, Haugen and Sackett.

DO NOT PASS: Mr. Borer.

CSHB 831 The Finance Committee had prepared a COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 831 (relating to veteran affairs), which Mr. Ray said Mr. Borer would carry on the floor. Mr. Ray moved and asked unanimous consent that Finance COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 831 be reported out with a "do pass" recommendation. On vote by the committee, the Finance COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 831 was reported out with a unanimous "do pass" recommendation.

HB 373 Mr. Croft moved to bring up HOUSE BILL NO. 373 (relating to political campaigns). No objection. He noted the original bill was only one page, and that the Judiciary Committee came out with a very long bill [nine pages]. Mr. Croft said he has prepared a proposed committee substitute, which is longer than the original bill, but shorter than the Judiciary Committee Substitute [six pages].

Mr. Croft moved and asked unanimous consent that the Finance COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 373 be reported out with a "do pass" recommendation. He added

that the primary cost would be \$50,000 for printing voter pamphlets.

On vote by the committee, Finance COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 373 was reported out with the members voting as follows:

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

DO NOT PASS: Messrs. Ray, Haugen, and Borer.

CSSB 456 Mr. Ray referred to COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 456 (exempting business inventories from property taxes levied by local governments), and read to the committee a letter received from Don M. Berry, Executive Director, Alaska Municipal League, Juneau [see page 1776 of the minutes].

Mr. Ray directed the members of the committee to give this bill consideration.

Recess: Meeting recessed 3:15 p.m.

*Alaska*  
MUNICIPAL  
*League*

TELEPHONE  
586-1325

MUNICIPAL BUILDING  
JUNEAU, ALASKA 99801

May 11, 1970

The Honorable Bill Ray  
Chairman, House Finance Committee

Dear Mr. Chairman:

Pursuant to our recent conversations, I am suggesting the following definition of "business inventories" for use in any legislation exempting such inventories from local taxation:

"Business inventory" means stocks of goods and merchandise held by a person for sale in the ordinary course of business. "Goods and merchandise" do not include equipment used or useful in the business, fixtures, structures, or real property.

This definition is a simplification of that used for "inventory" in the Uniform Commercial Code and should serve to clarify what is otherwise a very ambiguous phrase.

We wish to take this opportunity to reiterate the League's strong opposition to HCSCSSB 456, but we also feel that the above quoted definition will ease the burden of tax revenue loss which would result from the passage of this legislation.

Your courtesy in allowing us to suggest this definition is appreciated and if it becomes necessary to report HCSCSSB 456 out of the Finance Committee, we hope you will see that this definition becomes one of the provisions of the bill.

Sincerely,

*Don M. Berry*

Don M. Berry  
Executive Director

DMB/mm

-1776-

5/14

HOUSE FINANCE COMMITTEE  
Friday, May 15, 1970  
9:15 a.m.

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

General: Chairman Ray called the meeting to order at 9:15.

SB 424 SENATE BILL NO. 424 (An Act relating to timber property brands) was brought up for consideration by the committee. Mr. Ray explained that this bill provides that unbranded logs are the property of the state. In this way, logs will not be so easily "pirated" as they are now. SB 424 was reported out of committee with a majority report of "no recommendation," with Mr. Haugen voting "do pass."

BILL  
ASSIGN-  
MENTS

Mr. Ray assigned the following bills:

SB 390 (Oil and Gas Production Tax) Mr. Borer  
SB 390 This bill had been assigned to Mr. Sackett. Mr. Ray requested Mr. Borer to find out about the 5¢ a barrel.  
SB 402 (Providing for investment of surplus state funds) Mr. Borer  
SB 403 (Collection and deposit of state money and the collateralization of deposits of state funds) Mr. Croft  
HB 801 (State contractual agreements with accredited privately sponsored institutions of higher learning) Mr. Sackett

This bill had been assigned to Mr. Hohman, earlier. Mr. Ray requested the subcommittees to research these bills and report them back to the committee.

Recess: Meeting recessed at 9:40.

After Recess:  
10:15 a.m.

HB 452 Mr. Ray moved and asked unanimous consent that HOUSE BILL

After Recess  
10:15 a.m.

HB 452: Mr. Ray moved and asked unanimous consent that HOUSE BILL NO. 452 (budget) be replaced with a finance committee substitute for HB 452 and reported out of committee with a "do pass" recommendation. No objection, so ordered.

Adjourned: Meeting adjourned at 1:20 a.m.

5/15

1778

HOUSE FINANCE COMMITTEE  
Saturday, May 16, 1970

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

CSSB562: Mr. Mark Jensen was present to testify on COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 562 (Legal rate of interest). Mr. Jensen said that this is an extension of the present act on the books, and provides three amendments. The first amendment would delete the cutoff date. The reason for this amendment is that unless the financial institutions have an act that carries through, it makes it very difficult to go out and get a loan when you are buying property anticipating that maybe the act will terminate in six months or a year. He felt that the cutoff date would impair the effectiveness of the legislation.

In section c, he said that additional language had been proposed reading "not merely the amount loaned by the financial institutions" which would clear up the impact of this section on loans that have participating banks from outside. The way the act would work is that the ceiling for a bank varies; if a local bank's ceiling is around \$800,000, and a loan is being processed above that, the bank has to go outside to get money and then the ceiling is raised. This wording says that when the loan is above the ceiling the Alaska banks don't necessarily have to put in their full amount, or the full \$800,000 as in the example given.

On the last page of the bill, line 5, the ceiling is reduced from \$500,000 to \$100,000. This paragraph does not relate to banks. It relates to insurance companies and other institutions in the financial field who might be setting up loans in Alaska. He said that they feel that the borrower when he starts to go over \$100,000 is sophisticated enough to know how much he can afford.

Mr. Sackett asked if there were any questions, and there were none.

SB 403

Mr. Jensen added that SENATE BILL NO. 403 would let the banks get into a broader scope of paper than they are in today. Today government securities and municipals confine the ceilings over which the banks have no control.

At this time Mr. Jensen left and Mrs. Hudson and Mr. Healy from the Anchorage Borough Assembly came before the committee. Mrs. Hudson thanked the committee for the revenue sharing package passed last year and this year's revenue sharing package, as well as other legislation relating to municipalities. She quoted some figures on this year's budgets for various service areas based on what they received from last year's revenue sharing package, and said that they have been able to lower their millage rate 4.05 mils. She did not have figures for the city with her but agreed to send them to the committee.

After thanking Mrs. Hudson and Mr. Healy, Chairman Sackett adjourned the meeting.

HOUSE FINANCE COMMITTEE  
Monday, May 18, 1970  
9:00 a.m.

Present: All members with the exception of Messrs. Bradner, Croft and Sackett. Also present were ~~Commissioner~~ Bert Hall of Health and Welfare and Mr. Stanley Harris, Director of Public Welfare.

SB 240am Mr. Ray discussed SENATE BILL NO. 240am (Purchased services, voluntary agencies) with Mr. Hall. The point of discussion was the wording actual cost as opposed to full cost. With the bill reading actual cost, Mr. Hall said that the Attorney General's office felt that the doctors being paid for their services would not get full cost, because the legal definition of actual cost means the specific cost to the doctor, whereas full cost takes in his other expenses. Mr. Ray felt that the intent was obvious in actual cost. Mr. Hall said that philosophically the department has no objections or qualms about this. They just wanted to make sure it wouldn't cause problems. Mr. Sackett came in. Mr. Hall asked some questions about the Health and Welfare budget, and then he and Mr. Harris left.

CSSB470 Mr. Sackett moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 470 (Salaries, teachers and school officials) be brought up for discussion. No objection, so ordered. After brief discussion. Mr. Borer moved and asked unanimous consent that CSSB470 be amended by repealing the teachers tenure provision. Mr.

Hohman objected, but on vote of 4-2 the motion passed. The committee decided to write a committee substitute incorporating the amendment. It was moved and unanimous consent requested that CSSB 470 be replaced with House Committee Substitute for Senate Committee Substitute for Senate Bill 470. Mr. Hohman objected, but the bill was passed out of committee

Adjourned: Meeting adjourned at 10:10.

5/18

172

HOUSE FINANCE COMMITTEE  
Tuesday- May 19, 1970  
9:00

Present: All members with the exception of Messrs. Borer and Sackett.

SB 374: Mr. Ray moved and asked unanimous consent that SENATE BILL NO. 374 (Limitations on oil and gas leases in certain areas) be brought up for consideration. Mr. Ray said that this will prevent oil and gas leases in the Bristol Bay fisheries area if that more extensive legislation does not pass. Mr. Ray moved and asked unanimous consent that SB 374 be replaced with HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 374 and be passed out of committee with a "do pass" recommendation. No objection, so ordered.

Mr. Sackett came in. Mr. Ray moved and asked unanimous/<sup>consent</sup>

HB 266 HOUSE BILL 266 (Appropriation - \$125,000 for completion of tourist access road into Resurrection Valley near Seward) be brought up for discussion. Mr. Sackett objected, and on vote there were insufficient votes to bring the subject up. However, after a short time the motion was made again, motion passed, and the bill was reported out of committee with a majority report of no recommendation.

CSSB543 Mr. Ray moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 543 (Alaska Transportation Commission) be reported out of committee with a do pass recommendation. No objection, so ordered.

Bill Assignments:

SB435 SENATE BILL NO. 435 (GO bonds - Highway Maintenance facilities) Mr. Croft

CSSB469 COMMITTEE SUBSTITUTE SENATE BILL NO. 469 (Alcohol Related Crimes) Mr. Sackett

Adjourned: Meeting adjourned at 10:00 a.m.

HOUSE FINANCE COMMITTEE  
Wednesday, May 20, 1970  
9:10 a.m.

Present: All members with the exception of Messrs. Hohman and Sackett. Also present was Speaker of the House Jalmar M. Kerttula and Mr. Van Houte, Alaska State Teachers Association lobbyist. Mr. Kerttula said, speaking of that he felt if this wasn't made on percentage, it would be <sup>a</sup> foolish mistake. He felt this way it could be "sold" to the Senate.

Mr. Kerttula left.

CSSB562 It was moved and unanimous consent requested that COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 562 (Act relating to the legal rate of interest) be brought up for discussion. No objection, so ordered. Mr. Ray moved and asked unanimous consent that CSSB 562 be replaced with House Finance Committee Substitute for CSSB 562, the Finance Committee Substitute to consist of the body of HOUSE BILL 822. Mr. Borer objected, stating that this matter is put off every year, and Mr. Ray said that he felt it should be argued over every year. Mr. Borer removed his objection and the bill was reported out of committee with a majority report of "no recommendation"; not concurring was Mr. Bradner who voted "do not pass, passage unnecessary."

HB 195 Mr. Croft moved and asked unanimous consent that HOUSE BILL NO. 195 (Bank tax - based on Peat, Marwick, Mitchell report) be brought up for consideration, and said this bill removes property taxes, increases the rates, the net

affect being an increase. It also removes all ad valorem taxes. Objection was heard, and on vote there were insufficient votes to bring the bill before the committee.

CSSB 402 COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 402 (Investment of surplus state funds) was brought up for discussion. Mr. Ray recommended that HB 822 (Legal rate of interest) be incorporated into CSSB 402 in large part, and there was discussion on which parts of HB 822 to make into/<sup>HCSS</sup>CSSB 402, and Mr. Borer was requested to write a committee substitute for the bill.

CSSB 331 Mr. Hohman moved and asked unanimous consent that CSSB 331 (Legislator's retirement) be brought up for discussion. Mr. Ray objected, and on vote there were insufficient votes to bring the bill up for discussion.

Recessed: Meeting recessed at 9:30 a.m.

1785  
1784

5/20

After Recess  
1:10 p.m.

Present: All committee members were present with the exception of Mr. Haugen.

SB 390 The House Finance Committee had prepared a COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 390 (relating to the oil and gas production tax), and Mr. Ray moved and asked unanimous consent that this HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 390 be reported out with individual recommendations.

After a brief discussion, HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 390 was reported out with the members voting as follows:

DO PASS: Messrs. Ray, Hohman, Croft and Sackett.

DO PASS IF AMENDED TO CENTS PER BARREL: Mr. Bradner.

DO NOT PASS: Mr. Borer.

Recess: Meeting recessed 1:20 p.m.

5/20

1786  
~~1785~~

HOUSE FINANCE COMMITTEE

May 21, 1970

9:30 a.m.

Present: All members of the committee were present with the exception of Mr. Bradner. Also present were Mr. Robert Van Houte and Mr. Robert C. Cooksey, Lobbyists for the Alaska Education Association.

CSSE 470 Before the committee for discussion was COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 470 by the Senate Finance Committee (relating to compensation for teachers).

The committee discussed the provisions of this bill, and in answer to Mr. Borer, Mr. Cooksey said that in terms of Cordova, they have reached an agreement for \$10,000 base with 5% increments. This has already been settled. Anything less than that would not cause additional cost to Cordova, any additional cost would come if something greater was established than what they have settled on. Mr. Van Houte said they would prepare an amendment if the committee would have them do so.

Mr. Ray questioned the base salary for a teacher holding a bachelor's degree and having the requisite number of hours in education being \$9,500 [page 1 of the bill, (2)]. He pointed out the minimum salary in the salary schedule on page 2 [line 16, Step 0] is \$10,000; in other words, why the figures aren't the same.

Mr. Van Houte said they asked that the \$9,500 on page 1

be changed to \$9,950 because the figure of \$9,500 is the minimum salary for all teachers in the state, either district or state operated schools.

Mr. Cooksey added that the reason for \$9,950 instead of \$10,000 is because that is the lowest figure settled at this time.

Mr. Ray asked why the first figure on page 2 wasn't \$9,500 instead of \$10,000 -- they have an entirely different schedule in the bill than the base.

Mr. Cooksey said their salaries would be out of line again with the neighboring districts.

Mr. Ray pointed out that there may be some districts with teachers at a salary of \$9,500 which is perfectly satisfactory with them, and wondered why it should be raised to \$9,950.

It could force a smaller community to pay this when they are satisfied with \$9,500. He added that they have changed the entire idea of the bill.

Mr. Bradner arrived.

Mr. Van Houte said this is related actually to the instructional unit concept. Rather than using teachers salaries as part of the program, this pertains merely to the salaries before they were directly correlated to the foundation program itself.

Mr. Ray commented that they have lowered the years and raised the base in the bill, so it has changed considerably.

In answer to a further question by Mr. Ray, Mr. Van Houte said experience in Alaska has always been given full credit. Mr. Ray referred to Sec. 14.20.220 of the present statutes, which reads, "(2) The base salary for a teacher holding a bachelor's degree and having the requisite number of hours in education is \$6,000. This salary is augmented by the sum of .04 times the base for each year of public school experience in the state up to and including eight years."

Mr. Sackett asked if they have many teachers with bachelor's degrees and more than seven years experience. Mr. Van Houte replied yes, quite a few.

Mr. Borer referred to page 5 of the bill, (e), " For teachers holding bachelors' degrees not more than six years of school experience outside the state may be substituted for a like period of school experience in the state when a teacher's position on the salary scale is established and for teachers holding masters' degrees not more than eight years of school experience outside the state may be substituted for a like period of school experience in the state when a teacher's position on the salary scale is established."

It was determined, then, that for state operated schools, six to eight years of school experience outside the state may be substituted for a like period of school experience

in the state when a teachers position on the salary schedule is established [six years for a teacher holding bachelor's degree, and eight years for a teacher holding master's degree].

For district schools, seven to eleven years of school experience inside the state, or subject to (e) of this section outside the state, may be used for establishing the base salaries [seven years for teachers holding a bachelor's degree and having the requisite number of hours in education, and eleven years for a teacher having a master's degree and the required number of hours of education].

Recess: Meeting recessed 9:50 a.m.

HOUSE FINANCE COMMITTEE  
Friday, May 22, 1970  
9:15 a.m.

Present: All members with the exception of Mr. Sackett. Also present were Mr. Van Houte and Mr. Frank Cooksey.

SB 594 Mr. Ray moved and asked unanimous consent that SENATE BILL NO. 594 (An act relating to the purchase of services by the Department of Health and Welfare) be brought up for discussion. No objection, so ordered. Mr. Ray said that this is the clean up language for SENATE BILL 240. He moved and asked unanimous consent that the bill be reported out of committee with a "do pass" recommendation. Mr. Borer objected, stating that this is still treating both differently. Mr. Ray read the Attorney General's opinion in this matter, and Mr. Borer removed his objection. The bill was reported out with a majority opinion of "do pass", with Mr. Hohman voting "no recommendation."

SB 596 Mr. Ray moved and asked unanimous consent that SENATE BILL NO. 596 (Act relating to legislative salaries) be brought up for consideration. This provides a salary of \$9,000. Mr. Croft amended the figure to \$12,000 and the motion passed. Mr. Borer moved that the effective date be changed to January 1, and the motion passed. It was moved that SB 596 be reported out of committee with a "do pass" recommendation, and all members signed "do pass" with the exception of Mr. Ray who voted "do not pass."

SB 470 Mr. Hohman moved and asked unanimous consent that SENATE BILL NO. 470 (Act relating to compensation for

teachers) be brought up for discussion. Mr. Borer objected, but the motion passed.

Using the Finance Committee Substitute as a basis, Mr. Hohman brought up several amendments. The first was on page 3, where he felt there needed to be in Step 5 a difference between the salaries for a BA and a BA plus 18. The next amendment was on page one, which was a senate amendment Mr. Hohman just wanted to point out. This would preclude hiring teachers from outside with less than four years of college and a certificate. Mr. Van Houte explained that the amendment from the senate is just to protect those teachers already under this situation, with less than four years of college, within the state. He said that this only applies to a very few teachers in the state.

Mr. Haugen felt that when they had had that long to get their four year degree and hadn't, they maybe didn't need to be protected so much.

On line 20, Mr. Hohman moved to raise the figure from \$9500 to \$9950; on vote the motion failed, Messrs. Hohman, Croft and Bradner being the only affirmative votes.

On page 1, following line 20, Mr. Hohman proposed an amendment reading "This salary is augmented by the sum of .04 times the base for each year of school experience in the state up to and including seven years. Teachers transferring experience from outside the state are subject to (e) of this session." The motion was adopted. He moved the same amendment following line 25, except that it is to read up to and including eleven years. This, too, was adopted.

HOUSE FINANCE COMMITTEE

May 25, 1970

9:20 a.m.

Present: All committee members were present with the exception of Messrs. Croft, Bradner and Borer.

Bill  
Assignment

Mr. Ray called the meeting to order and made the following bill assignments:

CSSB 593 COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 593 (relating to the investment of public funds in bonds and notes of political subdivisions of the state) -- assigned to Mr. Haugen.

SB 558 SENATE BILL NO. 558 (relating to the Board of Fish and Game) -- assigned to Mr. Haugen.

SB 559 SENATE BILL NO. 559 (relating to school food services) -- assigned to Mr. Hohman.

HCS CS  
SB 470 Mr. Ray moved and asked unanimous consent that HOUSE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 470 (relating to compensation for teachers) be brought before the committee.

Mr. Haugen objected as there were only four members of the committee present. Motion failed.

CS SS  
SB 512 COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 512 (relating to moderate and low income housing) -- assigned to Mr. Borer.

CSSB 451 COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 451 (general obligation bonds in the amount of \$20,300,000 for acquiring, constructing and equipping certain elementary and secondary public schools within the state) -- assigned to Mr. Sackett.

SB 417 SENATE BILL NO. 417 (relating to veteran affairs) was

returned to file as the House version [HOUSE BILL NO. 831] had passed the House.

SB 406 SENATE BILL NO. 406 (relating to special hazard insurance for employees of the state) -- assigned to Mr. Ray.

HCS SS  
SB 260 HOUSE COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 260 (relating to commercial fishing and salmon gill net gear license fees) -- assigned to Mr. Sackett.

HB 868 HOUSE BILL NO. 868 (relating to the purchase of services by the Department of Health and Welfare) was dead filed as the Senate version [SENATE BILL NO. 594 amended] had passed.

HB 502 HOUSE BILL NO. 502 (relating to delinquent state loans) -- assigned to Mr. Hohman.

HCR 69 HOUSE CONCURRENT RESOLUTION NO. 69 (relating to the restocking of salmon streams in Northwestern Alaska) -- Mr. Ray quoted the bill to the committee, and moved that a COMMITTEE SUBSTITUTE FOR HOUSE CONCURRENT RESOLUTION NO. 69 be introduced changing the last paragraph as follows:

"BE IT RESOLVED that the Governor is respectfully requested to direct the Department of Fish and Game to consider initiating [UNDERTAKE] a program of restocking salmon in all streams in Northwestern Alaska in which they are depleted." No objection.

HCR 46 HOUSE CONCURRENT RESOLUTION NO. 46 (relating to the construction of small boat harbors -- assigned to Mr. Haugen.

Recess: Meeting recessed 9:40 a.m.

HOUSE FINANCE COMMITTEE  
Tuesday, May 26, 1970  
9:00 a.m.

Present: All members.

CSHCR69 Mr. Ray moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR HOUSE CONCURRENT RESOLUTION NO. 69 (Relating to restocking of salmon streams in Northwest Alaska) be reported out of committee with a "do pass" recommendation. No objection, so ordered.

HB 875 Mr. Haugen brought up HB 875 (Appropriation to Public Works - ferries) for consideration. This is a bill for Finance Committee introduction, and the figure is \$10 million for two small ferries of Bartlett size to run in Southeastern. Mr. Haugen moved and asked unanimous consent that the bill be reported out with a "do pass" recommendation. Mr. Croft objected, stating that \$32 million has been set up for bonds for ferries. Mr. Haugen said the bond issue has not passed, however. On vote by the committee the bill was reported out with a majority report of "no recommendation". Not concurring was Mr. Haugen who voted "do pass." Messrs. Hohman and Bradner abstained.

HCSCSSB470 HOUSE COMMITTEE SUBSTITUTE FOR SENATE COMMITTEE SUBSTITUTE FOR SENATE BILL 470 (Relating to compensation for teachers) was brought up for discussion. Mr. Haugen asked if the repeal of tenure provision is included in the Finance Committee Substitute. Mr. Ray said no. There was discussion on this, as some members remembered a committee decision that this provision be made a separate bill and others

remembered it being specifically voted on to be included in the bill. Reference was made to the minutes, where a vote was taken and the decision made to include the repeal of tenure provision in the House Committee Substitute.

Mr. Ray requested Mr. Borer to move that the provision be covered in a separate bill. Mr. Borer declined. Mr. Sackett said that if it were in a separate bill, it would certainly not pass, so there was no point in introducing such a bill.

Mr. Borer then made reference to a memorandum from Mr. Beard of the Governor's Office to Mr. Ray (see bill file) in which Mr. Beard called attention to what he felt was an omission in the bill of definitions for the factors to be used in the formula for determining the compensation of administrators in the State-operated schools. Mr. Ray felt this was unnecessary. Mr. Borer wanted to make sure and felt this should be included under definitions. Mr. Borer specifically asked Mr. Ray if he felt this is adequately covered, and Mr. Ray said that it looks like it to him. The staff was requested to contact Mr. Thomas in the Department of Education on this.

CSSB402 Mr. Ray asked Mr. Borer to bring up COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 402 (Investment of Surplus State funds). Mr. Borer said that the first thing to be brought up in connection with this is HOUSE BILL NO. 821 (Creating

HB 821 \$300,000,000 Investment Fund). This provides that the legislature shall invest in various types of FHA, federal VA and various other loans at substantially reduced rates of interest. Mr. Borer handed out copies of a breakdown Mr.

HOUSE FINANCE COMMITTEE  
Tuesday, May 26, 1970  
9:00 a.m.

Present: All members.

CSHCR69 Mr. Ray moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR HOUSE CONCURRENT RESOLUTION NO. 69 (Relating to restocking of salmon streams in Northwest Alaska) be reported out of committee with a "do pass" recommendation. No objection, so ordered.

HB 875 Mr. Haugen brought up HB 875 (Appropriation to Public Works - ferries) for consideration. This is a bill for Finance Committee introduction, and the figure is \$10 million for two small ferries of Bartlett size to run in Southeastern. Mr. Haugen moved and asked unanimous consent that the bill be reported out with a "do pass" recommendation. Mr. Croft objected, stating that \$32 million has been set up for bonds for ferries. Mr. Haugen said the bond issue has not passed, however. On vote by the committee the bill was reported out with a majority report of "no recommendation". Not concurring was Mr. Haugen who voted "do pass." Messrs. Hohman and Bradner abstained.

HCSCSSB470 HOUSE COMMITTEE SUBSTITUTE FOR SENATE COMMITTEE SUBSTITUTE FOR SENATE BILL 470 (Relating to compensation for teachers) was brought up for discussion. Mr. Haugen asked if the repeal of tenure provision is included in the Finance Committee Substitute. Mr. Ray said no. There was discussion on this, as some members remembered a committee decision that this provision be made a separate bill and others

Freer of Budget and Management had done (see bill file) on revised revenue projections, and the committee looked at this breakdown and discussed it, and referred to another breakdown done by the Department of Revenue.

Mr. Freer's breakdown, Mr. Borer said, starts out in the first column with the FY 1970-71 balance forward as it came down from the Governor's Office, and does include the Governor's supplemental. The next item is unrestricted funds, from the original revenue estimate. For next year Mr. Freer projected a 20% increase in the budget. He has reduced general fund receipts only by the amount of interest that the state is not going to have. The only change in the revenue projection is the reduction in investment income. Capital improvements were reduced. This does assume receipt of bonus money projected and includes in 1973-74 and 74-75 \$223 million from the North Slope. There was continued discussion on/possible discrepancies between the two breakdowns.

SB 402

Going back to SB 402, Mr. Ray felt that the word "shall" should be amended to "may", and the amount of money should be taken out. Mr. Sackett expressed concern that it would just be amended back in on the floor. Mr. Borer was requested to prepare a committee substitute for SB 402.

CSSB470

The committee reverted to CSSB 470 (Relating to teacher's pay). Mr. Thomas had been contacted, and had said he knew nothing about Mr. Beard's memo, so there is no change necessary. CSSB 470 was replaced with HCSCSSB 470 and reported out of committee with a unanimous "no recommendation" report. Mr. Ray asked who in the committee would try to amend this bill on the floor. Mr. Hohman said that he

might, Mr. Bradner said he wanted to leave himself open, Mr. Borer said that he would support an amendment for the tenure repeal and Mr. Sackett said the same.

HB 812 Mr. Haugen moved and asked unanimous consent that HOUSE BILL NO. 812 (Relating to historic preservation) be replaced with HWE Committee Substitute for HB 812 and be reported out with a "do pass" recommendation. No objection, so ordered.

Recess: Meeting recessed at 10:00 to a call of the chair.

5/26

HOUSE FINANCE COMMITTEE

May 27, 1970

9:20 a.m.

Present: All members of the committee were present with the exception of Messrs. Croft and Borer.

SB 331 The committee discussed HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 331 (an act relating to a retirement program), which had been assigned to Mr. Hohman as sub-committee, and several changes were considered:

Mr. Ray suggested establishment of a legislative retirement program and fund, that Sec. 24.55.010 be changed as follows:

"ESTABLISHMENT OF A LEGISLATIVE RETIREMENT PROGRAM AND FUND. (a) The legislative retirement program and fund is a system for the payment of retirement and death benefits."

Mr. Hohman said this bill provides for no legislative retirement fund, but that an earlier form of the bill would have created a legislative retirement fund.

His suggestion was to delete any reference to a retirement fund as he understood it is possible the appropriation can come out of the general fund to legislators for retirement similar to what is being done with the Judicial officials, which would require the deletion of Sec. 4 on page 5.

Mr. Hohman said that Representative Boardman had suggested deleting the language on page 2 of the draft for the 2nd HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 331, lines 20, 21, and 22, "Sec. 24.55.080. SOCIAL SECURITY CONTRIBUTIONS. Each legislator shall pay the appropriate social

security contribution. The contributions shall be deducted monthly." Mr. Hohman commented that they would pay this anyway and it shouldn't be included in the bill.

The other suggestion Mr. Boardman had made was that they wait until they see what happens to the pay bill, the maximum salary, and then adjust this bill.

SB 469 am Mr. Sackett moved that SENATE BILL NO. 469 amended (relating to alcohol related crimes) be brought before the committee for discussion. No objection.

Mr. Sackett explained the intent of the bill to the committee, and felt that it is a very good bill, and has no financial implications.

Mr. Sackett moved and asked unanimous consent that SENATE BILL NO. 469 amended be reported out with a "do pass" recommendation. Mr. Ray objected.

Mr. Sackett then moved and asked unanimous consent that SENATE BILL NO. 469 amended be reported out with individual recommendations. On vote by the committee, SENATE BILL NO. 469 was replaced with House Judiciary COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 469 which was reported out without recommendation, the members voting as follows:

NO RECOMMENDATION: Messrs. Ray, Hohman, Bradner and Haugen.

DO PASS: Mr. Sackett.

SB 416 Mr. Sackett moved to consider SENATE BILL NO. 416 (relating to the state health plan). No objection.

Mr. Sackett explained that this bill would change the number of members (nongovernmental) of the Comprehensive Health Advisory Council from 11 to 21. It also would provide that the council may appoint advisory committees outside its membership, which Mr. Ray said he did not approve of.

Mr. Sackett said this is already funded in the budget under advisory commissions, and added that they really do a lot of work.

He moved and asked unanimous consent that SENATE BILL NO. 416 amended be reported out with individual recommendations. On vote by the committee, however, motion failed and SENATE BILL NO. 416 amended was returned to file.

CSSB 451

Mr. Sackett moved to bring up COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 451 (general obligation bonds in the amount of \$20,300,000 for the purpose of paying the cost of acquiring, constructing and equipping certain elementary and secondary public schools within the state). No objection. Mr. Sackett then moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 451 be reported out with individual recommendations. On vote by the committee, COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 451 was reported out with a unanimous "do pass."

Mr. Borer arrived.

HCSSSB 260

Mr. Sackett moved to consider HOUSE COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 260 (relating to commercial fishing and salmon gill net gear license fees).

Mr. Sackett said this would provide for special commercial fishing and salmon gill net gear license fees. The Board of Fish and Game, with the concurrence of a local advisory committee established under sec. 260 of this chapter, may designate distressed fishing districts where excessive fishing gear presents severe resource conservation problems or where excessive fishing gear is having an adverse effect on the health and welfare of the citizens of the state. Mr. Ray felt this would be discriminatory, and Mr. Borer said he feels this bill should not pass.

Motion failed and HOUSE COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 260 was returned to file.

HCS CSSB 402 Mr. Ed Willis from the Anchorage area came in and said that he wanted to check <sup>on</sup> SENATE BILL NO. 402 (providing for the investment of surplus state funds). As this bill is presently in the House Finance Committee and assigned to Mr. Borer, Mr. Ray suggested Mr. Willis and Mr. Borer meet later regarding this bill, to which they both agreed. Mr. Ray thanked Mr. Willis for coming, and Mr. Willis left. Mr. Borer had a HOUSE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 402 prepared. Mr. Ray was not in agreement with this bill as it would allow the state to buy bonds with full credit of the state behind it; which, in other words, could subsidize a private corporation. Mr. Borer said this could not happen unless the legislature authorized it, and felt this was necessary because of the

short-term investment portfolio. He said there may be times when the state would wish to buy bonds, and that when they buy the bonds they are not lending.

Mr. Ray felt that with enough votes this could benefit a large district, but not a small district.

Mr. Ray wondered if this bill couldn't be a method used to build the North Slope Road; however, Mr. Borer commented that this bill was introduced before the "road bill".

Mr. Ray thought it was something they should think about, and added that he would like to delete Sec. 37.10.085, "Financial Aid to Corporations by State or Political Subdivisions."

Mr. Bradner wondered if a special effective date could get Anchorage "off the hook" in a legal situation such as they have now [see pages 1767-1771 of the minutes].

Mr. Borer said that the last paragraph of the bill [Sec. 37.10.085 referred to above] has nothing to do with Anchorage that if that section were deleted the state could still lend money to Anchorage under other portions of the bill.

Mr. Ray suggested the committee discuss this bill again

Recess: later, and meeting recessed 10:00 a.m.

HOUSE FINANCE COMMITTEE  
Thursday, May 28, 1970  
9:25 a.m.

Present: All members were present.

CSSB 402 COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 402 (Providing for the investment of surplus state funds) was brought up for discussion. The committee examined the proposed House Finance Committee Substitute for the bill and Mr Ray said that he had only one objection to it, and that was the last section, which provided that the state "lend its credit for use of a corporation". Mr. Borer said that this is already in the statute.

Mr. Ray moved and asked unanimous consent that Sec 2 on the last page of the bill, or Sec. 37.10.085 be deleted. Mr. Borer objected, stating that he wanted time to check and find out what the section is in there for. Mr. Hohman asked Mr Ray to restate his objection to the provision. Mr. Ray said that he doesn't like the state lending its credit or borrowing money for the use of a corporation or subscribing to the stock of a corporation. On vote of the motion, it passed

Mr. Ray moved and asked unanimous consent that CSSB 402 be replaced with House Committee Substitute for Committee Substitute for Senate Bill 402 and be reported out with individual recommendations; there being no objection, the bill was reported out with a majority report of "no recommendation." Not concurring were Messrs. Borer and Haugen who voted "do pass."

Adjourned: Meeting adjourned at 10:00.

HOUSE FINANCE COMMITTEE  
Friday, May 29, 1970  
9:00 a.m.

Present: All members.

CSSB 331 Mr. Hohman moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 331 (Relating to a retirement program) be brought up for discussion. No objection, so ordered. Mr. Hohman moved and asked unanimous consent that CSSB 331 be replaced with 2nd HCSCSSB 331 and reported out of committee with individual recommendations. No objection, so ordered, and so the bill was reported out of committee with a majority report of "no recommendation." Not concurring were Mr. Hohman who voted "do pass" and Mr. Ray who voted "do not pass."

SB 248 SENATE BILL NO. 248 (Relating to grants and loans to municipalities damaged by natural disasters) was brought up for discussion. SB 248 was reported out of committee with a majority report of "no recommendation." Not concurring were Mr. Bradner who voted "do pass" and Mr. Sackett who voted "do pass - it smells!"

CS  
SB 593 COMMITTEE SUBSTITUTE FOR  
/SENATE BILL NO. 593 (Relating to the investment of public funds in bonds and notes of political subdivisions of the state) was brought up for discussion by the committee. Mr. Borer said that there is a proposed committee substitute making this take care of Anchorage specifically, and reducing the amount from \$25 million to \$13,350,000. Mr. Croft moved and asked unanimous consent for the adoption of such an amendment. Motion failed. Mr. Borer proposed amending the bill by changing

shall to may and placing a period after "state" on line 17, and deleting the rest of lines 17, 18 and 19. Also, Mr. Borer moved to delete all material from line 23 on page 1 to line 24 on page 2. Mr. Ray called for a vote on Mr Borer's proposal, and the motion to adopt the proposal failed. Mr. Croft moved that the action of the committee be rescinded; objection was heard but the motion passed. A motion was made to bring up the first committee substitute discussed and the motion failed. The bill was returned to the file.

SB 579 SENATE BILL NO. 579 (Providing for the issuance of revenue bonds for the acquisition, construction and equipping of facilities at Anchorage and Fairbanks International Airports) was brought up for discussion. A committee substitute was proposed, the reason for which is merely technical, and the committee substitute was accepted in lieu of the original bill and was reported out of committee with a unanimous recommendation of "do pass".

SB 599 SENATE BILL NO. 599 (\$8 million for capital improvements, water supply and sewage systems) was brought up for discussion. Mr. Ray moved that it be amended to \$10 million and include the Village Safe Water Act funding. Messrs. Sackett and Croft objected, the \$2 million amount for Village Safe Water being such a small amount. The bill was returned to the file.

HB 821 HOUSE BILL 821 (investment loans) was considered by the committee and deadfiled.

CSSB403am Mr. Croft moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 403 amended (Providing for the collection and deposit of state money and the collateralization of deposits of state funds) be brought up for consideration. No objection, so ordered. Mr Croft moved and asked unanimous consent that CSSB403am be replaced by Finance Committee Substitute for SB 403, which is that part of HB 821 which was collateralization. Mr Croft moved and asked unanimous consent that CSSB403am be replaced by HOUSE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 403 and be reported out of committee with individual recommendations. No objection, so ordered and so the bill was reported out of committee with a majority report of "no recommendation"; not concurring were Messrs. Bradner, Borer and Haugen who voted "do pass."

Adjourned: Meeting adjourned at 10:00 a.m.

HOUSE FINANCE COMMITTEE  
Tuesday, June 2, 1970  
9:50 a.m.

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

CSSB 359 COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 359 (Authorizing state aid to organized boroughs and cities for retirement of school construction debt) was brought up for discussion. Mr. Ray explained that this is part of the package in order to get the school foundation program in free conference. The bill was reported out of committee with a majority report of "no recommendation", Messrs. Ray and Haugen voting "do pass."

SB 257am SENATE BILL NO. 257 amended (Gross revenue taxes collected from electric and telephone cooperatives) was brought up for consideration. Mr. Hohman moved that SB 257am be replaced with HCSSB 257, and there being no objection it was so ordered. HCSSB 257 was reported out of committee with a majority report of "do pass". Not concurring were Messrs. Haugen and Borer who voted "no recommendation."

CSSB465 COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 465 (ferry bond bill) was brought up for consideration. CSSB 465 was replaced with HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 465 and reported out of committee with a majority report of "do pass"; not concurring was Mr. Hohman who had no recommendation.

SB 430 SENATE BILL NO. 430 (To provide for a comprehensive system for state program budgeting and financial management) was brought up for consideration. SB 430 was replaced with

HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 430 and reported out of committee with a majority recommendation of "do pass." Not concurring were Messrs. Haugen and Borer who had no recommendations.

SB 587 SENATE BILL NO. 587 (Providing for preparation of the budget) was brought up for discussion and reported out of committee with a majority report of "do pass." Not concurring were Messrs. Haugen and Borer who had no recommendations.

CSSB303am COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 303 amended (Creating an environmental quality control commission) was brought up for consideration and replaced by House Committee Substitute for Committee Substitute for Senate Bill 303 and reported out of committee with a majority report of "do pass." Not concurring were Messrs. Haugen and Borer, who had no recommendations.

SB 416 Mr. Hohman moved that SENATE BILL NO. 416 (Relating to State Health Plan) be brought up for consideration. Mr. Haugen objected, and on vote there were not sufficient votes to bring the bill up for discussion.

SB 421 SENATE BILL NO. 421am (Appropriating to the Department of Education) was brought up for consideration, and was reported out of committee with a unanimous "do pass" recommendation.

CSSB593 COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 593 (Relating to the investment of public funds in bonds and notes of political subdivisions of the state) was brought up for discussion. It was replaced with House Committee Substitute for Committee Substitute for Senate Bill 593

and reported out of committee with a majority report of "do pass." Not concurring were Messrs. Borer and Haugen who voted "do not pass unless amended to include Valdez".

Adjourned: Meeting adjourned at 11;00 a.m.

6/2

1810