

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2515

HOUSE FINANCE COMMITTEE
April 21, 1971
9:15 a.m.

Present: All members.

Mr. Hohman called the meeting to order and assigned the following bills:

- SB 182 SENATE BILL NO. 182 - An Act appropriating \$3,503.75 to Harmon R. Helmericks for loss of a boat used by the Alaska Department of Fish & Game -- Warwick.
- HB 436 HOUSE BILL NO. 436 - An Act appropriating to the Department of Education -- Ditman.
- HB 406 HOUSE BILL NO. 406 - An Act extending the authority of the Western Interstate Commission for Higher Education to place students, and for related purposes -- Wright.
- SSB 195 COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 195 - An Act relating to the tax on watercraft fuel -- Haugen.
- HCR 44 HOUSE CONCURRENT RESOLUTION NO. 44 - Relating to needed roads in certain rural areas of Alaska -- Degnan.
- HB 434 HOUSE BILL NO. 434 - An Act appropriating to the Office of the Governor -- Ditman.
- SSHB 267 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 267 - An Act relating to compensation due lost or missing state employees -- Fink.
- SB 168 The percentage of increase which will result through SENATE BILL NO. 168 (An Act changing the payment and reporting period of the oil and gas properties production tax) was discussed. A letter from R. D. Stevenson, Deputy Commissioner, Department of Revenue, explains the increasing revenues through the years (see bill file). Computations

arrived at the estimate of an increase of \$24,000 to the state if the oil and gas production tax was collected on a monthly instead of a quarterly basis.

HB 196

Mr. Ditman moved and asked unanimous consent to bring HOUSE BILL NO. 196 (An Act relating to the State Commission of Human Rights) before the committee for discussion. No objection, so ordered. Mr. Hohman moved and asked unanimous consent to return the bill to sub-committee pending the arrival of the sponsor to testify. No objection, so ordered.

Recess:

The meeting recessed at 9:30 a.m.

AFTER RECESS

9:45 a.m.

HB 215

Representative Richard McVeigh was present to testify on HOUSE BILL NO. 215 (An Act relating to excise tax on intoxicating liquors).

He stated the bill was passed from the State Affairs Committee with a definition of "bonded" warehouses, which definition was inserted to make sure that it wasn't a bonded warehouse in the sense that goods coming into the warehouse were not "in bond." This would come under federal regulations as putting the goods in a non-taxable category. When beverages leave Seattle now they are taxed, and through a complicated paperwork system the beverages for the military are not taxed. HB 215 would provide for goods to be taxed when they leave the warehouse, either in Anchorage or Fairbanks, rather than collecting the tax in Seattle. Mr. McVeigh summarized the advantages to the state as follows:

1. HB 215 would provide for increased warehousing in the state.

Warehousing is now limited because taxes are all prepaid and there is a tendency to keep whiskey in Seattle and send it up in small lots.

2. Help local taxing units because taxing will be done on the basis of inventory and this will provide for much larger inventories in Alaska.
3. Now the Department of Revenue accepts the word of the Seattle wholesalers as to what is coming into Alaska. If taxed in Alaska, the department will have full right of inspection and will have a more accurate count through inventory.

Mr. Stevenson, Deputy Commissioner, Department of Revenue, joined the meeting at 9:50 a.m.

Mr. McVeigh explained HB 215 would provide two points, probably Anchorage and Fairbanks, where bonded warehouses will take care of taxing. Mr. Hohman read the amendment offered by the State Affairs Committee defining "bonded" warehouses and Mr. McVeigh said the occupiers of the warehouse are under bond to assure the payment of taxes. The cigarette industry has the same situation, since tobacco used to be taxed out of Seattle but is now taxed upon leaving the warehouse. Mr. Fink suggested changing the wording to explain that the owner of the warehouse is bonded to collect taxes, rather than to list it as a "bonded" warehouse, and Mr. Hohman agreed the language should be qualified in accordance with this suggestion. Mr. Stevenson read a bill introduced a year ago, which defined bonded warehouses. Mr. McVeigh suggested removing the word "bonded" where used twice on line 12 and forget about the definition. Under present law the consignee is bonded, and it doesn't need to be specified in HB 215. The bond possibly could be increased, because under the present law

the bond is \$25,000. Mr. Stevenson said the problem is the bond would only cover a one-month default. He continued to explain the advantages to the state by HB 215 and said the state will provide more employment through the larger warehouses. There will be about a one month lag in revenues, according to Mr. Stevenson, but once the lag is caught up it will result in about \$400,000 per month in revenue.

Mr. Hohman returned to the suggestion to delete "bonded" on line 12, and Mr. Veigh said, as sponsor, he would withdraw the poorly worded definition of "bonded" and thought it would be acceptable to delete the word entirely. He didn't want it to be confused with the federal regulation of "bonded." Mr. Fink moved and asked unanimous consent to delete "bonded" where used twice on line 12. No objection, so ordered.

Mr. Hohman questioned raising the bond and Mr. Fink noted raising it to \$100,000 would hurt a small business. Mr. McVeigh said this suggestion should come from the Department of Revenue, but he would sponsor such a recommendation if needed. However, he stated raising the bond should come under a separate bill.

Mr. Hohman moved and asked unanimous consent that HB 215, with amendment, be passed from the finance committee. No objection, so ordered, and HB 215 was passed with a unanimous recommendation of "do pass with attached amendment."

Recess: The meeting recessed at 10:05 a.m.

AFTER RECESS

2:40 p.m.

Present: All members except Mr. Wright and Mr. Ditman. Representative Bowman, Mike DeMan and Joe LaRocca, news reporter, were also present.

HB 196 Mr. Hohman called the meeting to order and explained the committee was present to hear testimony on House Bill No. 196 (an Act relating to the State Commission of Human Rights). There was also a Judiciary Committee Substitute for House Bill No. 196.

Representative Bowman explained that he was formerly the Director of the State Human Rights Commission and that he had held this position for 6 years. One of the problems of the Commission is getting a quorum together. Members of the Commission who live in such areas as Hoonah, or small villages in northwest Alaska often have transportation problems, etc.

Mr. Wright entered the meeting.

Mr. Bowman explained that he had always felt the Commission needed more members (both Judiciary CSHB 196 and HB 196 raise the number of members from five to seven). He felt that by having seven members there would be a better chance of getting a quorum.

Another problem of the Commission is legal counsel. Mr. Bowman explained that the Attorney General is the attorney for the commission. He said the commission has had problems with getting someone to work in this position. He said that this would require special legal talents. Mr. Bowman said that every attorney general the State has had has stated he will give the commission an attorney yet every attorney general has failed to give this needed assistance. Mr. Bowman explained that the Judiciary Committee Substitute for House Bill No. 196 has restated the fact

that the Attorney General is the legal counsel for the Commission. Mr. Bowman said that (b) of this act allows the commission to employ temporary legal counsel where the attorney general is representing another agency of the state government. Mr. Bowman said the only financial implication of this bill is for travel and per diem of additional members of the commission. This is \$1,400 for travel for the two additional members and \$800 for per diem for a total of \$2,200, Mr. Bowman added. Mr. Fink questioned the language on page 2 of the bill requiring that the executive director be a bona fide resident of the state. Mr. Bowman explained that this was done in 1963 when the original bill was enacted. This was done because of the fear of outside attorneys coming and bombarding the commission with civil rights cases. Mr. Warwick asked about the problem of the commission not having an attorney. He asked how many hearings they have not been able to hold because they did not have an attorney. Mr. Bowman said out of 100 cases, 90 cases could be resolved by informal proceedings. Out of the remaining 10 cases, 5 should have a public hearing and the other 5 should probably go to court. Mr. Warwick asked then what has been happening to these 10 cases. Mr. Bowman said they die. Mr. Bowman said he was not sure the provision in CSHB 196 will help this situation but at least it is there. Mr. Bowman left the meeting.

HB 415 Mike DeMan was present to give testimony on House Bill No. 415 (an Act providing for career and higher education scholarship loans). This bill had been introduced by the finance committee. Mr. DeMan felt the amount of the loans

should be \$4,000 instead of \$2,500. He pointed out that \$2,500 would not be enough for graduate students. He said that many students in post graduate work are married and he did not feel \$2,500 would be adequate. Mr. Warwick asked if Mr. DeMan knew any other loan program that was as liberal as this.

Mr. DeMan felt that any good student could get through school without any money because of the programs available.

Mr. DeMan discussed various loan programs. He was in agreement with the forgiveness factor in the bill. He felt the interest rate was very favorable. He felt they could increase the interest rate if necessary. Mr. Deman felt they should raise the amount if they wished to include graduate students. Mr. Fink pointed out ways that graduate students who are married could get through school. He felt that it was not the wish of the legislature to pay the full amount. Mr. Fink said that he would like to see this left at \$2,500 and next year if necessary they could improve it. Mr. DeMan left the meeting.

HB 406 Mr. Wright asked about House Bill No. 406 (an Act extending the authority of the Western Interstate Commission for Higher Education to place students). Mr. Haugen said that a student from his area had applied to every WICHE school and could not get in because the classes were filled. Mr. Haugen said this bill would allow the student to get the same treatment as WICHE support. Mr. Wright asked if youngsters under this program would also be eligible to borrow the \$2,500 provided in HB 415. Mr. Fink said yes. Mr. Haugen said he had talked to Dr. Wood

about time limits and he wanted this set at 1975 and nailed to basic science courses.

Bill Assignment:

Mr. Hohman assigned the following bills:

HOUSE BILL NO. 440 (an Act relating to the disaster relief fund)
-- Warwick

HOUSE BILL NO. 415 (an Act providing for career and higher education scholarship loans) -- Fink

HB 415

Mr. Fink moved and asked unanimous consent that the committee pass out House Bill No. 415 (original bill) with a "do pass" recommendation. No objection, so ordered. So House Bill No. 415 passed with 6 "do pass" recommendations. (Mr. Ditman being absent.)

HB 65

Mr. Hohman said that House Bill No. 65 (appropriating to the Department of Education, District School Support) which was reported out of House Finance on April 14 would not be needed since it could be funded elsewhere.

Mr. Hohman asked Mr. Hogan if the committee had to authorize the Department of Education to expend the surplus Public School Foundation funds in the transportation area or should they write a committee report. Mr. Hohman felt if they included it in the Free Conference Report on the budget, it would be clear that both the Senate and the House approved of it. Mr. Hogan agreed with this conclusion. Mr. Hogan was asked to "flag" this for Free Conference and House Bill No. 65 was put in the dead file.

SB 157 Mr. Hohman said that Senate Bill No. 157, which had passed out of this committee on April 9, but was subsequently returned by the Rules Committee Chairman, was a bill to abolish the Fish and Game Working Capital Fund. Mr. Warwick felt this legislation was not needed since it could be done administratively. Mr. Hohman asked if there was any strong feeling on this bill whereupon Mr. Hogan and Mr. Warwick discussed the pros and cons. Mr. Fink asked why it shouldn't be abolished statutorily and Mr. Warwick felt if they abolished it the legislature would lose control of the expenditures. Since SB 157 technically was not before the committee, Mr. Hohman stated the committee would take no action.

Mr. Hohman made the following bill assignment:

CS for Senate Bill No. 15 (relating to state aid for school construction to organized boroughs and cities which are school districts) -- Wright

Adjournment: The committee adjourned at 3:45 p.m.

HOUSE FINANCE COMMITTEE

April 22, 1971

8:50 a.m.

Present: All members with the exception of Mr. Degnan. Mark Jensen, lobbyist, timber industry; Don Dickey, Alaska State Chamber of Commerce; Larry Dineen, Associated General Contractors; Joe LaRocca, reporter.

HB 196 Mr. Hohman called the meeting to order. Mr. Ditman moved and asked unanimous consent to bring HOUSE BILL NO. 196 (An Act relating to the State Commission of Human Rights) before the committee for discussion. No objection, so ordered. Mr. Hohman noted the judiciary committee had passed a committee substitute and moved and asked unanimous consent that the finance committee pass CSHB 196 from committee with a "do pass" recommendation. No objection, so ordered.

73 Mr. Ditman moved and asked unanimous consent to bring HOUSE BILL NO. 73 (An Act appropriating to the Department of Natural Resources, Management of State Lands) before the committee. No objection, so ordered. Mr. Ditman said the resources committee had offered an amendment on page 1, line 10 to strike \$3,976,669.77 and insert \$3,650,177.88. The resources committee had researched HB 73 at great length, and testimony by the Department of Administration at one of their hearings suggested the revised figure due to questionable billings. Mr. Warwick asked what these questionable charges were and Mr. Ditman said they pertained to fire suppression costs which should be paid by the Bureau of Land Management when fires spread to federal lands. A committee report from the resources committee lists the figures in detail. Mr. Warwick still questioned the reductions and Mr. Hohman moved and

asked unanimous consent to return HB 73 to sub-committee and include Mr. Warwick in the sub-committee to satisfy his questions. No objection, so ordered.

HB 2

Mr. Hohman moved and asked unanimous consent to bring HOUSE BILL NO. 2 (An Act relating to workmen's compensation) before the committee. No objection, so ordered. Testimony was heard from the following men: Mark Jensen, lobbyist for the timber industry, stated about 50% of the cost of logging is payroll and HB 2 will have a great effect on the operation. At the present time some logging outfits are paying \$20 and over for workmen's compensation for every \$100 in payroll. The Senate Commerce and House Commerce Committees have requested a rate study to be done by the Legislative Council, and Mr. Jensen urged the committee to hold the bill until the study is completed. HB 212 and 211 increased premiums by about 7%. The timber industry is on a world market and the costs can't be passed on easily. The industry is also being asked to spend millions of dollars to meet environmental problems. Mr. Warwick questioned the study to be done by the Legislative Council and Mr. Jensen said he believed it had been authorized by a resolution which had been passed. Further information was requested by the committee on the status of this resolution.

Don Dickey, Alaska State Chamber of Commerce, said that HB 212 will result in a cost increase of an average of 6-1/2%. HB 2 would increase costs another 6.3%, resulting in an average increase of 13%. The state of Washington pays \$81 in workmen's compensation, Oregon pays \$80, California \$87.50, and Alaska \$127. Mr. Dickey urged the committee to resist the bill, and stated the added costs would put another obstacle

to doing business in Alaska. Unemployment is high in the state. Mr. Ditman asked if there was any report from the labor and management committee and Mr. Hohman read their report (see bill file). Mr. Hohman also read a report (see bill file) from the Insurance Rate Analyst which explained the 6-1/2% impact on insurance rates.

Larry Dineen, Associated General Contractors, stated he was concerned about small businesses and the overall impact of employment security which was costing them money. For the state to be competitive in the business climate, these things should be looked at very carefully. He was not opposed to the bill, but unemployment is very high and Alaska should try to attract business to the state. Alaska is either the highest or the second highest in the nation in compensation, and with the passing of HB 2 we would be the highest. Mr. Dineen concluded he endorsed the study proposed by the two commerce committees.

Mr. Fink stated the impact on industry in the state is important; however, he was in favor of the bill. The effect of raising the minimum was questioned by Mr. Warwick and Mr. Jensen said this had been done at the suggestion of the industry.

Mr. Hohman moved and asked unanimous consent to return HB 2 to sub-committee. No objection, so ordered.

Recess: The meeting recessed at 9:35 a.m.

AFTER RECESS
10:00 a.m.

Present: All members. Jay Hogan, Fiscal Analyst

HB 58 Mr. Hohman asked Mr. Hogan to explain the difference in the figures for this year's budget over last year's budget as listed in COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 58 (An Act appropriating for the operating and capital expenses of all departments, offices and agencies of state government). Mr. Hogan explained the principal difference between the two figures is that last year a \$61 million appropriation was made for capital projects. The reason figures do not relate on the chart provided to the committee is these figures do not include everything allocated last year - Department of Environmental Affairs, per diem increase, etc. When the bill was originally written, these figures were excluded and that is why it doesn't total the \$316 million operation figure - if all figures had been included the total would come to \$316,892,200 instead of \$310,000,000. The total operating budget is 12% higher than last year. The comparable figure for last year - relating to the \$287 million figure - is \$252,966,400, excluding the \$61 million capital improvements. Federal receipts are up over \$50 million. \$20 million was added in Aviation and \$40 million in Highways (over the original \$51 million federal appropriation to Highways). Figures are based on totals before the amendments. The amendments require an additional \$6.7 million and the fund sources are \$6,311,000 of the 8% salary increase comes from the general fund. The balance comes from special funds (listed on page 10). The unemployment security benefits coverage is entirely from the

general fund for a total of \$350,000.

The addition of \$450,000 for the community colleges is entirely from the general fund. This can be used for matching federal funds.

Recess: The meeting recessed at 10:15 a.m.

HOUSE FINANCE COMMITTEE

April 23, 1971

8:45 a.m.

Present: All members.

- HB 2 Mr. Ditman moved and asked unanimous consent that the committee consider HOUSE BILL NO. 2 (workmen's compensation). No objection so ordered. Mr. Ditman moved and asked unanimous consent that HOUSE BILL 2 be reported out with individual recommendations. Messrs. Hohman, Warwick, Haugen and Ditman signed "no recommendation" and Messrs. Fink, Wright and Degnan signed "do pass."
- HB 443 Mr. Hohman moved and asked unanimous consent that HOUSE BILL NO. 443 (relating to legislative per diem) be considered by the committee. No objection so ordered. Mr. Warwick moved and asked unanimous consent that it be reported out with "do pass" recommendation. Mr. Fink objected and it was reported out with a "do pass" recommendation except for Messrs. Haugen, Fink and Wright who signed "do not pass."
- HB 71 Mr. Ditman moved and asked unanimous consent that HOUSE BILL NO. 71 (appropriating to the Department of Public Works, Division of Buildings) be considered by the committee. No objection so ordered. Mr. Ditman then moved and asked unanimous consent that the committee adopt COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 71 (which would change the amount to \$7,000 and it would be appropriated to the Department of Public Works for estimated unfunded operating costs of the Alaska Railroad shuttle service to Whittier) in lieu of HB 71. No objection so ordered. Mr. Ditman offered the following letter as an explanation for this change:

"April 19, 1971

Mr. John Walls
President
Whittier Recreation Association
1443 West Northern Lights Blvd.
Anchorage, Alaska 99503

Dear Mr. Walls:

I am pleased to advise you that the Friday shuttle service by the Alaska Railroad to Whittier will be continued this year. This design is made possible by the supplemental appropriation of \$7,000 by Representative Joshua Wright in the House Finance Committee. Assuming the ultimate appropriation of the funds by the total legislature, we are scheduling the expanded service.

Thank you for calling this matter to my attention.

Sincerely,

George W. Easley
Commissioner"

Mr. Ditman then moved and asked unanimous consent that the committee report out CSHB 71 with "do pass" recommendation. No objection so ordered.

Mr. Hohman made the following bill assignments:

HOUSE BILL NO. 371 (appropriating \$500,000 to Office of
of the Governor) -- Degan

HOUSE BILL NO. 297 (creating Public Communications
Commission) -- Warwick

HB 296 Mr. Hohman moved and asked unanimous consent that the committee consider HOUSE BILL NO. 296 (exempting from city and borough taxation the real property of certain residents having limited income). No objection so ordered. Mr. Ditman moved and asked unanimous consent that HB 296 be reported out with a "do pass" recommendation. He then went on to explain that the fiscal impact would be about \$500,000. (See bill file for letter from Mr. R. D. Stevenson, Deputy Commissioner of Revenue, dated

HB 406

April 13, 1971). There being no objection HOUSE BILL NO. 296 was reported out with unanimous "do pass" recommendation. Mr. Wright moved and asked unanimous consent that HOUSE BILL NO. 406 (extending authority of the Western Interstate Commission for Higher Education to place students and for related purposes) be considered by the committee. No objection so ordered. Mr. Wright said that what this bill does essentially is allow youngsters from Alaska, who cannot get into a WICHE school because they are filled, the opportunity to get into schools outside the program. The intent of this bill is to expand it to all schools in the country. The same provisions for WICHE will be applicable but when a school is filled up and turns down an Alaskan, then they could go to another school outside the compact. Mr. Haugen stressed that this student must fill all the requirements, no exceptions are being made in grades, etc. Mr. Wright pointed out one of the reasons these western schools are not particularly happy with this arrangement anymore is that it costs the school about \$10,000 a year to educate the student and the compact only pays \$3,000 a year. Naturally, these states prefer to educate their own youngsters. Also, the western schools, e.g., Stanford, UCLA, University of Washington, are considered to have better medical, dental, etc., schools than say University of Maryland, South Carolina and North Carolina. These western schools feel they are subsidizing youngsters from out of state and therefore are not accepting them under WICHE as rapidly as they did in the past.

Mr. Hohman asked the cost and Mr. Wright said it is \$3,000 per

student. Dr. Wood had said in an earlier phone call that the \$115,700 as approved by the Governor and the House Finance (and subsequently adopted in CSHB 58 am) for WICHE would be adequate to cover extra students in case they are accepted in other schools.

HB 406 was returned to subcommittee.

Meeting recessed at 9:45 a.m.

AFTER RECESS

9:40 a.m.

Present: All members except Mr. Haugen. Representative William Moran was also present.

SB 171 Chairman Hohman called the meeting to order and explained that Mr. Moran was present to give testimony on Senate Bill No. 171 (an act providing for peremptory disqualification of district judges). Mr. Moran explained that before they have not had the peremptory disqualification of district judges. He explained that they do have a problem in that they are increasing the jurisdiction of district judges. The idea of the bill is if they are going to have jurisdiction changes of district judges then the peremptory disqualification should also apply to district judges. Mr. Moran said he assumed the reason it came into the finance committee was that there would be a nominal fiscal implication if a judge was disqualified because they would have to bring another judge in.

Mr. Fink said he had been the Chairman of the Judiciary Committee when the bill to provide this disqualification of superior court judges originated. He said he was in favor of this but he was not in favor of Senate Bill No. 171 which would include district court judges. Mr. Fink said there are several areas where there is only one district judge and he felt the attorneys would almost always ask for this disqualification and justice would come to a halt.

Mr. Fink asked how often a visiting district judge would go to Bethel. He said as soon as they get the peremptory challenge

they would always have to send district judges to Bethel. Mr. Moran said it was his understanding it was the idea of the Chief Justice that they should have more of these people on the circuits. He said this level of service should be brought to areas like Bethel. Mr. Moran said he was sure that it would delay justice somewhat. He said he was not a great proponent of the bill but he felt if it was not passed the Senate would not enlarge the jurisdiction of district judges.

Recess:

The committee recessed at 9:55 a.m.

HOUSE FINANCE COMMITTEE

April 24, 1971

8:40 a.m.

Present: All members with the exception of Messrs. Ditman and Haugen.

HB 245 Mr. Hohman called the meeting to order and moved and asked unanimous consent to discuss HOUSE BILL NO. 245 (An Act appropriating to the Department of Public Works. No objection, so ordered. HB 245 provides for \$7,000,000 for the state ferry system and for the sale of the M/V Wickersham. Mr. Warwick moved and asked unanimous consent to pass HB 245 from committee with individual recommendations. No objection, so ordered, and HB 245 was passed from the finance committee with four members voting "do pass" and Mr. Fink voting "no recommendation."

HB 413 Mr. Hohman moved and asked unanimous consent to bring HOUSE BILL NO. 413 (An Act relating to the International Airports Revenue Bonds) before the committee. No objection, so ordered. Mr. Warwick asked the effect of the bill and Mr. Fink explained that the language change would broaden the use of bond proceeds to include airport facilities at the Anchorage International Airport. Mr. Hohman moved and asked unanimous consent to pass HB 413 from committee. No objection, so ordered, and HB 413 was signed unanimously "do pass."

HB 38 Mr. Hohman moved and asked unanimous consent to bring HOUSE BILL NO. 38 (An Act providing for state loan forgiveness with respect to the Alaska 67 centennial site) before the committee. No objection, so ordered. Mr. Fink stated he could not see how the forgiveness of a loan to Fairbanks could be justified, in view of the fact that no other municipality has been granted such forgiveness. Mr. Warwick said HB 119 will provide that each city may receive funds from the

state, but Mr. Fink objected to giving Fairbanks \$1.5 million for a civic center. Mr. Warwick argued that HB 119 would allow other cities to apply for such funds. Mr. Fink said undoubtedly Fairbanks will have another request in under HB 119, and the \$1.5 million should be deducted from their request. Mr. Hohman moved and asked unanimous consent to pass HB 38 from committee and a vote was taken. Three members voted "no recommendation" and two voted "do not pass." Since a majority of four votes was necessary in one category for a bill to be released from the committee, Mr. Hohman noted there was not sufficient support and returned HB 38 to sub-committee.

HB 54 Mr. Wright moved and asked unanimous consent to bring HOUSE BILL NO. 54 (An Act relating to claims against the state) before the committee. Mr. Hohman noted it was time for roll call of the House and he would prefer to discuss HB 54 at a later time.

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

AFTER RECESS
11:45 a.m.

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

HB 38 Mr. Hohman moved and asked unanimous consent to bring HOUSE BILL NO. 38 (An Act providing for state loan forgiveness with respect to the Alaska 67 centennial site) before the committee for discussion. No objection, so ordered. Mr. Hohman moved and asked unanimous consent that HB 38 be passed from the finance committee with individual recommendations. No objection, so ordered. Four members signed the committee report " / " and Mr. Fink signed the report "do not pass."

HB 54 Mr. Warwick signed the report "do pass." Mr. Wright moved and asked unanimous consent to discuss HOUSE BILL NO. 54 (An Act relating to claims against the state). No objection, so ordered. A proposed finance committee substitute was distributed to members (see bill file). Mr. Wright moved and asked unanimous consent to pass the committee substitute, but Mr. Hohman objected and asked for an explanation of the substitute. Mr. Fink stated the original HB 54 may be challenged constitutionally, and the three changes offered in the committee substitute would be acceptable legally. The three changes were:

1. The state would not be liable for an action of tort because of highway accidents unless the state did not correct defects causing the accident;
2. Notice of claim must be given to the state within four months of the accident;
3. The state could request a trial by jury.

Mr. Warwick questioned the "sole cause" wording and wondered if this was too restrictive. Mr. Fink explained under common law if contributory

negligence is present, there can be no claim against the state for defects. Some states have passed laws that contributory negligence would allow for a payment of claim. Mr. Fink also stated that experience has shown that juries have not been nearly as liberal as judges in allowing claims. Mr. Wright moved and asked unanimous consent to pass CSHB 54 from committee. No objection, so ordered. The committee report was signed with four members voting "do pass" and two members voting "no recommendation."

SCR 28 Mr. Hohman assigned SENATE CONCURRENT RESOLUTION NO. 28 (Relating to jurors' fees under Rule 17 (a), Rules Governing the Administration of all Courts) to Mr. Wright.

Adjourn: The meeting adjourned at 11:55 a.m.

HOUSE FINANCE COMMITTEE

8:30 a.m.

HB 297

This was a subcommittee meeting on HOUSE BILL NO. 297 (creating the Public Communications Commission) with Mr. Dan Casey explaining the changes made by the Commerce Committee and submitted as COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 297. Mr. Casey said that on page 1, line 10, the deletion of [EMPLOYMENT ADVISORY COMMISSION] was only "cleanup" revision done by the Revisor of Statutes and it did not affect anything. One page 1 of the committee substitute, he explained that the bill essentially establishes the Public Communications, the same as the Alaska Educational Broadcasting Commission. The only difference is the members serve at the pleasure of the Governor, and on the AEBC, they could be discharged for "cause."

On page 2, the committee substitute is the same as the original except for line 19 where the word "department" had been deleted and the word "commission" inserted. On line 26, page 2, subsection (2) is new and different from the original bill. On page 3, line 1, the words "conceive, review" were added to subsection (3) and on line 2, the words "regulation and" were new. The latter wording provides for third party impact. On line 7 of page 3, subsection (5) is new and different from the original bill. Mr. Casey explained that this language was taken from the Idaho concept. The wording will be thus: "(5) coordinate among state agencies telecommunication program creation and broadcasting;". The purpose of this new language is to allow the state to get away from paying such

high fees for "farming" out the work. This provides the state with a provision to do their own footage. It costs \$1,500 a minute if it is sent to Los Angeles for filming, but with this new provision the state of Idaho has cut the cost by filming it locally from \$1,500 to \$900 - \$1,000. This was brought about by eliminating the double "farming out" charge. It has the added benefit of keeping the talent within the state. This subsection provides the authority for this commission to coordinate among all state agencies.

Still on page 3, line 12, subsection (7), Mr. Casey stated this was new, and that it was to delegate the responsibility and assist the Attorney General.

On line 15, subsection (8) this provides for everyone to apply to FCC for a license, and he said there is the possibility that they will give a lump sum to the state so they have the prerogative open if this develops.

Mr. Casey said that the material on line 18 was the same as the original HB 297 but a number of changes had been made on the powers of the commission, namely: on line 21, subsection (1) is new wording and nothing like the original HB 297. He said this was taken from the Louisiana concept and it helps establish intent of the committee. On line 25, subsection (2) the words "on behalf of the state" were added to the original subsection (2). Mr. Casey said this was done because the Attorney General felt that the original wording would have been unconstitutional. The state does not have any prerogative over FCC whatsoever and so what they say is what happens. He pointed out that on line 29 of page 3, the words "reserved for the state" were added on the original.

On page 4, line 9 the word "department" had been deleted from HB 297 and the word "state" inserted in the CSHB 297. He said this was changed because it is no longer under Department of Education - - it is in the Office of the Governor. On line 13, same page, subsection (7) reorganizes the language as set forth by the Attorney General. It avoids constitutional conflict as now reworded. He cited the example of the Metlakatla-Haida group applying for approval and they do not need the approval of the state. They work it so they have jurisdiction and this language is just to clarify that. In other words it is "cleanup" language.

Mr. Hohman asked why the state should interfere with anyone applying for private funds and Mr. Casey said the new language does not allow this; however, in the original HB 297 it did. He said all of the wording from HB 297 in subsection (7) had been dropped. Mr. Casey said after talking to people like Mr. Northrup, they deleted the language which stated: "The Public Communications Commission shall...(7) have the final authority over the broadcasting policy programming;"

In referring to page 4, line 17, subsection (b), Mr. Casey said they had just streamlined the language. He said it had defined "media" but Mr. Casey felt it was redundant. On line 25, beginning with the "Administrative Powers of the Commission," it sets out what the commission may do and he said this was not in the original HB 297. He said subsection (1), (2), and (3) are already in the statutes via the Educational Broadcasting Commission. He said subsection (4) was in the original HB 297, and they have just organized this under one heading.

On page 5, line 11, a new section has been added -- utilities regulation. This is to circumvent any fears that this commission is usurping the powers of the Alaska Public Utilities Commission. They felt the intent of the original HB 297 in no way conflicted and this commission will not be in the utilities regulation business.

Starting on line 14, page 5, the committee had tightened up the definition of "educational broadcasting." It is just a grammatical change and they also included the old frequency because it is being considered nationally.

On line 20, page 5, they changed the word "and" to "or" in the committee substitute. Subsection (3), line 23, is new material and it is taken out of the APUC chapter and reinserted here. This definition is one of the better in the country, according to Mr. Casey. He felt since it is used so much it should be defined as to what they are talking about.

Line 29, Sec. 2 is a repealer of the Alaska Educational Broadcasting Commission.

There being no further comments by Mr. Casey, subcommittee meeting recessed at 9:00 a.m.

HOUSE FINANCE COMMITTEE

April 27, 1971

9:40 a.m.

Present: All members with the exception of Mr. Haugen. Dennis Lund, Criminal Justice Planning Agency; Robert N. Reeves, Administrative Director of Courts.

SB 103 Mr. Hohman called the meeting to order and introduced Dennis Lund, who was present to testify on SENATE BILL NO. 103 (An Act relating to the Governor's Commission on the Administration of Justice). Mr. Lund stated the Law Enforcement Assistance Administration will award planning funds for the fiscal year, and attached to these awards are four special conditions which must be followed by the Criminal Justice Agency:

1. The acting director's status must be resolved. There has been an acting director for over a year, and the position requires a full-time director.
2. A police specialist is needed for the agency. (Mr. Lund is the corrections specialist.)
3. The staff should be on the merit system. Up to this point, everyone has been partially exempt.
4. There should be representation from the northern region of Alaska on the governing board. A representative should be included from Fairbanks.

SB 103 will provide for the last two items on the list. The federal government said unless all four provisions are followed, some \$750,000 of special award money will be withdrawn. The comprehensive plan for criminal justice is expected to be approved shortly. The agency has on-going projects which would end on July 1, if funds are not

forthcoming, and also other projects are planned. Mr. Reeves added they have a request in for \$16,000 for a trial judges' conference held annually. Through calling on people at LEAA, Mr. Reeves has arranged for these funds to be released, strictly on a one-shot deal. Mr. Reeves continued with the financial impact of the bill and said per diem and travel for about eight meetings per year, or about \$10,000, would allow for about \$750,000 in federal funds. Discretionary grants are contemplated by the federal government, and if the planning commission does not meet the LEAA specifications, all funds could be withheld. This could be substantially more than \$750,000, and Mr. Lund added it could be as much as \$1.5 million. Mr. Hohman questioned limitations on these funds and asked if they could be used for space studies. Mr. Reeves said he had written to Washington, D. C. about this. The state of Michigan hired a firm last year to do space studies there, and Mr. Reeves said he thought Alaska would be eligible. Mr. Lund added that discretionary funds are competitive nation-wide and 10 projects may be awarded to the nation. Mr. Hohman asked if space study funds were received, would any action be necessary by the legislature. Mr. Reeves said it would require matching funds, which could be provided by in-kind work, through people and time. There being no further questions on SB 103, Mr. Lund was excused from the meeting.

HB 226

Mr. Hohman stated HOUSE BILL NO. 226 (An act appropriating to the Alaska court system) was released by the finance committee without funding for the improvements of the court building in Anchorage. He said this was done because of a November 5, 1970, memorandum (see bill file) from Mr. McVay to Mr. Johnson in the Division of Buildings

which stated the renovation work would not require a supplemental. Mr. Reeves stated this memo was between two people in the Department of Administration and he had no knowledge of it. Mr. Hohman said this is the information provided the finance committee, but Mr. Reeves said the \$99,500 is necessary for the renovation work. Mr. Hohman then noted a letter from the court system stating their original budget request was for \$9,706,000. Mr. Reeves said this is a problem in definition. They included an amendment, supplemental budget requests, and capital improvements budget in this figure. Mr. Hohman asked when the amendment was requested, and Mr. Reeves said some time in February. Mr. Hohman noted consideration of the budget started in January, but Mr. Reeves said he had put it in before the final deliberations. Mr. Hohman stated he just wanted to register what he felt was misleading information given by the court system.

Mr. Reeves left the meeting at 9:55 a.m.

Mr. Hohman moved and asked unanimous consent to bring HB 226 before the committee for discussion. No objection, so ordered. Mr. Hohman moved that committee substitute for HB 226 be amended by \$99,500 to provide for the court room renovation in Anchorage, the furnishing of two court rooms. No objection, and committee substitute for HB 226 was passed by the finance committee with four members voting do pass and one member voting no recommendation.

Recess: The meeting recessed at 10:05 a.m.

HOUSE FINANCE COMMITTEE MEETING
April 28, 1971
9:40 a.m.

Present: All members except Mr. Haugen.

Chairman Hohman called the meeting to order and assigned the following bill:

Bill

Assignment: CSSB 215 am (an Act creating Regional Native Housing Authority) -- Mr. Degnan

Mr. Hohman moved and asked unanimous consent that the committee consider COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 215 amended.

No objection. Mr. Warwick asked about the status of the 1,200 new homes provided for in this bill. He wanted to know if this is going to be a reality. Mr. Degnan said the homes are going to be approved by HUD and they have the approval of the White House for this.

Mr. Warwick asked who determines where these houses will go.

Mr. Degnan said this would be decided by the Regional Association created under this bill. Mr. Hohman pointed out this is already in operation. Mr. Degnan said this would create the vehicle to implement this program. In answer to Mr. Wright, Mr. Degnan said it will be the function of this particular organization to determine the need of the area and who will get the houses first. Mr. Wright said he could see that there would be a greater need in Anchorage because there would be more people. Mr. Degnan felt this would be determined in a fair manner and that it would go through the AFN Board if there are any disputes.

Mr. Hohman moved and asked unanimous consent that Committee Substitute for Senate Bill No. 215 am be passed from committee with a do pass

recommendation. Mr. Fink objected. Mr. Degnan said that this would provide the same authority that ASHA now has. Mr. Wright asked the fiscal implication. Mr. Degnan did not feel there would be any. He said the funding sources are primarily from HUD. Mr. Hohman asked if HUD carries administrative cost and Mr. Degnan said yes. Mr. Wright felt there could be problems on this and said he would not support it without a fiscal note. Mr. Hohman suggested that Mr. Degnan talk to Senator Groh about this and the bill was returned to subcommittee.

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

AFTER RECESS

3:55 p.m.

Present: All members except Mr. Haugen. Commissioner Joe Henri, Department of Administration, was also present.

Bill

Assignment:

HOUSE BILL NO. 444 (An Act providing for the repayment of profits on bonds purchased by the state)
-- Mr. Hohman

CSSB 2 am (Limitations upon oil and gas leases in certain areas) -- Mr. Hohman

CSSB 215 am (an Act creating Regional Native Housing Authorities) -- Mr. Degnan

CSSB 179 (an Act relating to a special account for trail staking and shelter construction and maintenance) -- Mr. Ditman

HCR 48 (Relating to Native land claims legislation before Congress) -- Mr. Degnan

HOUSE BILL NO. 153 (an Act pertaining to budgeting for capital improvement projects) -- Mr. Wright

Mr. Henri was present to give testimony on a proposed HOUSE CONCURRENT RESOLUTION (relating to construction and leasing of office buildings for the Department of Labor). Mr. Henri explained that the Department of Labor is in rented space in Anchorage and Juneau. The federal Department of Labor pays the state's rent because the bulk of their work is Employment Security. Mr. Henri said that the federal Department of Labor did sanction a lease purchase type of arrangement so at the end of a certain period the State would require ownership.

Mr. Henri said one suggestion had been that proposals for building these buildings be requested from private enterprise. Mr. Henri said there were several things that he did not care for in this suggestion. He said the private individual would have to borrow money and make a profit and also the State would have to choose between the individuals. Mr. Henri said in talking to Commissioner Benson they had suggested that employees or teachers pensions monies be invested in these buildings. This would provide a 10 per cent rate of return, Mr. Henri added. Mr. Henri said he had discussed this with Commissioner Wohlforth and he was not "too keen to invest this but he did not say no". Mr. Henri said he could see no reason why the State of Alaska should not take care of its own business.

Mr. Fink said he would like to get figures on what the State is paying ASHA. He felt that ASHA rents are too high. Mr. Henri said that rents for ASHA are higher because they are paying for short financing.

Mr. Hohman asked about the non-profit organization. Mr. Henri said this would probably be comprised of several commissioners serving without pay.

The committee discussed the buildings leased by the Department of Highways. Mr. Henri felt this was a second rate building that was on a 10 year lease (this will be up in October). Mr. Hohman asked if they plan to renew this lease. Mr. Henri said no, they would like to enter a one year lease with the option to save themselves if the legislature allowed them to buy.

Mr. Fink felt an analysis should be prepared showing ASHA rentals.

The committee discussed Senate Concurrent Resolution No. 45 --

SCR 45 relating to the lease of additional office and courtroom space as new projects. Mr. Henri said the problem is that the legislature said to build this, the bonds have been sold and the way ASHA pays off the bonds is by renting but how can the State pay rent for a building that is not there. In answer to Mr. Warwick, Mr. Henri said they already have an existing ASHA bond on the land. Mr. Fink asked if the administration is taking the position that additional monies are needed. Mr. Henri said yes.

Mr. Henri said they will have to do something about the court house. He said they would have to take action on the labor buildings and he presumed they would have to go out to private individuals to obtain proposals. Mr. Henri said he could not really see the sense in handling this in this manner.

Mr. Henri left the meeting.

HB 185 Mr. Hohman moved and asked unanimous consent that HOUSE BILL NO. 185 (an Act relating to the creation of Guide Licensing and Control Board) be brought up for discussion. No objection.

Mr. Hohman read the Resources amendment (see bill file). There was a brief discussion and the bill was returned to subcommittee for further study.

CSSB 215 am Mr. Degnan moved and asked unanimous consent that Committee Substitute for Senate Bill No. 215 as amended (an Act creating the Regional Native Housing Authorities) be considered by the committee. No objection. Mr. Degnan said he had talked to the manager of

ASHA and there was no state funding required under this bill. He said the amount of federal funding is \$20-\$25 million plus and additional \$20-\$25 million for water, sewer and roads.

Mr. Wright said he was against this bill -- he did not feel it was well thought out and that he felt federal money could be cut off and the State would have to pick up the funding.

Mr. Degnan explained that the bill specifically refers to the President's program on Indian housing. Mr. Hohman asked how many houses there would be and Mr. Degnan answered 1,200.

Mr. Wright said he would feel better if ASHA wasn't in the bill at all. Mr. Hohman pointed out that this program will work independently of ASHA, as that is the effect of the bill.

Mr. Warwick questioned the wording on page 3, line 17, stating that "...do not relieve the Alaska State Housing Authority of its responsibility for its present programs or for its financial obligations under these programs..." Mr. Degnan replied that this wording means only that ASHA should continue what they have already started. Mr. Hogan said this language is vague but obviously means that this bill would not affect ASHA's authority but he felt it had not been done too clearly. In effect, ASHA does have programs in low income and these responsibilities would not be changed.

Mr. Warwick wanted to know why the state has to get into this.

Mr. Degnan said this bill will provide the vehicle to receive the funds. Mr. Wright suggested this be a non-profit corporation,

then the state would be completely relieved. Mr. Wright assured the committee he was in favor of getting all of the housing they can but if it gets in trouble then with a corporation, the state would not have any obligation. Mr. Warwick questioned the need for a vehicle to receive the funds. Mr. Wright agreed and said give it to an attorney and get a corporation and bypass the state. The state would have no say-so in it this way. Mr. Hohman suggested to Mr. Hogan that he look into the language on page 3 and see if it could be revised. He also requested that Senator Cliff Groh be requested to appear before the committee at 8:30 tomorrow morning.

Adjournment: The meeting adjourned at 4:45 p.m.

HOUSE FINANCE COMMITTEE
April 29, 1971
8:40 a.m.

Present: All members with the exception of Messrs. Haugen and Wright;
Senator Clifford J. Groh; Joe LaRocca, news reporter.

SB 215 Mr. Hohman called the meeting to order and moved and asked unanimous consent to discuss SENATE BILL NO. 215 (An Act creating Regional Native Housing Authorities). No objection, so ordered. Mr. Hohman stated there were questions about this legislation, what it intended to do and whether or not it will cost the state any money, and Senator Groh was present to answer any questions the committee may have. Senator Groh said he didn't think SB 215 would cost the state any money. The program originally arose when Senator Ted Stevens went to Housing and Urban Development and arranged for 1200 houses to be built in Alaska this year, and 1200 each succeeding year for a total of five years. There is a question of who will construct the houses, since the existing law stated the Alaska State Housing Authority is the only agency with power to be in the housing business and receive money from HUD. SB 215 is a copy of the Indian Housing Authority bills used in Oklahoma and New Mexico, and the theory is it will involve maximum local cooperation by establishing a program in this fashion. Regional housing authorities would be organized and submit applications to HUD for funds. Senator Groh added his experience with housing programs has been that HUD exercises substantial control over them. Senator Willie Hensley and Representative Martin Moore entered the meeting at 8:55 a.m.

Mr. Fink questioned the bill's authorization of regional housing authorities as "agencies of the state" and said the state would have

absolutely no control over the agencies as they have with ASHA. He would object to this provision. Senator Groh said he didn't believe this would present any problem either way; however, the regional housing authorities could be set up independently. Mr. Hohman asked what restrictions would be placed on these organizations and whether they would be all native. Senator Hensley said yes, and the administration of the program would be through Indian tribes. Mr. Warwick noted the regional housing authorities would possess the same powers as ASHA and asked what this would include. Senator Groh said the general powers are the ability to acquire land, build housing projects, low rental housing, urban renewal, etc. ASHA does have the power to acquire public buildings, which would be excluded from the power of the regional housing authorities. Discussion returned to the wording "agency of the state" and Mr. Fink again expressed his dissatisfaction with this wording.

Mr. Warwick asked when the money would become available. Senator Groh answered the supply of funds would begin this year; however, there obviously will be organizational problems in securing applications and approvals. The plan is to build a total of 6,000 houses, 1,200 per year for five years, and the first year anticipates between \$20-25 million in funds from the federal government. In addition, other funds will be available from PHS for water, sewers and roads. This money possibly could be stretched out to build more houses if they were built cheaper than \$20,000 per house. Mr. Hohman read a letter from Senator Ted Stevens (see bill file) presenting the same information and noting a conference to be held on this program. He asked who

would attend the conference and Senator Hensley answered it would be representatives from the AFN and he did not believe any legislators would attend.

Mr. Hohman moved and asked unanimous consent to pass CSSB 215 from the finance committee. Mr. Fink objected. Mr. Fink asked that the bill be amended to delete any reference to the regional housing authorities as "agencies of the state." Senators Groh and Hensley were excused from the meeting to re-write this section of the bill.

HB 73 Mr. Hohman moved and asked unanimous consent to bring HOUSE BILL NO. 73 (An Act appropriating to the Dept. of Natural Resources, Management of State Lands) before the committee for discussion. No objection, so ordered. Mr. Ditman noted the revised figure in the amendment offered by the Resources committee, striking \$3,976,669.77 and inserting \$3,650,177.88. Mr. Ditman moved and asked unanimous consent to pass HB 73 with the amendment from committee. Four members recommended "do pass" and two members voted "no recommendation."

Mr. Wright joined the meeting.

SB 215 Senators Groh and Hensley entered the meeting and offered the following amendments to SB 215:

Page 2, line 22, 23: Strike "which are agencies of the state."

Page 2, line 28, insert: "All obligations or liabilities of the regional housing authorities shall remain their own and shall not be obligations or liabilities of the state."

This will relieve the state of any liabilities in the agreement.

Mr. Wright asked if the sponsors would include a section that the project would cease if no federal funds were granted. Senator Groh said federal funds will be utilized to construct houses and when funds

run out there is no anticipation of involving state money. Mr. Hohman added the state is not legally committed, but if they feel morally committed the language of the bill will not make any difference. Mr. Warwick questioned whether there was even a need for the bill if the regional housing authorities are separate from the state and Senator Groh said yes, since the present law provides that ASHA is the only housing authority in the state. Mr. Fink said the objectionable part of the bill has been removed with the changes now listed; however, with so many different authorities it may prove to be an unmanageable situation. He asked if this bill has been discussed at length. Senator Groh said it has not been discussed to a great extent, but he believes that ASHA has not done a good job as far as natives are concerned. This bill may even improve the performance of ASHA. Mr. Fink said perhaps the AFN would handle the whole thing and Senator Hensley said the problem is how to organize, which has been a major issue for the last four years. The final decision has been to have regional groups administer the housing funds. Mr. Wright questioned the Construction section on the last page of the bill and Senator Groh said this section was inserted to avoid conflict with ASHA. SB 215 will not in any way relieve ASHA of responsibilities for their programs. Mr. Hohman noted Mr. Hogan questioned whether the section was necessary and, after a brief discussion, Senator Groh said he had no objection to deleting the entire section. It was decided to delete Sec. 18.55.997 Construction.

Mr. Hohman moved a finance committee substitute for CSSB 215 be passed from committee with the changes listed above and there was no objection. Four members voted "do pass" and two members voted "no recommendation."

Recess: The meeting recessed at 9:35 a.m.

AFTER RECESS
9:40 a.m.

Present: All members with the exception of Mr. Haugen. Frederick P. McGinnis, Commissioner; James F. McClain, Administrative Officer, Department of Health & Welfare.

HB 224 Mr. Hohman called the meeting to order and noted CS FOR HOUSE BILL NO. 224 (An Act creating a comprehensive community services program) had not been funded this year; therefore, it was not necessary to pass the bill. Mr. McGinnis said the sponsors of the legislation had hoped it would be funded, but the information received by the Department of Health & Welfare was to approach the planning stage of HB 224 with the anticipation that it will not be funded this year. Mr. Hohman stated funding patterns are developed throughout the session, and it is possible that money may be appropriated before the end of the next session. Mr. Warwick asked if the bill was introduced at the request of the Health & Welfare department and Mr. McGinnis replied it was not. He added that this does not mean the department is not in favor of the legislation, and they believe this will create desirable involvement at the local level. Mr. McGinnis has been at many meetings discussing this bill, and this version is about the 4th or 5th. During the evolutionary process, problem areas were studied in the bill and it was anticipated that certain funds already in the budget might be utilized to participate in certain local organizations. Mr. Fink asked what was preferable and Mr. McGinnis said the move toward more decision-making and administration at the local level. However, if this were to be done there is a danger that communities which are organized and aggressive could accomplish many things, while smaller,

less sophisticated communities would suffer. At the present time there is a movement for the Norton Sound Health Corporation to develop programs in Nome and similar action is being taken in the Bethel area. Generally this is done by a board composed of local people. In Anchorage, many things are being done that were formerly done by the state, probably done as well or better. Mr. Wright said it concerns him that federal funds are used and possibly some day OEO will pull out and the state will inherit the program and costs of same. He noted that Anchorage has many organizations, competing with each other, and he would rather advance them planning money than put the bill on the books. Mr. Warwick asked if the department is now doing what is called for in the bill, and Mr. McGinnis replied that what is envisioned under this bill would be somewhat broader than what is now being done in Anchorage. His understanding was that the department would work with a great variety of agencies and organizations. Agencies would be brought into one area, where now there is a split in health services and, in some instances, in social services. Planning is necessary before the department knows what they are talking about, and Mr. McGinnis said if legislation is passed hopefully they would know the cost by the second year. Mr. Wright asked if a resolution would not be sufficient, rather than a bill. Mr. McGinnis said they could do some planning and innovating under this concept; however, they do this now as a regular part of the job. Mr. Wright asked if some grounds could not be given as to an estimate of the cost. Mr. McClain said the department cannot anticipate the costs. Mr. Hohman asked if this could be provided to the committee. Mr. McGinnis said they will try and respond to the best of their

knowledge.

HB 61

Mr. Hohman referred to HOUSE BILL NO. 61 (An Act appropriating to the Department of Health & Welfare) and noted the Senate amendment resulted in a reduction in two categories. The sum of \$762,300 in Public Welfare has been reduced to \$686,100, for a reduction of about \$76,000. In AFDC the figure of \$658,600 has been reduced to \$592,700, for a reduction of approximately \$65,000. Mr. Hohman asked the representatives from the Department of Health & Welfare their reaction to these cuts. Mr. McClain said they have checked projections, and based upon their best information the department feels they can live with these cuts. Funds have also been transferred by the Division of Budget & Management, which aids in the current fiscal year.

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

HOUSE FINANCE COMMITTEE MEETING
April 30, 1971
10:30 a.m.

Present: All members except Mr. Haugen.

SB 75 am Mr. Hohman called the meeting to order. He assigned SENATE BILL NO. 75 am (an act creating a Dept. of Environmental Conservation) to Mr. Ditman. Mr. Ditman moved and asked unanimous consent that Senate Bill No. 75 am be brought up for discussion. Mr. Fink moved and asked unanimous that Senate Bill No. 75 as amended be passed from committee. Mr. Hohman objected.

Mr. Fink withdrew his motion.

Mr. Hohman said he had two requests that this bill be brought out -- one from the Governor and one from the author of the Substitute.

Mr. Warwick asked if one bill would cost more than the other and the committee briefly discussed this.

Mr. Fink moved and asked unanimous consent that Senate Bill No. 75 as amended be passed from committee with a do pass recommendation.

Mr. Wright objected. The motion carried 4 to 2. So Senate Bill No. 75 as amended passed from the committee with 4 "do pass" and 2 "no recommendation" votes. (See page 419 for funding explanation).

The committee recessed at 10:50 a.m.

**SUMMARY OF ITEMS ADDED TO BASIC BUDGET
AS REFLECTED IN GENERAL APPROPRIATIONS ACT**

	GENERAL FUND	OTHER FUNDS
Geophysical Division	\$ 500,000	\$
Stream Clearing Program	750,000	
Department of Environmental Affairs (additional funds)(1)	500,000	
Salary Increases (Per Annual Salary Survey)	4,500,000	343,800
Center for Administration of Justice	100,000	
Youth Involvement in Government	200,000	
Consumer Protection	200,000	
State Employees Coverage under Employment Security Benefits	900,000	
Pipeline Construction Monitoring	<u>500,000</u>	<u> </u>
	<u>\$8,150,000</u>	<u>\$ 343,800</u>

(1) Reconciliation of Department of Environmental Affairs Funding

Funds transferred from existing programs:

Governor's Office		
Environmental Quality Control Comm.	\$ 245,700	
Health & Welfare		
General Environmental Health Program	243,200	
Water Pollution Control	224,600	
Air Pollution Grants	50,000	
Water and Sewer Grants	<u>2,000,000</u>	
	<u>\$2,763,500</u>	
New Funds Required (Expansion and Overhead; i.e. new Commissioner and staff)	<u>500,000</u>	
Total Department Funding	<u>\$3,263,500</u>	

CORRECTION

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

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Water and Sewer Grants	<u>2,000,000</u>
	<u>\$2,763,500</u>
New Funds Required (Expansion and Overhead; i.e. new Commissioner and staff)	<u>500,000</u>
Total Department Funding	<u>\$3,263,500</u>

AFTER RECESS

11:00 a.m.

Present: All members except Mr. Haugen. Mr. Dan Casey was also present.

HB 297 Mr. Hohman explained that the committee would hear testimony from Mr. Dan Casey on House Bill No. 297 (an Act creating the Public Communications Commission). Mr. Hohman requested that Mr. Casey explain the difference between the Commerce Committee Substitute for House Bill No. 297 and House Bill No. 297. Mr. Casey said that the intent of the bill is to bring together under one agency planning for communications. He said that studies made by the U. S. Department of Commerce and the Governor's Task Force indicate the state needs to establish an agency or body that will be on top of these communication problems. He said that basically House Bill No. 297 repeals the Education Broadcasting Commission and utilizes the basic language retaining the charge of responsibility for the Public Communications Commission.

Mr. Fink asked if they would plan to have two men in this position as this bill would wipe out the Executive Director of the present Educational Broadcasting Commission. Mr. Casey said no, there will be only one position. Mr. Hohman pointed out that Mr. Northrup is in favor of this bill and he has already submitted his resignation. Mr. Casey explained the differences in the Committee Substitute for House Bill No. 297 and House Bill No. 297. (See pages 397-400 for a detailed explanation of this.)

Mr. Fink said that he did not feel the bill would have to be this broad to just study the problem. He said that he did not want the State to start to develop a communications network other than education. Mr. Casey felt the intent of the bill is not to

circumvent the private sector.

Mr. Casey explained that he had worked with representatives of the Attorney General's Office and the Chairman of the Educational Broadcasting Commission in rewording this bill.

Mr. Casey explained that the International Communications Union (ITU) gets together in world administrative conferences. The last time they met was in 1963. The next meeting is planned for this summer and Mr. Casey said that this is indicative of the average span between revisions in frequency allocations. Whatever happens this summer will dictate the type of technology available for use in Alaska. Senator Stevens and Senator Gravel both filed comments concerning ETV frequencies, Mr. Casey said, on 2500 Megahertz; however, there are other frequencies affecting Alaskan communications such as 88 to 108 Megahertz which would be used for direct FM radio satellite broadcasting to the home.

Mr. Casey explained that they could not do this in the lower 48 because they have saturated their frequencies but this is not the case in Alaska.

Mr. Wright asked if passing this bill would have any effect on the conference to be held this summer. Mr. Casey said no, but he felt that something like this would go a long way in securing a lot of satellite programs for the state. Mr. Wright said he would like to get a report from the Governor on this bill.

Mr. Warwick asked how many new people this organization would require.

Mr. Casey said initially there would be an Executive Director, Technical Advisor and a Clerk Steno -- he felt this would be adequate but he added that he could foresee that it could go either way.

Mr. Warwick questioned whether there is anything that prohibits the Educational Broadcasting Commission from carrying out this program. The committee discussed this briefly.

Mr. Hohman asked if the people who are arguing for improved communications in the State would have a stronger argument if this bill passed at least one house of the legislature.

Mr. Casey felt passage of this bill would have a tremendous impact upon the federal agency.

The committee discussed page 2 of the Committee Substitute for House Bill No. 297. Mr. Fink asked what would happen if they eliminated line 4 through line 20 on page 2 and the committee briefly discussed this. Mr. Casey felt if there was a hangup on page 2 which would endanger the passage of the bill then they should "address" themselves to this. The committee discussed this and decided to have the Governor's Office contacted to give testimony on this bill at 9:00 a.m. tomorrow morning.

Recess: The meeting recessed at 12:15 p.m.

AFTER RECESS
1:40 p.m.

Present: All members with the exception of Messrs. Degnan and Haugen.

SB 103 Mr. Hohman called the meeting to order and assigned SENATE BILL NO. 103 (An Act relating to the Governor's Commission on the Administration of Justice) to Mr. Wright. An explanatory report was distributed to the committee (see bill file) and the minutes of a meeting with Mr. Lund were read (page 401 in the Bill Minutes book). Comparisons were made of the committee substitute and the original bill. The bill will be discussed at a later time.

Mr. Hohman stated the committee will discuss CSSB 94 and HB 399 at the next meeting.

Recess: The meeting recessed at 2:00 p.m.

HOUSE FINANCE COMMITTEE MEETING

May 1, 1971

9:05 a.m.

Present: All members except Mr. Haugen and Mr. Wright. Commissioner Easley and Mr. Buck, from the Department of Public Works, and Mr. Dan Casey were also present.

HB 297 Chairman Hohman called the meeting to order and explained that the committee had questioned the Administration's reaction to HOUSE BILL NO. 297 and COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 297 (an act creating the Public Communications Commission).

Mr. Easley said they had reviewed this bill from a technical viewpoint and he assumed the Commerce Committee Substitute is a result of this. Mr. Easley said it is apparent that they need an agency within the state government that is solely devoted to policy procedures within the communications area. He said he was confused to whether it is the intent of this legislation to have the state get into the long line carrier business. He said if it is a case of the state getting into communications they are talking about an extremely large amount of money and this would be of concern to the Governor. Mr. Easley felt it was a matter of clarification as to what is intended.

Mr. Fink said that he had suggested that they delete lines 5 through 11 on page 2 of CSHB 297, and also delete the rest of the language after the words "authorized user" in section (3).

Mr. Easley said in order for the Administration to support this it is necessary to know what extent they intend to proceed.

Mr. Easley said the Governor has very little to do with this

except appoint the commission. He said the operation is conducted by the commission itself. Mr. Easley felt it would be disastrous to have the State be in competition with the long line carrier. Mr. Easley said it was his understanding this is to fill in those portions the long line carrier could not provide. He felt if this was the intent it would be a minor rewording to permit this. Mr. Hohman asked if Mr. Easley had any suggestion on language change. Mr. Easley asked that Mr. Casey present his view. The committee waited briefly while Mr. Guess was asked to come into the committee room. Mr. Guess explained that the basic parts of the bill came from recommendations by the communications task force. The idea is to make it discretionary, Mr. Guess added. Mr. Guess said this would give the state flexibility -- if the FCC issues a certificate it would give the state flexibility to deal directly with that carrier. Mr. Guess felt this bill is simply a vehicle subject to funding by the Administration. Mr. Easley said the State of Alaska has not had a clear cut communications program. He said they all agree they have to get specific direction and provide a vehicle by which they can agree. He said however he was not convinced that it is in the best interest of the State to get into competition with the long line carrier. Mr. Guess said that the long line carriers are not going to go into some areas. These are the areas Mr. Guess said he was interested in. The State could deal with the long line carrier by pooling together with BIA, etc. Mr. Guess said he expects this to be a minor factor but felt that the State should have this option.

Mr. Fink repeated his suggested amendment on page 2. Mr. Guess felt this would "take the heart out of the bill." Mr. Fink said this amendment would not affect planning and the rest of the bill allows the State to go into emergency and educational broadcasting. Mr. Fink felt this bill would allow the state to go into the business. Mr. Easley said that RCA has slipped a year in their program development -- they are scheduled to complete the first phase this year which had actually been scheduled for completion last year. Mr. Easley said this would leave the rest of the state in the year following and he did not think RCA could accomplish this. Mr. Easley said he did not think anyone had really leaned hard on RCA and he felt they needed someone to deal directly with RCA. With regard to the state going in and providing a pertinent piece of equipment, Mr. Easley felt this could be accomplished right now by appropriation but whether to subsidize the long line carrier is a very difficult matter to decide. Mr. Guess said if COMSAT had the FCC certificate then the state in some areas could deal directly with COMSAT rather than go through a second carrier. Mr. Guess said if the state is going to handle educational television they have to pool all of these things into one pool or ETV will be extremely expensive. Mr. Casey felt the bill provided some sort of protection for the long line carrier. He said this allows the state to provide the initiative and the state needs this authorization to allow somebody to take the initiative in this field. Mr. Fink said that he would need a "lot of convincing" before the State got into competition with the long line carrier.

Mr. Casey said this provides the Commission "may" not "shall". He felt this would be a reflection of the administration's view. Mr. Guess said in the fields of transportation and communications he did not think they could stick with the arguments of private enterprise -- he felt Alaska would have to figure out ways to solve their problems.

Mr. Fink questioned why the State could not pool together with the other entities -- he did not feel that the State has to be the agent that does the pooling. He said the State could be the initiator without having the authority to own and operate the system.

Mr. Degan felt the Legislature had the means of not paying for anything they did not want by not appropriating for it.

Mr. Easley said that if the State is going to have a total communications system in the rural areas the State will have to put up money to make it work. Mr. Easley said there is no way to have an adequate communications system on a payback basis because of the cost of the long lines.

Mr. Guess said if the State goes into an emergency system and that system is not pooled in with an audio system the cost will go up.

Mr. Hohman asked what the Administration's response to his memo on this would be and Mr. Easley said he felt this should be up to the Governor. Mr. Easley said, however, he had talked to Mr. Chei, RCA, and that it would appear the government (military) would not be participating on the construction. He said it was his understanding the military is not in a position to give a commitment on this.

Mr. Easley said based on this discussion he would assume if the State is to have a heavy microwave for video purposes it would be a matter of state participation. He said he was not sure whether RCA would be willing to gamble that much money without some guarantee.

Mr. Hohman said that he felt the State has some responsibility to provide services and that the State should have been up on this.

Mr. Easley said that the total communications is totally inadequate. He felt they should have an agency dealing directly in total communication requirements but he did not think this belongs in any department. Mr. Guess felt that they had made a policy decision 10 years ago. He said they would not get communications in rural Alaska unless they can "get something going".

Mr. Hohman said without some additional guarantees RCA will go ahead and install this VHF system which is a failure in its pilot program. He felt this was "money down the drain". Mr. Fink felt if the PUC could be convinced that it was a failure then they could force RCA to install something better.

Mr. Buck said he felt there was a misunderstanding of what RCA proposes -- they will have VHF no matter which way they go.

Mr. Buck explained this system. Mr. Fink asked if this would meet the requirements of PUC. Mr. Buck said this would be difficult to answer as it would be an improvement.

Mr. Fink said the State did not need the authority to build a foundation to be able to pool and Mr. Easley agreed. Mr. Casey said they may not even want to build a system but he thought they should have the authority to do so.

Messrs. Casey, Guess, Buck and Easley left the meeting.

Mr. Hohman moved and asked unanimous consent that Commerce Committee Substitute for House Bill No. 297 be adopted in lieu of House Bill No. 297 and that Commerce Committee Substitute for House Bill No. 297 do pass. Mr. Fink objected. He said that Mr. Casey had indicated that some of this could be cut. The motion carried 4 to 1 (Mr. Fink voting do not pass unless amended).

SSHB 399 Mr. Warwick moved and asked unanimous consent that the committee consider Sponsor Substitute for House Bill No. 399 (an Act establishing the Alaska Historical Commission). No objection, so ordered. Mr. Warwick did not feel that they needed a \$22,500 a year Executive Director and the committee briefly discussed this. Mr. Warwick moved and asked unanimous consent that Sponsor Substitute for House Bill No. 399 be passed out of committee with individual recommendations. No objection, so ordered. So SSHB 399 passed out with 4 "no recommendations" and 1 "do not pass".

Adjournment: The meeting adjourned at 10:30 a.m.

HOUSE FINANCE COMMITTEE

May 2, 1971

10:45 a.m.

Present: All members with the exception of Mr. Ditman and Mr. Haugen.
Joe LaRocca, reporter.

CSSB 94 Mr. Hohman called the meeting to order and moved and asked unanimous consent to bring CS FOR SENATE BILL NO. 94 (An Act relating to the involvement of young people in government) before the committee for discussion. No objection, so ordered. Mr. Warwick questioned the difference between the committee substitute and the original bill and Mr. Hohman said an amendment was added on page 1, line 17, to delete the word "additional" and insert "the commission shall include." Mr. Fink asked the cost and Mr. Hohman read the fiscal note attached to the bill, estimating a total cost of \$199,050. A salary of \$12,000 per year per employee was projected for a total of 16 employees which the committee felt was too high. Personnel and salary for the positions was discussed.

Mr. Ditman joined the meeting at 10:55 a.m.

Mr. Warwick said he preferred the original bill, which allowed an age limitation of up to 26, whereas the committee substitute limits the age to between 17 and 22 years old. Mr. Warwick, however, moved and asked unanimous consent to pass CSSB 94 from committee with a do pass recommendation. Mr. Fink objected. A vote was taken and CSSB 94 received four do pass votes, one no recommendation and one do not pass.

The committee continued to discuss the high salary and Mr. Hohman

moved and asked unanimous consent to rescind previous action. No objection, so ordered. Mr. Wright suggested an amendment on line 19, page 2, to add "Salaries shall not exceed \$700 per month or \$8,400 per year." This would result in a savings of \$57,000. Mr. Warwick moved and asked unanimous consent the amendment be adopted. No objection, so ordered. Mr. Warwick moved and asked unanimous consent that CSSB 94 with the finance committee amendment be passed from committee with a do pass recommendation. Mr. Fink objected. A vote was taken, with five do pass votes and one do not pass.

HB 185

Mr. Hohman moved and asked unanimous consent to bring HOUSE BILL NO. 185 (An Act relating to the creation of Guide Licensing and Control Board) before the committee for discussion. No objection, so ordered. Mr. Hohman noted a memo on the fiscal note (see bill file) which stated the Department of Fish & Game wants to be rid of the problems associated with the licensing and supervision of guides. Mr. Wright questioned the residency requirements for membership on the board of five years, and noted this compared to a residency requirement of three years to run for state office. Mr. Warwick stated on page 5 license fees are increased, which was a House Resources Committee amendment, and Mr. Hohman read the amendment. Mr. Fink said there is an oversight in the bill and Section 240 on page 7, line 19-21, should be deleted. On page 8 the bill specifies this should be placed under central licensing, and to state it goes under the Department of Commerce is superfluous. Mr. Wright said it disturbs him that central licensing will handle registration of guides, but there is really no enforcement. Discussion followed on the

qualifications and restrictions for the various classes of guides; i.e., master or registered guide, assistant guide, or Class A assistant guide. Mr. Warwick asked the purpose of the bill and Mr. Fink said it is the position that the Department of Commerce is the regulatory licensing agency of the state and should license guides. The philosophy of the Department of Commerce is that each board should carry its own weight, according to Mr. Wright. Joe LaRocca noted the key to the problem is on page 2, line 2: "board shall file and maintain a guide register." He stated the objection of the board and the staff is in publishing a register certifying guides as being fully qualified. They object, because all guides are not necessarily equally qualified. They want to put the problem off on the Department of Commerce, according to Mr. LaRocca, because the problem is the program is not properly administered. Mr. Hohman asked if this will give the guiding commission more control and Mr. Wright said yes, if they judiciously follow the rules and regulations. Mr. Degnan said if HB 190 was included in this bill, discrepancies would be eliminated. Mr. Hohman moved and asked unanimous consent that HB 185 be returned to sub-committee and that Representative Specking be called for further information. No objection, so ordered. Mr. Hohman noted bills pending and moved and asked unanimous consent to discuss:

HB 224

HOUSE BILL NO. 224 - An Act creating a comprehensive community services program;

HB 8

HOUSE BILL NO. 8 - An Act establishing a plant materials center in the Matanuska Valley;

- SSHB 32 CS HOUSE BILL NO. 32 - An Act relating to pay increments for state employees;
- HB 110 HOUSE BILL NO. 110 - An Act creating a legislative intern program;
- HB 117 HOUSE BILL NO. 117 - An Act concerning a constitutional convention
- HB 118 HOUSE BILL NO. 118 - An Act appropriating \$150,000 to the Alaska Constitutional Convention Commission;
- HB 140 HOUSE BILL NO. 140 - An Act relating to comprehensive health planning;
- HB 161 HOUSE BILL NO. 161 - An Act providing for the establishment of regional service areas in the unorganized borough;
- HB 167 HOUSE BILL NO. 167 - An Act to provide financing and development of housing for persons of lower income and to create an Alaska Housing Finance Agency;
- B 224 HOUSE BILL NO. 224 - An Act creating a comprehensive community services program;
- HB 247 HOUSE BILL NO. 247 - An Act creating the Department of Transportation;
- HB 434 HOUSE BILL NO. 434 - An Act appropriating \$250,000 to the Office of the Governor;
- CSSB 2 am CS SENATE BILL NO. 2 am - Limitations upon oil and gas leases in certain areas;
- SB 15 SENATE BILL NO. 15 - An Act relating to state aid for school construction to organized boroughs and cities which are school districts;
- SB 76 SENATE BILL NO. 76 - An Act relating to educational assistance for veterans;

SB 149

SENATE BILL NO. 149 - An Act relating to license tag fees;

SB 179

SENATE BILL NO. 179 - An Act relating to a special account for trail staking and shelter construction & maintenance;

SB 195

SENATE BILL NO. 195 - An Act relating to tax on watercraft fuel.

Objection by the committee to discuss these bills, and a vote was taken. Two in favor, four opposed, and all bills were returned to sub-committee.

HB 227

Mr. Hohman moved and asked unanimous consent to discuss HOUSE BILL NO. 227 (Relating to the Alaska remote housing program). No objection, so ordered. Mr. Hohman read the fiscal note (see bill file) estimated at \$100,000 for F.Y. 1971-72 for administrative expense of 10% of the \$1,000,000 requested for grants for the Remote Housing Program. Mr. Hohman asked the housing need now that the Stevens bill is being considered and Mr. Degnan answered it will take a long time to meet the need across the state. Mr. Hohman suggested asking for testimony from someone at the Department of Commerce for the relationship between the two programs now that 1200 houses per year are contemplated under the Stevens bill. HB 227 was returned to sub-committee awaiting further information.

SB 103

Mr. Hohman moved and asked unanimous consent to bring SENATE BILL NO. 103 (An Act relating to the Governor's Commission on the administration of Justice) before the committee for discussion. No objection, so ordered. Mr. Hohman read a letter from the Governor (see bill file). Mr. Fink noted the bill is necessary in order to receive federal funds. Mr. Wright moved and asked unanimous consent to

pass SB 103 from committee, but Mr. Hohman objected. A brief discussion followed, after which Mr. Hohman removed his objection. SB 103 was passed from the finance committee unanimously.

Adjourned: The meeting adjourned at 12:15 a.m.

HOUSE FINANCE COMMITTEE

May 3, 1971

8:45 a.m.

Present: All members with the exception of Messrs. Ditman and Haugen. Representatives Genie Chance and Richard Whittaker; James F. McClain, Administrative Officer, Department of Health & Welfare; Joe LaRocca, reporter.

HB 224 Mr. Hohman called the meeting to order and moved and asked unanimous consent to bring HOUSE BILL NO. 224 (An Act creating a comprehensive community services program) before the committee for discussion. No objection, so ordered. A position paper on HB 224 from the Department of Health & Welfare was distributed to the committee (attached). Representative Whittaker explained that the bill would provide a planning stage for the concept of allowing local communities to provide health and welfare services at the local level. He continued by saying the state should assume the responsibility of providing insight into welfare programs, and gave examples of programs throughout the state which are working. The idea is that local communities can carry out programs cheaper than the state, since they are responsive to the needs and will reorganize if things are not done properly. The state now sends welfare workers around the state, at considerable expense, and in many cases the services can be provided at the local level. Mr. Whittaker concluded that the philosophical approach of the bill is very good, and it will save money and do a better job.

Mr. Wright questioned utilizing existing funds and if this could be done. Mr. McClain said the money now expended for salaries for caseworkers would be saved if the communities provided the services. The employees can be excluded and services contracted at the local level. Mr. Whittaker added that better control can be maintained since welfare workers don't have the opportunity to know the needs from infrequent visits. The BIA has turned programs over to local communities and provides supervisors to check their progress periodically. Mrs. Chance said funds would be used for the administration of the program and more services would be provided for each dollar. Mr. Wright questioned whether this could be done in all communities and Mr. McClain said the potential for services could be defined in various communities, due to their needs. However, no consistency could be projected at the present time. Mrs. Chance noted that the local communities could decide their needs rather than the state dictating what services would be provided. Mr. Wright questioned how the concept would work in Anchorage and Mrs. Chance answered it is a move in the direction of coordination of services. Lack of coordination in Anchorage and other communities results in losing federal funds, which could be obtained if programs were properly organized. Mrs. Chance added this is the fifth draft of the bill, since many hearings were held to determine if funds would be available from federal and state agencies. They have tried to end up with a workable plan to shift the concept of where decisions will be made. Both the state and federal government agencies feel this plan is workable. The HWE Committee has also tried to pin down the groups involved in this program. Four groups have been contacted; one in Juneau, funded through a Model Cities grant; one in Anchorage, funded through revenue

revenue sharing; one in Sitka, planning to be funded through revenue sharing; and one in Bethel, funded through an OEO grant. Other groups are in the process of organizing, but it will take some time to win complete approval in their communities, since they must prove to both state and federal agencies that they are representative of their communities. The bill should be passed, according to Mrs. Chance, in order to set up a mechanism whereby welfare groups can organize at the local level, determine what is feasible, and work through state and federal agencies to implement programs. The alternative is the state must continue to provide funds for the services, with no community involvement and no community planning. The state standardized a plan which may not fit local needs.

Mr. Warwick said the finance committee is not concerned with the philosophy of the program, but with the cost. Mrs. Chance said it will cost money, but it will cost more money if the program is not started. People will demand services either way. Mr. Whittaker added the state will maintain control and will watch results in the communities.

Representatives Willard Bowman and Keith Specking joined the meeting. Mr. Degan asked if abuses would be eliminated due to this program and Mr. Whittaker said yes, due to local community action.

Discussion continued, with the finance committee members questioning the cost of the program and Representatives Chance and Whittaker repeating that services will be demanded; however, the bill would provide a better program and a savings in cost with the local communities controlling their own programs.

Mr. Warwick asked if the services mentioned in the bill are now

provided by the state and Mr. McClain said foster care services are now provided and homemakers services are planned to be provided. Women employed by the homemakers service would be taken from welfare roles and given a chance to earn money by providing care for perhaps four or five elderly people in the community.

In answer to further questions from Mr. Wright, Mr. Whittaker said HB 224 will bring the welfare program down to the local level. Mr. Fink asked if the state comprehensive health council does not provide this service and Mrs. Chance replied programs may be submitted to the council, who in turn submits them to the state. This bill would enable local communities to establish priorities.

Mr. Wright questioned the 75/25 ratio for funding and Mr. Whittaker answered the local communities would be responsible for 25% of the funding. Local communities must participate, as the state will not carry 100% of the cost.

Mr. Hohman noted that at an earlier meeting Mr. McGinnis had stated the department would respond to the best of their knowledge on a cost estimate. Mr. McClain said it is extremely difficult to do this since they are not aware of what type of services will be provided and just how much the program will entail. Proposals could be submitted the first year and some means developed for a cost estimate by the next session.

Recess: The meeting recessed at 9:45 a.m.

DEPARTMENT OF HEALTH AND WELFARE

POSITION PAPER ON HOUSE BILL 224

The Department of Health and Welfare has reviewed Committee Substitute for House Bill 224 and supports the concept of providing legislation which would stimulate local planning for the delivery of social services at the local level.

There is some question concerning the relationship between grants which would be awarded under Article 1 of the Bill and the purchase of services from local corporations by the Department. Section 47.41.010(a)(2) provides for grants to meet the cost of first-year operations while (3) provides for grants to meet continuing costs of providing selected services.

In Article 2, Section 47.41.040(b) there are provisions for the purchase of services under the provisions of AS 47.40. This statute provides that when the Department purchases services for persons for whom the State has assumed responsibility it shall pay all expenses related directly to the full cost of services. The items listed in the statute which may be excluded from the full cost determination do not suggest the exclusion of the grants contemplated by House Bill 224. It is not considered that it is intended that this legislation provide on the one hand grants to meet the cost of first-year operation and/or grants for continuing costs of operation while on the other hand requiring purchase of services by the State based upon the full cost concept outlined in AS 47.40.

This Department would suggest that Section 47.41.040(b) be amended by adding language substantially as follows:

"except that full cost of services determined under 47.40.040 shall be reduced by an amount equal to the total amount of grants awarded under 47.41.010(2) and (3) for the year or years that the grant is effective."

It is understood that no attempt will be made to fund this legislation during this session; therefore, a fiscal note is not appropriate. If the legislation is enacted, a realistic cost appraisal could be developed for consideration in the next session, based upon planning and grant proposals which are developed in the coming year.

AFTER RECESS

9:55 a.m.

Present: All members except Mr. Ditman and Mr. Haugen. Representative Specking and Mr. Joe LaRocca were also present.

HB 185 Chairman Hohman called the meeting to order and explained that Representative Specking was present to discuss House Bill No. 185 (an Act relating to the creation of Guide Licensing and Control Board). Mr. Specking gave a brief explanation of the background on this bill. He said that Article 4, page 7, had been a drafting error and he requested this be deleted.

Mr. Specking said that in the light of Senate Bill No. 199 am (an act relating to special guiding permits) having passed that this bill should be incorporated into House Bill No. 185.

Mr. Warwick said he recognized that the intent of this bill is to change this over from Fish and Game to Commerce. He asked how this bill will help clear up problems. Mr. Specking said he did not know that it would but the feeling is that it could.

Mr. Specking said that the Department of Fish and Game wants to get rid of this. He said they estimate they spend 25 per cent of their time locally on guide problems. Mr. Fink requested that a Committee Substitute be drafted incorporating Senate Bill No. 199 am, deleting the investment by Fish and Game, making the license fee changes and locking in the class A assistant. He moved and asked unanimous consent that Committee Substitute for House Bill No. 185 be adopted in lieu of House Bill No. 185 and that Committee Substitute for House Bill No. 185 do pass.

No objection, so ordered.

Mr. Wright and Mr. Fink left the meeting.

HB 297 Mr. Miller from COMSAT entered. He explained that COMSAT had been requested by Senator Gravel to install a small earth station in the Bethel area later on in this year for test and demonstration. He said the President of COMSAT had agreed to do this. He explained that this is a small satellite earth station. COMSAT has agreed to put this in Bethel for test and demonstration. This is at the request of Senator Gravel and the state administration has also agreed to this, Mr. Miller said. Mr. Hohman asked what the value of this equipment is and Mr. Miller said this particular unit is a prototype facility and COMSAT probably has more than \$100,000 invested in it. He said this is not necessarily typical of what a production model would cost. He estimated this to be around \$100,000 to \$125,000. He said this unit so far as Bethel is concerned would not be what they would recommend on a permanent basis as the capacity of a 16 foot antenna is somewhat limited. He said whoever would get this on a permanent basis would put a slightly larger antenna in Bethel. Mr. Hohman asked Mr. Miller if he is familiar with the circuit requirements. Mr. Miller said he did not recall for sure but probably the requirement for Bethel would be either 36 or 48 circuits. Mr. Hohman asked what COMSAT would expect in terms of revenues to meet their investment. Mr. Miller said a "couple of thousand a year, maybe more". Mr. Hohman said he had heard that the military might be willing to pay as much as \$500,000 a year if they could be assured of good communications. Mr. Miller felt

this was a reasonable amount. Mr. Hohman asked if COMSAT or RCA would gamble on military investment and Mr. Miller said that COMSAT would. Mr. Hohman asked if there is anything about the physical characteristics of Bethel that COMSAT wanted to test out.

Mr. Miller said they know what this satellite will do -- it is a question of convincing people who question the reliability of satellite services. Mr. Hohman asked if they have other experimentation interest. Mr. Miller said there is also the design of the equipment, weather conditions, etc. Mr. Hohman said he would consider that as physical or scientific interest -- he wanted to know if COMSAT had a social interest. Mr. Miller said no, only in the sense that it would lead to additional use. Mr. Hohman said a successful social impact would help COMSAT sell and Mr. Miller agreed.

In answer to Mr. Hohman, Mr. Miller said COMSAT would not plan to enter into any educational effort. Mr. Miller said they would be able to provide communications back to Anchorage or points in the South 48 and would make it available for short tests and demonstrations to those interested. Mr. Hohman asked the time schedule for this and Mr. Miller said either late this summer or early fall. Mr. Hohman asked about the programming, and Mr. Miller said the only thing on will be commercial programs (whatever the television network in the South 48 is broadcasting). There is nothing specifically designed for Bethel, Mr. Miller added.

Mr. Hohman asked about the charge and Mr. Miller said there would be no charge during the test and demonstration period. He said that COMSAT does not own the satellite. It is owned on an

international basis and the owners are making it available free of charge for a limited amount of testing. Mr. Miller said there is no set amount of time -- they usually make it available several hours a day for a period of a month or two. Mr. Hohman asked how they planned to demonstrate locally. Mr. Miller said this will be received at the station and it is simply a matter of connecting it to several model receivers by a collection of cable (probably in the school and hospital). Mr. Hohman asked how long COMSAT would be interested in experimenting with this. Mr. Miller said this is hard to answer -- as there is no set period of time. He said he thought they would be willing to leave the facility there for a few months as long as there is active interest. If it turned out in the interim they have approval on the domestic satellite, they could go ahead and leave it there for a permanent period of time, Mr. Miller said. Mr. Hohman asked if Mr. Miller thought the existence of the satellite would help COMSAT's position. Mr. Miller said no, he did not think it would have any great effect on the FCC. In answer to Mr. Hohman, Mr. Miller said COMSAT had no particular plans and they had not talked to RCA.

Adjournment:

There was a call of the House and the meeting adjourned at 10:30 a.m.

HOUSE FINANCE COMMITTEE

May 4, 1971

8:45 a.m.

Present: All members with the exception of Mr. Haugen. Robert E. Butler, Deputy Commissioner, Department of Commerce.

HB 227 Mr. Hohman called the meeting to order and moved and asked unanimous consent to bring HOUSE BILL NO. 227 (An Act relating to the Alaska remote housing program) before the committee for discussion. No objection, so ordered. Mr. Butler was present to testify on HB 227 and said the funds from the federal government were not appropriated last year or this year. Last year the legislature funded \$1 million to the program, but in making up the legislation the appropriation was given but not the authorization. HB 227 would allow for \$900,000, if funded, from last year, and a continuing authorization of \$1 million for each year with the understanding that the appropriation must be considered by the legislature each year. The theory of the bill is to allow the program, but it is up to the legislature each year to fund it. Remote housing programs must be started in about March, in order to get the material up north. Mr. Fink asked if the 1200 houses provided by the Stevens bill would not relieve the housing situation, and Mr. Butler said there is some problem in this bill. The federal government will guarantee the bonds for 1200 houses per year, but there is no intention of getting anything done this year. The only money available now is \$400 per unit for planning, which will probably go to the AFN. Mr. Butler said the Department of Commerce is working with the AFN for a planning request through HUD. Mr. Wright noted this is a program inherited from the federal government.

Mr. Fink said there was \$1 million granted last year, but Mr. Butler said they had the appropriation but not the authorization.

Mr. Hohman asked the status of construction in remote villages. Bonds were sold, \$1.5 million in February, and Mr. Hohman questioned what construction was going on. A letter from the Governor was given to Mr. Butler (see bill file) which listed seven villages requesting housing. Mr. Butler said the \$900,000 mentioned in the Governor's letter would continue the Bartlett housing program started by the federal government. Mr. Fink noted the theory was to grant \$1 million if the Bartlett funds did not come in last year, but the money was appropriated. This would raise the level to \$2 million, but Mr. Hohman stated this would put the program back in line with the original Bartlett program which envisioned increasing amounts each year. Mr. Wright said he could not agree with the theory of picking up federal programs and funding through the state.

Mr. Hohman again questioned what construction was going on and Mr. Butler distributed a list of villages granted a total of 360 units either through Turnkey funds or mutual help (see bill file). Mr. Butler said he had received this list from ASHA, but he was not sure how accurate it was.

Mr. Fink noted the letter from the Governor was dated February 23 and there was a bond sale on February 2. Mr. Fink questioned why the money from the bond sale was not used for this purpose, and there is an authorization for another \$1.5 million in bonds.

Mr. Hohman moved and asked unanimous consent to pass HB 227 from committee with a do pass recommendation. Mr. Fink objected. The

committee voted three do pass, one no recommendation, and two do not pass, and the motion failed.

Mr. Hohman moved and asked unanimous consent that HB 227 be passed from committee with individual recommendations. Mr. Fink objected. The vote was two do pass, two no recommendation, and two do not pass. Mr. Hohman requested another vote and the results were four no recommendation and two do not pass. HB 227 was passed from the finance committee without recommendation.

Recess: The meeting recessed at 9:15 a.m.

AFTER RECESS
11:20 a.m.

Present: All members except Mr. Haugen. Commissioner Wohlforth, Dept. of Revenue, and Deputy Commissioner Butler, Department of Commerce, were also present.

HB 167 Mr. Hohman called the meeting to order and explained that the committee would hear testimony on HOUSE BILL NO. 167 (an Act to provide financing and development of housing for persons of lower income and to create an Alaska Housing Finance Agency). Mr. Hohman said this bill had been amended by the State Affairs Committee.

Mr. Wohlforth explained that the design of the bill is to provide a state agency which will have broad powers in terms of low income housing and construction throughout the state, both in rural and urban areas. He said the basic intent is to supplement and fill in the gaps between existing federal programs. Mr. Wohlforth said there is broad authority in the bill in the power section which is explained in the section analysis (see bill file). He added that this bill was modeled after the house finance legislation which has been enacted in 13 states. He said this is anticipated to be financed by a loan or loans from the general fund.

Mr. Wohlforth said that a State Affairs amendment provides that the Commissioner of Revenue shall annually recommend to the Governor the anticipated amounts of surplus funds available for purchase of fund notes in the fiscal year encompassed by the budget.

Mr. Wohlforth said this would provide the agency be identical to ASHA. He said another amendment by State Affairs provides that

this be composed of the Commissioner of Commerce and 4 members appointed by the Governor. Mr. Wohlforth said it is the administration's desire that this not be a separate functioning agency but fully integrated with ASHA. Mr. Wohlforth said that any figure that could be assigned as to the dollar amount it could borrow would have to be arbitrary until some kind of program is developed.

Mr. Warwick asked Mr. Wohlforth his personal opinion on this bill.

Mr. Wohlforth felt this is a good piece of legislation and meets a need for low income housing that could not be financed through private sources. He said this does involve short term planning commitments. Mr. Wright asked if this could apply to mobile homes. Mr. Wohlforth felt the definition of housing is broad. He said under this bill they could lend money for the purpose of developing a mobil home park.

Mr. Fink questioned ^{plans for} the staff for this agency. He asked Mr. Wohlforth if he was in favor of ASHA being in this and Mr. Wohlforth said yes.

Mr. Fink asked if the current ASHA board wants this authority.

Mr. Wohlforth said they are relatively new and he did not know if they had had a chance to review this.

Mr. Wohlforth said he would get a fiscal note to the committee as soon as possible.

A proposed committee substitute had been prepared and the committee discussed this. Mr. Degnan said this included the State Affairs amendments and additional language on page 6 (paragraphs 24 - 27). This included non-profit organizations and Mr. Warwick asked which organizations these are. Mr. Degnan said it would be available

any place in the state where it would be needed. He said that right now there is a corporation developing in the Bethel area and there are possibilities of other areas that have a critical housing need doing this.

SB 215

Mr. Fink asked if this tied in with SENATE BILL NO. 215

(an Act creating Regional Native Housing Authorities).

Mr. Butler asked if these were the corporations the legislature had in mind. Mr. Degnan said that this could be but was not necessarily these corporations. Mr. Butler said then they did not tie together and Mr. Degnan said not necessarily.

Mr. Hohman said that Mr. Degnan had been working with Mike Jones on this. Mr. Jones has been working with YUT on this, Mr. Hohman said.

Mr. Wohlforth and Mr. Butler left the meeting.

HB 224 Mr. Hohman moved and asked unanimous consent that House Bill No. 224 (an Act creating a comprehensive community services program) be brought up for discussion. Mr. Fink and Mr. Warwick objected. Mr. Hohman moved and asked unanimous consent that HWE Committee Substitute for House Bill No. 224 be passed out with individual recommendations. Mr. Fink, Mr. Wright and Mr. Warwick objected. Mr. Wright moved that action on House Bill No. 224 be tabled. Mr. Fink seconded the motion. Mr. Hohman objected. The motion carried 4 to 2.

Adjournment: The meeting adjourned at 11:55 a.m.

HOUSE FINANCE COMMITTEE MEETING

May 5, 1971

9:05 a.m.

Present: All members except Mr. Haugen.

HB 444 Mr. Hohman called the meeting to order. He moved and asked unanimous consent that HOUSE BILL NO. 444 (an Act providing for the repayment of profits on bonds purchased by the State) be brought up before the committee. No objection.

Mr. Hohman moved and asked unanimous consent that HOUSE BILL NO. 444 be passed out of committee with unanimous do pass recommendation. No objection.

HB 167 Mr. Hohman moved and asked unanimous consent that HOUSE BILL NO. 167 (an Act to provide financing and development of housing for persons of lower income and to create an Alaskan Housing Finance Agency) be considered by the committee. No objection. A Committee Substitute had been prepared and Mr. Hohman moved and asked unanimous consent that Committee Substitute for House Bill No. 167 be adopted in lieu of House Bill No. 167 and that this be passed out of committee. Mr. Wright objected. Mr. Hohman explained that this committee substitute would include the State Affairs amendments. Mr. Wright objected. A memo had been prepared by Commissioner Wohlforth (see bill file) and Mr. Fink explained that this memo noted that the State Affairs amendments had not been included in the committee substitute. Mr. Hohman withdrew his motion. Mr. Hohman moved that House Bill No. 167 as amended by State Affairs be passed out of committee with a do pass recommendation. No objection, so House Bill No. 167

passed out of committee with 5 "do pass with attached State Affairs amendments" recommendations and 1 "no recommendation".

HB 224 Mr. Hohman moved that HOUSE BILL NO. 224 (an Act creating a comprehensive community services program) be taken off the table. Mr. Wright objected. The motion failed 3 to 3.

Recess: The committee recessed at 9:15 a.m.

AFTER RECESS
10:30 a.m.

Present: All members except Mr. Haugen.

HB 224 Mr. Hohman called the meeting to order and moved and asked unanimous consent to discuss HOUSE BILL NO. 224 (An Act creating a comprehensive community services program). Mr. Fink objected. Mr. Warwick left the meeting. It was noted that HB 224 had been tabled, and a motion must be made to take the bill off the table. Mr. Hohman so moved. Mr. Fink objected. A vote was taken with three members in favor, one opposed, and one member not voting. Mr. Warwick returned to the meeting and Mr. Hohman asked for another vote on whether to take HB 224 off the table. Two members were in favor of the motion, four members opposed. A final vote was taken and three members voted in favor of the motion, three opposed.

Representative Eugene Miller entered the meeting.

Recess: The meeting recessed at 10:40 a.m.

HOUSE FINANCE COMMITTEE

May 6, 1971

2:45 a.m.

Present: All members except Mr. Haugen.

HB 224 Mr. Hohman called the meeting to order and moved HOUSE BILL NO. 224 (An Act creating a comprehensive community services program) be brought from the table. Mr. Fink objected. A vote was taken and two members were in favor of the motion, four opposed.

Discussion followed on HB 224 and Mr. Warwick asked if a fiscal note had been received. Mr. Fink said it is impossible to give an estimate on the cost of this bill, but it will run in the millions of dollars. The committee questioned why HB 224 was announced to be before the House at 4:00 p.m. and Mr. Hohman said he had instructed Mr. Bradner to bring the bill before the House. Mr. Fink said he would continue to object to the bill.

Recess: The meeting recessed and the committee went into executive session at 2:55 p.m.

AFTER RECESS

3:05 p.m.

HB 224 Mr. Hohman called the meeting to order and Mr. Degnan moved HB 224 be brought from the table. Mr. Fink objected. A vote resulted in four members in favor of the motion, two opposed. Mr. Hohman asked if the committee had any suggestions for amendments.

The following amendments were suggested:

Page 1, line 15, delete "shall" and insert "may"

Page 3, line 9, delete "75" and insert "60"
delete "25" and insert "40"

line 13, delete "90" and insert "75"
14, delete "10" and insert "25"
delete "shall" and insert "may"