

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2516

Page 4, line 26, delete "shall" and insert "may."

Mr. Hohman moved and asked unanimous consent that HWE Committee Substitute for House Bill No. 224 with House Finance Committee amendments be passed from committee with individual recommendations. Mr. Fink objected. A vote resulted in four members voting do not pass and two members voting no recommendation.

HB 415

Mr. Hohman moved and asked unanimous consent to discuss HOUSE BILL NO. 415 (An Act providing for career and higher education scholarship loans) and there was no objection. A committee substitute had been drafted and it was recommended this replace the original HB 415. Mr. Hohman noted the conflict point was the mention of \$5,000, which came from the HWE Committee. Mr. Fink said he would personally try to amend it on the floor. Mr. Wright objected to the section on forgiveness of loans. After a brief discussion of the committee substitute, Mr. Hohman moved and asked unanimous consent to pass House Finance Committee Substitute for House Bill No. 415 from committee. Mr. Fink said he would sign "do pass if amended." The committee report was signed with five members recommended do pass and Mr. Fink signing do pass if amended.

Adjourn: The meeting adjourned at 3:30 p.m.

House Finance. There were five "no recommendation" votes and Mr. Hohman requested this be held pending release from him. See page 468 for further action on this bill.

CSSB 149 am The committee briefly discussed COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 149 am (an act relating to license tag fees) but no action was taken.

SB 241 Mr. Hohman moved and asked unanimous consent that the committee consider SENATE BILL NO. 241 (an act appropriating to the Legislative Affairs Agency). No objection. Mr. Hohman read a memo from John Elliott (see bill file). It was noted this is to pay temporary legislative employees. Mr. Hohman moved and asked unanimous consent that Senate Bill No. 241 be passed out of committee with a do pass recommendation. So Senate Bill No. 241 passed out with 4 "do pass" and 2 "no recommendation" votes.

SCR 45 Mr. Hohman moved and asked unanimous consent that Committee Substitute for Senate Concurrent Resolution No. 5 (relating to restaking winter trails between certain villages in Alaska) be passed out of committee with a do pass recommendation. Mr. Fink objected and the bill was returned to file.

Adjournment: The meeting adjourned at 5:20 p.m.

HOUSE FINANCE COMMITTEE

May 8, 1971

8:45 a.m.

**Present:** Messrs. Hohman, Fink, Degnan and Warwick were present. Robert D. Stevenson, Deputy Commissioner, Department of Revenue; Don Statter, Director, Division of Waters & Harbors; Richard W. Freer, Deputy Commissioner, Department of Administration; Rep. Edward Naughton.

SB 195 Mr. Hohman called the meeting to order and requested information on SENATE BILL NO. 195 (An Act relating to the tax on watercraft fuel). Mr. Stevenson presented letters and information pertaining to the marine fuel tax (see bill file), and projected additional revenue which would be received as a result of increasing the fuel tax. The 3¢ per gallon tax for the fiscal year ending June 30, 1972, would bring in \$802,400 in basic revenue, and increasing the tax to 4¢ per gallon would bring additional revenue of \$267,466 for a total of \$1,069,866. Additional information and projections for the next five years are noted in a letter from Mr. Stevenson to Mr. Hohman dated April 21, 1971 (see bill file). Mr. Hohman asked if there was greater abuse in one area over others and Mr. Stevenson said a tax audit in 1968 showed percentage of fuel used for heat running from 20-25% in SE Alaska to 6.28% in Homer and 40.49% in Kodiak.

Mr. Statter testified that the projections estimated by the Division of Waters & Harbors don't agree with those of the Department of Revenue. He distributed copies of their information (see bill file). Mr. Statter mentioned he has a registered boat list, quite detailed, which was not included in the packet of information because it is not of much importance and confusing. Mr. Fink asked how the priority list for projects is determined and Mr. Statter said the Corps of

Engineers recommends priority, which is automatically put in the budget program by the Division of Waters & Harbors. However, priorities are changed every year. Upon further questioning from Mr. Fink, Mr. Statter stated permits are required for any facility in Alaska from the Corps of Engineers and the procedure is getting quite lengthy due to the environmental problem, involving both federal and state agencies. A recent change in Section 107 allows more leeway in projects under \$2 million, which can be started without authorization from Congress now. This will cut the time on projects from ten to three years. An example was given of a project in Wrangell, which normally would be a three year process but was done in two months due to the change in Section 107. Economics of the projects are looked at closely, and the Division of Waters & Harbors works hand in hand with the Corps of Engineers. Projects are not actively solicited, because the demand is always great.

Mr. Hohman noted the Governor's program was based on \$802,000, and Mr. Statter said they are prepared to contract at the \$2.8 million level. Projects are now in various stages of design, but if full funding is not received priorities will be revised. Mr. Hohman asked what would happen if their budget was doubled and \$5 million was granted instead of \$2.8 million. Mr. Statter answered it would take care of projects for the next two years, since there is no way they could get additional projects under contract this year. The Bureau of Recreation funds on some projects, and the Division of Waters & Harbors is at their mercy in these cases. Mr. Fink questioned which projects were funded with BOR money and Mr. Statter replied the one at Auke Bay and Knudsen Cove.

Mr. Warwick asked if federal funds were available for the King Cove

project and Mr. Statter replied he knows they are in budgetary reserve. The project was approved and funds were appropriated, due to become available July 1. However, King Cove will not be completed this season since the Corps of Engineers may get started this fall. Mr. Hohman questioned whether funds could be taken from the King Cove project and put in some other area, to which Mr. Statter stated he would hesitate to make any recommendation before checking with the Corps of Engineers; also, he would hate to see any changes in the program. Mr. Warwick asked the effect of adding projects to the list and Mr. Statter answered the effect would be more time to get them on the program and under contract. The number of projects is the most important item - one \$3 million project is much less trouble than ten small projects. In answer to further questions, Mr. Statter said one major project from last year is Whittier, which is now under contract.

Mr. Fink noted the projections on the information distributed by Mr. Statter and the difference with the projections given by the Department of Revenue. Mr. Statter continued that he believes the Department of Revenue's projections are too low; however, closing a loophole in the law is almost impossible to estimate results. Non-compliance with the law results in funds lost. When the last audit was performed, revenues increased from \$500,000 to \$700,000, but have now leveled off again. Mr. Warwick again questioned the projections and Mr. Statter repeated he believed the Department of Revenue had projected too low. If locked in with the watercraft fuel tax and revenues were not sufficient, Mr. Statter said the balance should come

from the general fund. To argue over \$100,000 one way or another is not realistic, since revenues are only estimates. Also the Division of Water & Harbors would not be able to contract any projects if funds were not appropriated until tax receipts were in. Last year the division requested 1/2 from fuel tax and 1/2 from the general fund and Whittier was the only project using general fund receipts. A dredging project in Bethel was discussed, all federal funds. Mr. Fink questioned why the Anchorage project is so low on the priority list and Mr. Statter said the Corps of Engineers is studying the silting problem.

Projects which will definitely begin this year are Kake, King Cove, Hoonah, Metlakatla, Kodiak and Sand Point. Projects which are under study are also listed on the information provided by Mr. Statter, including the federal share of the costs. The Corps of Engineers will only build breakwaters if the state shows it has the capabilities to do the dredging. The state must participate or the federal funds will be lost. Projections distributed to the committee did not include the effect of a 4¢ tax and Mr. Statter said he would provide this. Mr. Hohman questioned NW Alaskan projects and Mr. Statter replied the division has a consultant under contract to study this area and determine the needs. Needs are known in South East and South Central, but studies are being done in Unalaska and St. Michael to determine what is to be done. Hooper Bay was discussed and Mr. Hohman requested a plan of this project, which Mr. Statter provided (see bill file).

**Recess:** The meeting recessed at 9:50 a.m.

AFTER RECESS

3:00 p.m.

Present: All members except Mr. Haugen

CSSB 42 (Finance) Mr. Hohman called the meeting to order and assigned COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 42 (Finance) to Mr. Warwick.

Mr. Hohman moved and asked unanimous consent that the committee consider Committee Substitute for Senate Bill No. 42 (Finance) (an Act relating to state aid for hospitals, health facilities and health services). No objection.

Mr. Warwick explained that the HWE Committee has a substitute for this bill which provides for expanding to include clinics. He said this HWE Substitute also has wording that is incompatible to the Department of Health and Welfare.

Mr. Fink moved and asked unanimous consent that Committee Substitute for Senate Bill No. 42 (Finance) be passed from committee with a do pass recommendation. Mr. Hohman objected pending further discussion.

Mr. Wright was opposed to the use of the word clinics -- he felt they should stick to hospitals.

Recess: The committee recessed briefly at 3:10 p.m.

AFTER RECESS

3:30 p.m.

The committee continued their discussion of CSSB 42 (Finance). Mr. Fink questioned whether the local government or a sponsor could contribute a zero amount and this would be less than 25 per cent. The committee considered several

proposed amendments but no action was taken.

Mr. Fink moved and asked unanimous consent that Committee Substitute for Senate Bill No. 42 (Finance) be passed from committee with a do pass recommendation. So CSSB 42 (Finance) passed from committee with 4 "do pass" recommendations and 2 "no recommendation" votes.

CSSB 15 Mr. Hohman moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 15 (an act relating to state aid for school construction to organized boroughs and cities which are school districts) be brought up for discussion. Mr. Fink moved and asked unanimous consent that Committee Substitute for Senate Bill No. 15 be passed out of committee with a do pass recommendation. There was a brief discussion on this and Committee Substitute for Senate Bill No. 15 passed out of committee with 6 "do pass" recommendations.

Adjournment: The meeting adjourned at 4:05 p.m.

HOUSE FINANCE COMMITTEE

May 9, 1971

4:30 p.m.

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

SB 179 Mr. Hohman called the meeting to order and moved and asked unanimous consent to bring COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 179 (An Act relating to a special account for trail staking and shelter construction and maintenance) before the committee for discussion. Mr. Fink moved the bill be tabled. Members objected. Discussion followed as to whether the bill was constitutional. Mr. Hohman moved and asked unanimous consent to pass the bill from committee with individual recommendations, and with the notation that the Rules Committee check the constitutionality of the bill. Mr. Fink objected. A vote was taken and four members voted no recommendation, two members voted do not pass.

SB 220 Mr. Hohman assigned SENATE BILL NO. 220 (An Act providing for preferential presidential primary elections) to Mr. Wright. Mr. Wright moved and asked unanimous consent to bring SB 220 before the committee for discussion. No objection, so ordered. Mr. Wright moved and asked unanimous consent to pass SB 220 from the finance committee with a do pass recommendation. No objection, so ordered.

SB 171 Mr. Hohman moved and asked unanimous consent to bring SENATE BILL NO. 171 (An Act providing for preemptory disqualification of district judges) before the committee for discussion. No objection, so ordered. After a brief discussion, the committee decided to return the bill to subcommittee.

45 Mr. Hohman moved and asked unanimous consent to bring SENATE CONCURRENT RESOLUTION NO. 45 (Relating to the lease of additional office and courtroom space as new state projects) before the committee. No objection, so ordered. After a brief discussion, the committee recommended returning the resolution to sub-committee.

SB 107 Mr. Hohman moved and asked unanimous consent to bring SENATE BILL NO. 107 (An Act creating a long-range fisheries rehabilitation, enhancement and development program for the state) before the committee for discussion. No objection, so ordered. Mr. Fink said he didn't believe the bill would do any good, but it would not do any harm, and moved and asked unanimous consent to put the bill out with individual recommendations. Mr. Warwick stated with such enthusiastic support by Mr. Fink, he would vote no recommendation. A majority of the committee signed the report no recommendation (five members), and one member voted do pass.

SB 98 Mr. Hohman assigned SENATE BILL NO. 98 (Establishing the official state plumbing code) to Mr. Ditman. Mr. Hohman then moved and asked unanimous consent to bring SB 98 before the committee for discussion; however, there was an objection from members. A vote was taken and three members were opposed, three members in favor of discussing SB 98. The bill was returned to sub-committee.

SB 2 Mr. Hohman moved and asked unanimous consent to bring SENATE BILL NO. 2 (Limitations upon oil and gas leases in certain areas) before the committee. Members objected and the bill was returned to sub-committee.

Recess: The meeting recessed at 5:20 p.m.

AFTER RECESS

9:30 p.m.

Present: All members except Mr. Haugen. Representatives Kerttula, Banfield and Ferguson were also present.

SCR 44 Mr. Hohman moved and asked unanimous consent that the committee consider SENATE CONCURRENT RESOLUTION NO. 44 (relating to the proposed Barrow airport complex). No objection, so ordered. Mr. Hohman assigned SCR 44 to Mr. Warwick.

Mr. Ferguson, who was present to testify on SCR 44, stated that this resolution wasn't going to cost the state any new money. He referred to HCR 62 (1970) which included Barrow in ASHA programs along with it also being in the capital improvements budget (Ch. 250, SLA 1970). He said the state had planned to construct this building in Barrow and now the City of Barrow wants to build its own complex which they plan to lease portions back to the state, airlines, etc.

Mr. Hohman asked the size -- square feet, etc. Mr. Ferguson did not know the answers to these questions and an attempt to contact those involved failed. Mr. Henri thought it was about 5,000 square feet at \$5,000 per foot per year and would include janitor service, etc. It would house the police, state troopers, Wein airlines and possible the city would be involved, too. Mr. Fink wanted to know why the state had not gone ahead and built it as originally planned. Mr. Hohman said because there is a local effort to put the package together. Mr. Ferguson said they are working with EDA

and Mr. Henri, Commissioner of Administration, on this idea and he is for it. Mr. Wright said he was not convinced this resolution had any merit. He would like an idea of what the lease would cost but noted there had been no cost analysis. Mr. Warwick wondered why it was coming in at this late date. Mr. Hohman pointed out that it was introduced in April. Mr. Hohman moved and asked unanimous consent that SCR 44 be reported out of committee with individual recommendations. Mr. Fink objected. Mr. Hensley sent a note to the committee stating that even if the state used the funds available to build its own building, they would have to pay ASHA for the building. A general discussion ensued and the committee arrived at no firm decision.

Adjournment: The meeting adjourned at 10:15 p.m.

HOUSE FINANCE COMMITTEE

May 10, 1971

8:50 a.m.

Present: All members except Mr. Haugen.

HCSCSSB 2 Mr. Hohman moved and asked unanimous consent that the committee consider COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 2 am (relating to limitations upon oil and gas leases).

No objection. The committee briefly discussed this and decided to have a committee substitute prepared which would delete all the material after "lands" down through line 17 and insert in lieu of "prior to March 1, 1974".

Mr. Fink explained that rather than have this dated March 1, 1972 (the committee had proposed earlier to do this by amendment) the date should be March 1, 1974 which would allow for a three year study. Mr. Fink moved and asked unanimous consent that House Committee Substitute for Committee Substitute for Senate Bill No. 2 be passed out of committee with a do pass recommendation. So HCSCSSB 2 passed out of committee with 4 "do pass" and 2 "no recommendation" votes.

SCR 44 Mr. Fink moved and asked unanimous consent that the committee pass out SENATE CONCURRENT RESOLUTION 44 (relating to the proposed Barrow airport complex) with an unanimous do pass recommendation. There was no objection so SCR 44 passed out with 6 "do pass" recommendations. Mr. Fink moved at the same time to introduce a bill (this later because HOUSE BILL NO. 468) which would lapse \$450,000 appropriated for the general state building projects. Mr. Fink moved and asked unanimous consent that House Bill No. 468 pass from committee with unanimous "do pass" recommendation. No objection.

SB 171 Mr. Ditman moved and asked unanimous consent that the committee consider SENATE BILL NO. 171 (an Act providing for peremptory disqualification of district judges). No objection. Mr. Ditman moved and asked unanimous consent that Senate Bill No. 171 pass from committee with individual recommendations. No objection. So Senate Bill No. 171 passed out with 5 "no recommendation" votes and 1 "never" recommendation.

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

AFTER RECESS

5:00 p.m.

Present: All members except Mr. Haugen.

CSSCR 45 Mr. Hohman called the meeting to order. Mr. Hohman assigned COMMITTEE SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION NO. 45 (relating to the lease of additional office and courtroom space as new state projects) to Mr. Ditman. Mr. Ditman moved and asked unanimous consent that Committee Substitute for Senate Concurrent Resolution No. 45 be brought up for discussion. No objection. Mr. Ditman moved and asked unanimous consent that CSSCR 45 be passed from committee with a do pass recommendation. Mr. Fink objected.

Mr. Fink moved to eliminate the second resolve clause but the motion failed 2 to 3. Mr. Ditman again moved and asked unanimous consent that CSSCR 45 be passed out of committee with a do pass recommendation. Mr. Fink objected. The motion carried 5 to 1. So CSSCR 45 passed out with 5 do pass and 1 do not pass recommendations.

SB 195 Mr. Hohman moved and asked unanimous consent that the committee consider SENATE BILL NO. 195 (an Act relating to tax on watercraft fuel). Mr. Ditman objected. Mr. Fink said that State Affairs had an amendment on this bill which deletes the 6¢ and makes this 4¢. Mr. Fink moved and asked unanimous consent that Senate Bill No. 195 with the State Affairs amendment pass from committee with a do pass recommendation.

Mr. Hohman moved and asked unanimous consent that Senate Bill No. 195 in its original form be passed from committee with individual recommendations. Mr. Fink and Mr. Wright objected. The motion failed 1 to 5. Mr. Fink said he would withdraw his previous motion. Mr. Fink suggested that the committee have a Committee Substitute for Senate Bill No. 195 prepared which would make the effective date July 1 and would also change the tax to 4¢ (which is the same as the State Affairs Amendment). Mr. Fink moved that House Committee Substitute for Senate Bill No. 195 be reported back without recommendation. So House Committee Substitute for Senate Bill No. 195 passed out of committee with 4 "no recommendation" and 2 "do pass" votes.

Adjournment: The meeting adjourned at 5:45 p.m.

HOUSE FINANCE COMMITTEE

INDEX

BUDGET MINUTES

	<u>Budget Review</u>	<u>Closeout</u>
Office of Governor	96-126, 152-158	716-725(a-c)
	537-545, 624-631,	
	786,	
Department of Administration	68-73,	683-684,
* Department of Commerce	198-211,	770,
Court System	450-462, 546-578,	655-656, 658(a)
		661, 761,
Department of Economic Development	38-43,	644-646,
Department of Education	87-92, 127-133,	701-715, 748-75:
	143-147, 579-585	
	615-623,	
State Operated Schools	731-736,	726-729, 731-
		736, 747-751,
Department of Fish & Game	74-82, 500-517,	637, 672-678,
		742-744, 747
Department of Health & Welfare	351-378, 382-406,	685-695, 700-
	424-449, 463-487,	701, 744-747,
	488-499, 586-591	
	597-605,	
Department of Highways	336-348, 518-520,	730, 761
Department of Labor	60-67,	697-699,
Department of Law	28-37,	654-655,
Legislature		737-741, 775
Legislative Affairs	51-54, 666-670,	738-741
Legislative Audit	50-51, 670-671,	737

	<u>Budget Review</u>	<u>Closeout</u>
Military Affairs	134-142,	664
Department of Natural Resources	300-322, 323-335, 407-413, 647-653, 782-783,	640-643, 769-77
Department of Public Safety	55-58,	664-665,
Department of Public Works	225-244, 258-265, 277-291, 656-658, 662-663, 679-682, 752-760,	696,
* Department of Revenue	212-217,	
University of Alaska	44-49, 159-197,	658,
* Minutes for these closeouts are not available.		
-----		
Debt Service		780
Shared Revenue		780
Capital Improvements		770-773, 775-776 778-780,
Working Capital Highways		775, 780
Vacancy Savings Reduction Factors		762-767, 774, 776-778,
CS HOUSE BILL 58		781, 784-785

HOUSE FINANCE COMMITTEE

INDEX

HEARINGS

A.M.U. - Nursing Degree Program	414-420,
Alaska Visitors Association	421-423, 592-596,
Bank of America	17-18
Blyth & Co.	15-16,
Buck - "Bush Phone and Department of Educational Communications Program"	218-224,
Commissioners confirmation	638-639,
Dann - "Health Right Program"	148-151,
Dixon - "Housing Projects"	93-94,
Hunt - Division of Personnel	521-536,
Judicial Council	266-276,
Kelly - "Publications on Alaska Earthquake"	59, (a-h)
Natural Resources	6-10,
Program Budgeting	19-23, 632-636,
Public Works	24-27,
Revenue Sources	1-5,
Revised Budget by Department of Administration presentation.	245-257

HOUSE FINANCE COMMITTEE

INDEX

HEARINGS

RCA presentation	83-86,
School Superintendents	292-299,
State Investments	11-14,
University of Alaska Students hearing	606-614,

January 18, 1971  
AFTER RECESS  
2:00 p.m.

Present: All members. Representative Kerttula was also present. Mr. Richard Freer, Deputy Commissioner; Mr. M. Charney, Director, Budget and Management; and Mr. E. Smith, Deputy Director, Budget and Management; from the Department of Administration were also present. Mr. R. D. Stevenson, Deputy Commissioner, and Phil Wall and Ralph Kimlinger from the Department of Revenue were also present.

REVENUE  
SOURCES

Chairman Hohman called the meeting to order and Mr. Stevenson began his presentation by distributing material on revenues (see bill file).

Mr. Stevenson noted that he would cover taxes in his discussion and that personnel from Bank of America, and Blythe and Company would be in Juneau later in the week and would be available for meetings in regard to state investments.

Mr. Stevenson reported that he had met with officials in Seattle in December regarding the North Slope pipeline in an effort to determine their payroll and the costs of material involved; however, specifics were on a confidential basis and not available. He said this would effect primarily Alaska's income tax. Mr. Stevenson spoke briefly on withholding tax by the State and noted they may be a "bit steep".

Mr. Fink asked when the pipeline was cranked into the

projections and Mr. Stevenson answered in 1971/72, higher in 1972/73 and then dropping in 1973/74.

Mr. Fink asked how much was cranked in in 1972 that would not be there if the pipeline does not start.

Mr. Stevenson said in 1971/72 there is \$4,095,000 due only to the pipeline in individual income tax and in 1972/73 this would be \$5,655,000.

Mr. Van Houte entered the meeting.

Mr. Fink asked if they were still planning on 3 years to build the pipeline and Mr. Stevenson answered in the affirmative.

Code 131: Mr. Stevenson spoke on Code 131, Highway Fuel Tax.

Mr. Stevenson said that the ratio of refunding in Alaska is higher than most states but this gives the department more control.

Code 132: Mr. Stevenson noted under Aviation Fuel Tax that the carriers operating through Anchorage International Airport are using custom bonded jet fuel and the State receives no aviation fuel tax from the sale of this fuel.

Code 133: Mr. Stevenson said that the Watercraft Fuel Tax had remained stable through the past three years. He added that a good season does not necessarily increase this tax since the fishermen move more in a poor season.

Mr. Kerttula said it was his understanding that there had been a problem in collecting corporate taxes. Mr. Stevenson said they have a formula for corporations that do business within the State and without and there is a real problem in the net results.

The problem of collecting tax from seamen who travel in Alaska but reside in another state was discussed. The law does not require that income tax be withheld for these people except in the state of their legal residence and Mr. Stevenson said this has posed collection problems.

Mr. Haugen asked if they could go to the canneries to get a list of the boats and Mr. Stevenson said that they were starting with the boat owners. Mr. Fink said it was his understanding the State stopped issuing licenses if they did not pay income tax. Mr. Stevenson said yes, if they make application early enough; however, the taxes are not due until April 15. The committee discussed this and Mr. Haugen noted some boats were custom canning and that this may be a solution. Mr. Stevenson said he would furnish Mr. Haugen a report on this.

Representative Hillstrand entered the meeting.

Code 108: Mr. Stevenson talked about corporation income tax and Mr. Fink asked if there was anything cranked in for the

pipeline. Mr. Stevenson said yes, but not too much.

Code 441: Mr. Wall spoke on motor vehicle license plates noting this had shown a very healthy and positive growth. Mr. Stevenson said they were expecting a detailed report on the breakdown by area of the number of vehicles and would furnish the committee a copy. Mr. Stevenson discussed the reflected plate legislation which goes in effect for 1972. Mr. Hohman asked if the legislation passed last year (Chapter 152, SLA 1970) was specific. Mr. Stevenson answered that it was not totally specific as it does not state specific reflectorization. This was discussed in detail. Mr. Wall pointed out that about one-third of the plates leave the state each year, so the idea of having plates with tabs for four or five years is not necessarily any big savings.

Code 105: Mr. Stevenson discussed the Alaska Business License Tax and said later in the week he would give the committee a financial report on the cost of the three bills that had been introduced regarding this tax.

Recess: The committee recessed at 3:15 p.m. and was called back to order at 3:35 p.m.

Code 101: Mr. Stevenson discussed Code 101, Alcoholic Beverage Excise Tax, and noted that consumption of alcoholic

beverages by persons 19 years of age and older would largely affect the beer and wine consumption.

Code 102-103: Mr. Stevenson explained the basis for estimate of the cigarette tax, code 102-103. He said that Alaska per capita consumption of cigarettes for persons 18 years of age and over was 4,759 in the calendar year 1969 and this was the 4th highest of the 50 states and the District of Columbia and an increase of 1% over 1968. Conversely, in estimating cigarette tax collections in Alaska it is to be noted that Alaska's percentage of population 18 years of age and over is 56.54%, the lowest of the 50 states and the District of Columbia.

Code 270-283: Mr. Kimlinger discussed the Commercial Fishing Licenses, code 270-283. He said that the straight line method of projection is used since commercial fishing is a controlled industry, dependent on various runs of fish.

Code 118: Mr. Stevenson gave a brief explanation of the school tax, Code 118.

Mr. Fink asked if the change in the inheritance tax has been of any value and Mr. Stevenson said not yet.

The committee discussed the tax picture in general and  
Adjournment:  
the meeting adjourned at 4:15 p.m.

HOUSE FINANCE COMMITTEE MEETING  
January 20, 1971  
2:00 p.m.

Present: All members. Mr. Greg Erickson and Mr. O.K. Gilbreth, Chief Petroleum Engineer, and Mr. Dale Wallington, Deputy Commissioner, from the Department of Natural Resources; and Representative Marty Farrell were also present. Mr. M. Charney, Director, and Mr. E. Smith, Deputy Director, Division of Budget and Management, were also present. Mr. Alan Adasiak, Juneau Empire; Mr. R. Motran, AP; Mr. Joe LaRocca, news reporter; and Mr. Roscoe Bell, British Petroleum, were also present.

REVENUE  
SOURCES  
NATURAL  
RESOURCES

Chairman Hohman called the meeting to order.

Mr. Gilbreth distributed copies of recaps of information on crude oil and the number of producing wells (see Department of Natural Resources file). He explained to Code 115: the committee that it was necessary for them to look at these figures and then try and estimate what that well will do for the next five or six years. He added they expect crude oil, in general, to decline slightly until the North Slope comes on -- in mid 1974. He noted that when the North Slope comes in there will be a significant increase. Mr. Gilbreth said that in the latter part of 1975-76 they estimated that the effective tax rate

will be in the order of 5.35% of the value of crude. Mr. Fink asked if the average at the end of this year was 4.6% and Mr. Gilbreth answered yes. He added there is about a 22 - 25% increase due to the new law but as the wells decline the rate will drop. Mr. Gilbreth explained there are 128 separate calculations to determine the tax on a well and that it is virtually impossible to predict the taxes for the next 6 years. He added they have estimated on a trend basis and they hope they are reasonably accurate. He said there is very little history on the new tax law, thus making it hard to estimate and cautioned the committee that this is virtually untried and unproved. Mr. Fink asked what basic price is used for oil and Mr. Gilbreth answered about \$3.06 but the net would run a little over or under. There was a discussion on the price in Cook Inlet and Mr. Gilbreth explained that the highest price was the Tesora price -- \$3.51 a barrel on the westside less 20¢ for transportation, and \$3.31 a barrel on the eastside. Mr. Gilbreth noted they use \$1.60 per barrel as the best figure on the low side and Mr. Fink referred to the Levy report noting there was a difference in the estimates. Mr. Warwick wondered if there would be an effort to reconcile this difference. Mr. Gilbreth

asked if the Levy report had taken into consideration the low gravity on the North Slope.

Representative Farrell asked if there had been any other state study regarding the cost of transportation of oil and Mr. Gilbreth said no. Mr. Fink asked Mr. Gilbreth if he was satisfied with the method used in determining the price and Mr. Gilbreth answered in the affirmative.

Mr. Fink asked for the current price of oil and Mr. Gilbreth said he would prefer not to answer because of the law suit regarding this. He said they felt that what is decided in court will determine the North Slope price. He added this is an important suit for the State to try and win. Mr. Fink asked if there was a time table for the final decision and Mr. Gilbreth answered they expect an answer during 1971.

Code 637: Mr. Gilbreth said the same information is used for Royalty on Oil Production, Code 637, as Oil and Gas Production Tax. He added the only difference is that income for production tax is collected on a quarterly rate and royalty is on a one month rate.

Mr. Fink asked if the situation in the Mid East would have any effect on this and Mr. Gilbreth said he was not in a position to say. Mr. Gilbreth said he felt

that as the North Slope goes on the price would be higher.

Mr. Fink asked if Mr. Gilbreth's job had to do with seeing that the State got a "fair shake" on the price of oil and Mr. Gilbreth answered no.

Mr. Fink referred to Mr. Gilbreth's remarks on the 128 calculations necessary for each well and asked if there was any way the law could be changed to make this easier. Mr. Gilbreth said the calculations were no problem as they were on a computer; however, the difficulty was in projecting into the future.

Mr. Gilbreth pointed out to the committee that they had not considered any gas income in these estimates and that they knew there would be some gas sold. He said he recently visted with people in the gas industry and he was convinced there would be a definite market for the gas. Mr. Gilbreth said there was a possibility of a gas line going through Canada.

Mr. Haugen asked if there would be any complication on this and Mr. Gilbreth said he was not familiar with this as negotiations would be made in Washington.

The committee discussed this briefly.

Mr. Fink asked when the maximum production on the North Slope would be reached and Mr. Gilbreth said 1980.

Mr. Fink asked then if there was a time schedule on the gas line and Mr. Gilbreth said this would go hand

in hand with the oil.

Mr. Warwick asked about the number of barrels per day and referred to the Levy report noting he had mentioned 3,000,000 barrels a day. Mr. Gilbreth said it was his understanding that 2,200,000 represents a probable maximum that the operator intended to go to and the committee discussed this.

Mr. Haugen referred to the gas line and there was a discussion on this.

Mr. Fink asked about plans for future oil lease sales.

Mr. Wallington said this would all depend on what the Legislature does. Mr. Wallington said at the time the projections were made there were no sales planned.

Mr. Fink asked then if the Department did not know when they would make more sales on the North Slope and Mr. Wallington said this was right.

Mr. Farrell had a question on code 115, Oil and Gas Production Tax, and he and Mr. Gilbreth discussed this.

Adjournment: The meeting adjourned at 3:00 p.m.

HOUSE FINANCE COMMITTEE  
January 21, 1971  
2:10 p.m.

Present: All members. Commissioner Eric Wohlforth; Mr. Howard Law, Senior Investment Officer; Mr. Mike Wade, Investment Officer; and Mr. Bill Robinson, Investment Officer, from the Department of Revenue. Mr. Joe LaRocca, news reporter, was also present.

STATE  
INVESTMENTS

Mr. Hohman called the meeting to order and Mr. Wohlforth introduced his people from the Department of Revenue.

He noted that Mr. Law is working for the State on a contract basis.

Mr. Wohlforth referred to the Blythe and Company monthly report noting that they also had a weekly report.

Mr. Hohman requested that a copy of the weekly report be furnished for the committee.

Mr. Wohlforth said that the most recent yield figure on Alaska's investment fund is 7.225 per cent and he spoke briefly on this.

Mr. Wohlforth noted that Mr. Law had been retained by the State and that he owned his own firm and had no connection with any investment house.

Mr. Wohlforth said there is a projection of a 15 per cent annual increase in the operating budget. He said the Department would have alternatives prepared by February 15 showing what could happen if the increase is less or more than 15 per cent.

Mr. Wohlforth explained they were in a temporary holding pattern in the loan program until they could develop a revenue estimate fix. He added they are not in a position to invest more in Alaskan mortgages until they get a better idea of what the drawdowns will be over the next five-year period.

Mr. Wohlforth said they are exploring with the banking community the possibility of accepting mobile home loans. He added they did not suspend the student loan program as they felt this was safe and secure because of the federal reserve backing.

He said the loan program has approximately 60 VA loans.

He added the average of the State's share is \$20,206 per loan. He said that other loans varied considerably-- from \$32,000 to \$60,000. Mr. Wohlforth said it was fairly apparent they were not getting a pattern so the loan program went into a "holding pattern" until they could make further evaluation.

In answer to questions from Mr. Fink, Mr. Wohlforth said he would be better able to answer his questions next month.

Mr. Fink asked if the Certificates of Deposit could be withdrawn and Mr. Wohlforth said under regulation Q they could not be withdrawn without suffering a prepayment penalty.

Mr. Warwick asked what the current market yield is on U. S. Treasury notes. Mr. Law answered something under .0425 per cent and the committee discussed this. Mr. Fink asked about roll-over and the figures were given to the committee.

In answer to Mr. Fink, Mr. Wohlforth said by February 15 they would have more definite answers as to what the State's position will be.

In answer to Mr. Fink, Mr. Wohlforth said they were considering as long as 10 years for loans on mobile homes.

Mr. Wohlforth said that the money market is changing rapidly.

Mr. Mario Martini entered the meeting.

Mr. Warwick asked about commercial loans, particularly for tourism and the committee discussed this.

Mr. Fink requested a breakdown by banks of the \$3,914,000 made available by the State. Mr. Robinson said he had this breakdown by banks and added that the average yield is netting out at 8 per cent. Mr. Fink asked how many FHA loans were involved and Mr. Robinson said at the most around \$140,000.

Recess: The committee recessed at 3:00 and was called back to order at 3:15.

Mr. Fink asked if Mr. Wohlforth was generally satisfied with the results of the deposition of the \$100,000,000 in the State. Mr. Wohlforth said he did not know -- that he had some reservations. He added the rate is "decent" at the market rate which now prevails.

Mr. Fink asked about the teachers' and state employees' retirement system and Mr. Wohlforth said they have not had the expertise to really study this yet.

Mr. Fink asked if the pipeline goes through if the investment might change. Mr. Wohlforth said "it might."

Adjournment: The meeting adjourned at 3:22 p.m.

HOUSE FINANCE COMMITTEE  
January 25, 1971  
3:35 p.m.

**Present:** All members with the exception of Mr. Degan. Henry A. Boucher, Lt. Governor; Eric E. Wohlforth, Commissioner, Department of Revenue; John M. Daugherty, Director, Treasury Division; Howard Law, Investment Officer, Department of Revenue; Leland Prussia, Vice President, Bank of America; Terrance E. Comerford, Vice President, Blyth & Co.; Frank Sariano, Blyth & Co.; other representatives from the Bank of America and Blyth & Co., members of the press and general public.

Mr. Daugherty distributed schedules of Revised Estimates, F.Y. 71-76, Interest on Investments (see department file for copy), and summarized the projections on interest and a forecast on the sales of bonds. The first page lists a recap of revised estimates covering the years of 1971 through 1976.

**Blyth & Co.** Frank Sariano distributed a five-year Projection of Cash Flow as of December 31, 1970, on the North Slope Oil Lease Sale Account Investment Program and explained the methods used by Blyth & Co. to arrive at these estimates.

Mr. Fink questioned the 5% earnings projection and Mr. Sariano answered this is projected on what is now in the portfolio, assuming it is allowed to mature. Mr. Wohlforth said Management Analysis will prepare a series of projections showing varying estimates of reinvestment return and indicating where there are deficit months. This model will give them a greater capacity to develop a major investment decision on maturity dates. Still there is a degree of

speculation involved since no one can pinpoint what the legislature will do in the next two, three or four years. A settlement of the Native Land Claims would have a significant effect, as would any large supplemental appropriation to be drawn from the fund.

Mr. Daugherty noted the Revenue Sales Book does not include the \$100 million invested in Alaska state banks since these CD's are locked in for five years and can't be sold in the normal manner; however, the income received is included. Mr. Warwick questioned the many variables which affect the projections and Mr. Wohlforth said the program being developed by Management Analysis will eventually give the Department of Revenue greater flexibility in estimating.

Mr. Fink asked why two banks were granted a 6% rate on the same day other banks paid 6-1/4%. Mr. Daugherty said interest rates were declining and the banks were not interested in CD's. It was the best rate which could be obtained at the time.

Mr. Comerford summarized Blyth & Co.'s role in handling the fund and their coordination with the Bank of America and the state. He explained the system of reporting to the state and a new method of numbering their memos to the state in order to assure proper authorization and control. The market value has exceeded the cost price since the original purchase, although the market was very high at the time of purchase and has gone through substantial swings. If forced to sell at a time of low market, there would have been a loss. They can now show a gain of some \$20 million over the original projections.

Bank of  
America

Leland Prussia, Vice President of Bank of America, gave each member a report from his bank and then briefly explained the charts therein. (See department file for copy.)

Mr. Fink asked if the recommendations given by Bank of America had been followed by the state. Mr. Prussia felt that by and large they had been; however, the Commissioner of Revenue had the final say and did not have to follow their advice.

Mr. Fink pursued the question of why the state had not made more long term investments and Mr. Prussia explained that Alaska was in the most unique position of the 50 states because they could make investments of the general fund for more than one year. He cited the State of California with a billion dollar general fund balance can only invest in one-year notes because the money must be available at any time. Even though this is true in Alaska, too, the demands are not that great and therefore the state has the ability to make some long term investments.

If there is uncertainty of how long funds are available and there is a cash flow requirement, then a generally recognized principle is that this money cannot go into long term securities. He pointed out that the state could take the money available and buy 25-year bonds but he could not guarantee that those funds would not be called upon and those securities at 6% might not be yielding that much at the time of a forced sale and then the state would realize a loss.

Mr. Prussia added that he was not in a position to make that kind of recommendation. Mr. Sariano noted that in dealing with public funds

the primary consideration was security. Or as Mr. Prussia  
succinctly put it: "You can't have your cake and eat it too."

ourned: Meeting adjourned at 5:05 p.m.

7 Copies

NATIONAL ACADEMY OF SCIENCES  
NATIONAL RESEARCH COUNCIL

Division of Earth Sciences

Committee on the Alaska Earthquake

A Proposal  
to the  
7th Alaska Legislature  
For Supplemental Financial  
Support for Publication  
of Volumes in

The Great Alaska Earthquake of 1964  
Series

A Proposal to the 7th Alaska Legislature for Supplemental Financial Support for Publication of Volumes in the Great Alaska Earthquake of 1964 Series

Abstract -- The Committee on the Alaska Earthquake of the Division of Earth Sciences, National Academy of Sciences, which is currently engaged in preparing a comprehensive eight-volume report in response to an Office of Science and Technology request, is in urgent need of a publication-support subsidy of \$100,000 to make possible publication of the remaining six volumes of the series as soon as the manuscripts are ready. Such a subsidy to help underwrite publication expenses of successive volumes would assure the publication of a very significant report without further delay.

Background -- Shortly after the March 27, 1964, earthquake in Alaska, the National Academy of Sciences responded to a request by the Office of Science and Technology to note and, where possible, to fill the gaps in the resulting research on the earthquake, and to prepare a comprehensive scientific and engineering report, giving particular attention to the lessons learned from this, the strongest known earthquake in North America. The Committee on the Alaska Earthquake and its seven substantive panels were established in the Division of Earth Sciences.

Personnel-- Dr. Konrad B. Krauskopf, Professor of Geology at Stanford University, is Chairman of the 13-member main Committee, whose membership includes the chairmen of the seven panels. Attachment A provides a roster of the Committee, the panels, and the liaison representatives. Supporting staff for the administrative and editorial functions currently includes an Executive Secretary, two Editors, a secretary and a manuscript typist.

Committee Funding Arrangements -- Financial support for the work of the Committee, panels, and staff and for most of the manuscript preparation have come from the National Science Foundation, U.S. Coast and Geodetic Survey, U.S. Geological Survey, Office of Emergency Preparedness, Atomic Energy Commission, Army Research Office, Advanced Research Projects Agency, Housing and Urban Development, Office of Naval Research, and the Department of the Interior. Also included in the over \$600,000 received are funds for the distribution of copies of the volumes without charge to the supporting agencies, the authors, the committee and panel members and others who have helped in preparing the report.

Goal of the Report -- The Great Alaska Earthquake of 1964 series is being prepared to assemble the facts of the earthquake, and to provide an assessment of the lessons learned along with recommendations on how losses from such events might be reduced in the future. An estimated \$20 million has been spent for research on this, the best-documented earthquake in history. This has led to well over a thousand references which have been studied and sifted by the seven panels in the preparation of their volumes subtitled Geology, Seismology and Geodesy, Hydrology, Biology, and Coastal Engineering, Engineering, and Human Ecology. Each volume will present a synthesis of available and solicited scientific papers, appropriate introductions, summaries, and conclusions reached by the panels. The Committee's final volume, Summary and Recommendations, will present papers on particularly pertinent selected topics along with updated summaries from the various panel volumes, the Committee's recommendations, and a comprehensive bibliography.

The complete report is planned as a ready reference work designed to furnish the important scientific and engineering facts of the event in a unified publication for broad reference use. It will have practical value to scientists as well as to non-scientists, including architects, planners, insurance companies, and many others, in preparing for future earthquakes. The opportunity to study in detail the effects of an earthquake of this magnitude (approx. 8.5 on the Richter scale) has never before been available to scientists and engineers, and such a series will be extremely important in evaluating earthquake hazards and potential research opportunities on ways to offset the damaging effects of earthquakes.

Status of the Report -- The Hydrology volume, prepared by the Panel on Hydrology, is available from the Academy's Printing and Publishing Office. Also currently available is a condensed 34-page summary report entitled Toward Reduction of Losses From Earthquakes, which contains both committee and panel recommendations as well as a brief summary of the events of the earthquake. Though based on the Alaska Earthquake series, the report is a separate publication, designed to provide early dissemination of the recommendations while the remaining volumes are being published.

Publication of the Human Ecology volume, the second of the series, was in August, 1970. The foregoing and the remaining volumes and their currently scheduled publication dates are shown in the following table.

<u>Subtitles</u>	<u>Pages</u>	<u>Date of Manuscript Approval</u>	<u>Pub. Dates</u>	<u>Status</u>
Hydrology	464	November 1967	Jan 1969	Published
Human Ecology	528	March 1969	Aug 1970	In press
Biology	288	May 1970	Apr 1971	Approved and waiting publication
Seismology and Geodesy	608	September 1970	May 1971	Nearing completion
Geology	1200	October 1970	Sep 1971	Nearing completion
Engineering	1050	February 1971	Oct 1971	Being reviewed and edited
Oceanography and Coastal Engineering	400	April 1971	Dec. 1971	Being reviewed and edited
Summary and Recommendations	500	June 1971	Feb 1972	Being prepared

Nearly all the papers for these volumes are written; the major effort now consists of editing, review, and preparation for publication. The numbers of pages in the later volumes are estimates.

Preparation Procedures -- Although most of the papers to be included in the various volumes were written expressly for this series, many of the other independently published and unpublished reports and papers were included with little or no revision as an appropriate means of gaining broad topical coverage and comprehensiveness. Except for papers planned for the Geology volume, which for the most part are to be reproduced photographically from U.S. Geological Survey publications, the papers all will have undergone a thorough 9-step review-and-editing process to help ensure that they meet the technical standards of the Committee and Panel Chairmen, and have the appropriate conciseness, editorial consistency, and style that necessarily accompany a scholarly study. After the manuscript of each volume is assembled by the responsible Panel, critiques are received from outside reviewers before final approval for publication is sought. When approved, the manuscript is submitted to the Academy's Printing and Publishing Office for final copy editing and publication.

The Financial Problem -- The Academy has produced the Hydrology volume at a cost of about \$31,000 for 2,000 copies and the Human Ecology volume at a cost of about \$26,000 for 1,500 copies. In the year and a half that the Hydrology volume has been available, about 1,230 copies have been sold and about \$20,600 of the costs have been recovered. As indicated in Attachment B, all volumes to be published would necessitate a gross expenditure of approximately \$241,000, and a net working capital requirement (costs less sales income) of more than \$100,000 in the period of the greatest cash outflow (July-December 1971). Additionally, the enclosed exhibit indicates a predicted excess of costs over income realized from the sales of \$35,000, as of the end of fiscal year 1975. It is, of course, impossible to predict with certainty whether or not income from sales will eventually match expenditures for this publication activity.

The scheduled requirements of this activity for working capital during publication of the remaining volumes and the uncertainty regarding the recovery of the publication costs are such that the Academy is unable to complete the task solely with its own resources. The Academy's present financial involvement in the Earthquake series, plus its investment in many other publications that it must finance, make it impossible to undertake expenditures of the magnitude required to publish the remaining volumes of the series by the end of fiscal year 1972.

The financial assistance requested would permit the Academy to meet the publication schedule outlines earlier. Publication of each volume promptly after its completion would be assured. The task of the Committee and its panels, all of whose members serve without compensation, would be completed in a timely manner.

Alternatives Considered -- The Academy has considered placing the finished manuscripts in the Clearing-house for Federal Science and Technology, and in the major United States library collections with a specialized interest in earthquakes and disaster research. In view of the charge placed on the Committee by the President's Science Advisor, however, neither of these approaches is even remotely as satisfactory as the production of bound books in quantities sufficient to provide copies to all locations where they may be used by scientists, technicians, public officials, and any other interested persons.

To reduce publication costs, less-expensive procedures involving important savings have been adopted. Cold-type composition and unjustified right-hand margins will save at least \$6.50 per page, as compared with the cost of justified hot-metal type used in the Hydrology volume. Hard covers, costing only 40¢ more per copy of each binding than paper covers, have been adopted despite this small extra cost to preserve the external appearance and integrity of the series as a set, as well as to give a superior protective binding to the volumes and to increase their useful life. Cost estimates for the last seven volumes of this series are based on unjustified cold typesetting and with hard covers to match the Hydrology volume.

The Academy's publishing costs are competitive with others and its resources and ability to sell books of this kind are as good as, if not better than, most. In addition, there seems to be no substitute for the very important qualitative considerations involved. No other publisher would be expected to match the Academy in its interest in bringing this publication project to a satisfactory conclusion as soon as possible and as economically as feasible.

Proposed Solution -- The Committee on the Alaska Earthquake is seeking \$100,000 in publication support funds from the State of Alaska as a publication subsidy to be used on a special revolving-fund basis to help insure that:

- (1) The Alaska Earthquake volumes can be produced on a timely schedule, and
- (2) The urgently needed information on lessons learned can be made available to interested readers as soon as possible.

The revolving-fund would receive amounts from the sales of books and disperse publication expenses until the final volume has been published. Thereafter, the receipts from sales of the Earthquake series would be refunded annually to the Department of Revenue, State of Alaska, for deposit in the general fund of the State for a period of three years following date of the last published volume or until the entire publication subsidy of \$100,000 has been repaid (without interest, or other charges) whichever first occurs. If the entire amount of the publication subsidy has not been repaid the State of Alaska within three years after the date of publication of the final volume in the series, then the State would not hold the Academy accountable for any unreimbursed amounts of the \$100,000 subsidy, and would consider the unreimbursed deficiency as advertising and promotional expenses, such as are normally appropriated to various state agencies annually to enhance the goodwill of Alaska. Provision would be made in the volumes to which the subsidy applied to give special acknowledgment of the project.

At the end of the third anniversary date of the publication of the final volume a full and complete accounting by the Academy would be made to the State.

Justification for Support -- The continuing search for ways of minimizing loss of life and property damage in future earthquakes (e.g., the California earthquake of February, 1971) makes the report, based on the experiences and the lessons learned from the disaster, particularly noteworthy. Since the volumes relate to Alaska, its people, and its own geologic history, and since large areas of Alaska are in a seismically unstable environment; and, since construction of the Prudhoe Bay-Valdez pipeline will traverse seismic crossings where knowledge of possible environmental damage in advance of future earthquake may be extremely valuable; therefore, it is most appropriate that Alaska take the initiative in assuring that scientific knowledge associated with earthquakes be compiled and disseminated as soon as possible. In addition, dissemination of the report on a timely basis is highly important for its use in the following ways:

1. For engineering purposes toward the mitigation of earthquake damage. In this aspect, the report on The Alaska Earthquake of 1964 will stand out when the damage reports are compared to those of other earthquakes because of the breadth of the scientific and engineering phenomena studied. Diversity of structural damage, particularly in Anchorage, will provide opportunities for engineers and architects to assess a variety of design criteria.

2. As documentation of the effects of this particular earthquake for governmental and other administrative planning purposes. Such factors as emergency preparedness, emergency relief, ecological effects, hazard warning systems, and many other aspects of earthquake effects are considered in the report. The volumes of the series will serve as the outstanding reference work that encompass the entire spectrum of known studies made as a result of this outstanding event; each provides conclusions and recommendations of benefit to the nation.

3. As source material for educational purposes. It is essential that studies of damaging earthquake effects, such as are to be found in this report, are put into the public domain. They should be made available as a complete entity with appropriate analyses and recommendations, if the populace of earthquake-prone areas is to obtain a comprehensive understanding of potential problems to be encountered in those areas. The complete report will greatly support the efforts of government officials and others to institute effective building codes and zoning requirements and to increase the hazard awareness of the populace. The geological and other hazards described and analyzed in this report are not unique to Alaska, and the cultivation of awareness of disaster hazards in other areas is highly important if casualties and other losses are to be reduced.

4. For the use of scholars in future scientific and technical studies. The many earthquake phenomena studied, including thorough analytical analyses performed on earthquake source mechanisms, tectonic uplift and subsidence, tsunami effects, and other scientific and technical aspects, and thorough documentation of the basic and applied sciences and the social effects of the earthquake, make this report an exceptional reference for scholars. It will be particularly advantageous to have such a comprehensive report available to correlate and to emphasize the interrelationships of many scientific disciplines and technologies that are involved in studying earthquake phenomena.

The report has been written to enable maximal benefits for society to be obtained currently through directed research and engineering, the spawning of scientific and technological researches, and by identifying the social and other problems of coping with such disasters. Nevertheless, it may be years or even decades before the greatest importance of this report is realized. The tendency to forget the lessons learned is strengthened with time. With the help of this report, these lessons can be kept fresh, and many of the old mistakes avoided. Thus The Great Alaska Earthquake of 1964 series provides for both the needs of the present and the distant future; its publication as a complete series is necessary as both a short- and long-term investment in improving man's understanding of earthquakes.

Time Requirements -- Although, if approved by the Alaska Legislature, immediate availability of the funds from the appropriation bill would be advantageous, it is recognized that appropriation to a fiscal year budget is normally consistent in governmental funding.

Therefore, it is proposed that to the Department of Administration budget for fiscal year 1971-72, commencing July 1, 1971, an appropriation in the amount of \$100,000 be approved specifically as a revolving-fund publication subsidy to the National Academy of Sciences, as hereinabove described.

National Academy of Sciences  
The Great Alaska Earthquake of 1964 Series

Estimated Costs

	<u>HYDROLOGY</u>	<u>HUMAN ECOLOGY</u>	<u>BIOLOGY</u>	<u>SEISMOL- OGY</u>	<u>ENGI- NEERING</u>	<u>GEOLOGY</u>	<u>OCEAN- OGRAPHY</u>	<u>SUMMARY</u>	<u>Total</u>
Print Order (copies)	2,000	1,500	1,200	1,200	600	1,500	1,500	2,000	
Number of pages (est.)	464*	528*	288	608	1,050	1,200	400	500	5,038
* actual	+ maps					+ maps			+ maps
Editorial	\$ 6,225.	\$ 4,161.	\$ 2,592.	\$ 5,198.	\$ 9,450.	\$ 2,500.	\$ 3,600.	\$ 4,500.	\$ 38,226.
Composition	6,725.	7,461.	5,069.	9,631.	18,656.	2,112.	7,040.	8,800.	65,494.
Print and Bind	9,529.	7,211.	3,995.	8,048.	7,698.	22,992.	5,643.	7,999.	73,115.
Direction & Supervision - Publishing Section	4,506.	4,708.	2,914.	5,720.	8,951.	6,901.	4,071.	5,325.	43,096.
Promotion & Distribution	<u>4,006.</u>	<u>2,906.</u>	<u>1,920.</u>	<u>2,020.</u>	<u>1,160.</u>	<u>2,700.</u>	<u>2,700.</u>	<u>3,500.</u>	<u>20,912.</u>
<b>TOTALS</b>	<u>\$30,991.</u>	<u>\$26,447.</u>	<u>\$16,490.</u>	<u>\$30,617.</u>	<u>\$45,915.</u>	<u>\$37,205.</u>	<u>\$23,054.</u>	<u>\$30,124.</u>	<u>\$240,843.</u>

**Notes (1)** Costs of distribution are estimated on the basis of sale of 100% of copies printed.

7/31/70

The Great Alaska Earthquake of 1964 Series  
 - Estimated Income and Costs

	Production period	Total Cost (100%)	INCOME FROM SALES							Total Income	Net income or loss June 30		
			To July 1970	July-Dec 1970	Jan-June 1971	July-Dec 1971	Jan-June 1972	FY 1973	FY 1974			FY 1975	
Hydrology	in print	\$ 30,991.	\$21,231.	\$ 675.	\$ 675.	\$ 675.	\$ 675.	\$ 675.	\$ 1,350.	\$ 1,237.	\$1,124.	\$ 27,642.	\$-3,349.
Human Ecology	12/69-8/70	26,447.	--	10,475.	9,050.	2,619.	1,128.	1,326.	1,326.	995.		26,919.	472.
Biology	9/70-4/71	16,490.	--	--	2,433.	8,036.	1,496.	983.	670.	502.		14,120.	-2,370.
Seismology	9/70-5/71	30,617.	--	--	2,137.	16,224.	2,930.	1,861.	1,176.	882.		25,210.	-5,407.
Geology	12/70-9/71	37,205.	--	--	--	11,549.	10,631.	4,402.	1,560.	1,168.		29,310.	-7,895.
Engineering	1/71-10/71	45,915.	--	--	--	2,514.	22,162.	2,214.	692.	519.		28,101.	-17,814.
Oceanography	4/71-12/71	23,054.	--	--	--	--	14,485.	4,234.	1,072.	804.		20,595.	-2,459.
Summary	6/71-2/72	30,124.	--	--	--	--	16,484.	13,578.	2,331.	1,418.		33,811.	3,687.
		\$240,843.	\$21,231.	\$11,150.	\$14,295.	\$41,617.	\$69,991.	\$29,948.	\$10,064.	\$7,412.		\$205,708.	\$-35,135.

(h)

	Schedule of Costs								
Hydrology	\$ 30,991.	\$30,708.	\$ 46.	\$ 64.	\$ 64.	\$ 64.	\$ 45.	\$ --	\$ --
Human Ecology	26,447.	14,644.	11,458.	94.	92.	43.	43.	43.	30.
Biology	16,490.	--	1,625.	14,621.	67.	65.	60.	30.	22.
Seismology	30,617.	--	3,250.	27,123.	67.	65.	60.	30.	22.
Geology	37,205.	--	1,875.	3,890.	31,095.	155.	74.	66.	50.
Engineering	45,915.	--	--	20,625.	25,260.	11.	10.	5.	4.
Oceanography	23,054.	--	--	2,500.	14,104.	6,105.	186.	86.	73.
Summary	30,124.	--	--	1,400.	15,224.	12,986.	277.	128.	109.
Net Loss (-) or Income for Each Period	\$240,843.	\$45,352.	\$18,254.	\$70,317.	\$85,973.	\$19,494.	\$ 755.	\$ 388.	\$ 310.
Cumulative Net Loss (-)		\$-24,121.	\$-7,104.	\$-56,022.	\$-44,356.	\$50,497.	\$29,193.	\$ 9,676.	\$7,102.
		\$-24,121.	\$-31,225.	\$-87,247.	\$-131,603.	\$-81,106.	\$-51,913.	\$-42,237.	\$-35,135.

AFTER RECESS

1:40 p.m.

Present: All members. Commissioner Benson; Mr. John Cook, Division of Workmen's Compensation; Mr. Al Gordon, and Mr. Daniel Knauss from the Department of Labor were also present. Mr. Ron Lind, Budget and Management, was also present.

DEPT. OF  
LABOR

The committee was present to discuss the Department of Labor budget.

Mr. Benson began his presentation by giving a summary of the budget and noted there had been no substantial increase over what has been requested in the past.

Mr. Benson said the Manpower Training Division provides "seed money" for a variety of federal programs.

He said the Governor's Budget Review Committee had deleted \$200,000 from the budget and this was needed by the Department to provide "seed money" used for potential federal funding. Copies of a report from the Management Analysis Center were distributed to the committee. Mr. Benson said in this report is the proposal that the \$200,000 for seed money be reinstated. He added this \$200,000 may come before them in a supplemental budget.

Mr. Benson said they have the offer of federal funding for a variety of services to improve state personnel

(management internship structure for every department of the state government, establishment of a disadvantaged corps of trainees throughout the state government, and establishment of a broad in-service training structure). Mr. Benson discussed these services (see Department file for complete information).

Minutes of the Manpower Training Advisory Council meetings were distributed and Mr. Benson briefly discussed this. Mr. Gordon said it had been required that all employment security divisions in the fifty states go into a cost accrual system. Mr. Gordon explained this accrual basis noting that the state is on a cash basis. He explained the problems involved in this kind of budgeting. Mr. Benson spoke on industrial safety and said they hoped that by the time the federal government has implemented this and appropriations have been made the state would be in a position to take advantage of the federal program for industrial safety inspections in the state.

WORKMEN'S  
COMP.

Mr. John Cook who is the Director of the Workmen's Compensation Division briefed the committee on his program. He said primarily they are requesting an increase in personal services and travel. Mr. Cook said in 1968

they had 1,884 cases and in 1970 they had 2,520 cases. He noted that in the last two years they have increased their staff by the addition of an Assistant Director and a Rehabilitation Counselor and they had generated more work for the clerical staff. He said the Governor's Budget Review Committee did approve the request for a clerk typist and for a workmen's compensation examiner. Mr. Cook said they felt that the clerk typist was more essential than the examiner at this time.

Mr. Cook explained the process of workmen's compensation. Mr. Gordon spoke on per diem and travel for workmen's compensation saying that they are authorized \$18,700 and to date have spent \$15,900. If they continue at the same rate they are spending now they will be \$11,000 short this year.

In answer to Mr. Fink, Mr. Cook said there had been 2.9 per cent of the cases controverted. He said that about 90 per cent of the claims were filed in favor of the injured party. Mr. Fink said that it had been suggested that possibly getting an investigator would speed up the process. Mr. Cook felt that an investigator in Fairbanks and Anchorage would be a good idea and

said this investigator could go to the employer and the doctor while the incident was still fresh. In answer to Mr. Fink, Mr. Cook said of the 2,520 cases in 1970 17.5 per cent were paid within 2 weeks, 15.1 per cent paid within 3 weeks, 17.1 per cent within 4 weeks, 11 per cent within 5 weeks, 7.6 per cent within 6 weeks, 16.2 per cent within two months and 2.9 per cent were denials and 4.7 per cent had not been finalized. In answer to Mr. Fink, Mr. Cook said he would consider 50 per cent being paid within two weeks as being successful in Alaska. Mr. Fink asked if the division had ever requested the investigator concept. Mr. Cook said no but he felt it was a good idea. Mr. Fink asked about the vacancy factor and Mr. Cook said they did not have any vacancies. Mr. Fink asked if the claims are not paid within two weeks if they enforce the interest penalty. Mr. Cook said not in every case. Mr. Cook explained that the Board meets every two months and they are proposing to meet every month. They feel this will not amount to too much additional cost as they will meet for three days in Anchorage

and two days in Fairbanks thus avoiding per diem on weekends.

Mr. Wright questioned the increase of per diem for Board members from \$35 to \$85 a day. Mr. Cook said some of the members cannot afford this as they make more than \$35 a day for a normal day's work.

Mr. Wright said he could not see the justification in raising the per diem for one Board. He asked why they could not be given salaries. Mr. Benson said this is a quasi legal Board and the committee discussed this. Mr. Gordon said they had received a ruling from the Attorney General that this additional \$50 would be considered per diem and not subject to taxes.

Mr. Warwick questioned the Governor's Revenue Projections and the receipts from the Department of Labor and this was discussed.

Mr. Warwick asked if they feel the workmen's compensation rates are too low. Mr. Benson said the benefits structure is too low and it is related to the poverty level. He said he would like to bring the schedule of benefits to a realistic 1970 level.

Mr. Fink asked about the vacancy factor. Mr. Gordon said except for the 7 positions in Industrial Safety that they usually have about 90 per cent of their

jobs filled. He added the biggest fluctuation is in the Employment Security Division. Mr. Fink noted in the budget they are requesting 49 new positions. Mr. Gordon said a lot of these have been granted through Executive Order. He said they did have an increase in federal funding. They had 17 positions under Executive Order -- 10 positions in grants for Employment Security and 7 under the WIN contract. Mr. Gordon said that prior to two years ago the normal procedure was that the federal government granted a number of positions to Employment Security Division. He said there was a difference in what the budget showed and what they actually had so they had to redo the budget so the federal and state would match.

Representative Bradner entered the meeting.

Mr. Fink asked what the lapse for the Department would be. Mr. Gordon said he really could not say but it would be roughly \$180,000. Mr. Fink asked about the 7 positions in Industrial Safety and asked what would happen to this money. Mr. Gordon said the money would lapse; however Mr. Benson pointed out that these positions may be filled.

Recess: The meeting recessed at 3:00 p.m. and was called back to order at 3:20 p.m.

Mr. Fink said that the federal government paid up to 5.1 per cent on trust money and wanted to know where this was reflected in the Revenue Projections.

This was to be researched and sent to the committee.

Mr. Degnan asked how the Department attempts to promote full employment and Mr. Gordon explained this procedure. Mr. Degnan asked if they had a job bank and Mr. Gordon answered no. In answer to Mr. Degnan, Mr. Gordon said he thought there were 3 people in the Nome Employment Office.

In answer to Mr. Degnan, Mr. Gordon said they have a Small Communities team visiting each and every village to determine capabilities of the people. He said this is a new system presently being tested and the committee discussed this.

Mr. Benson said that one of the items deferred by the Governor's Budget Review Committee was \$54,000 for In-Village Job Information. He said this would be a pilot program. It was noted this appears on page 270 of the budget -- World of Work.

The committee discussed the advantages of having local people do survey work in regard to employment. Mr. Benson said there would be a meeting Tuesday, February 9, at 1:15 p.m. in the BIA conference room

with the Regional Manpower Specialist concerning the CAMPS activity.

Mr. Knauss said there was a problem with some of their salary schedules. He said that one of the programs is OJT and the federal government is setting the administrative overhead at 15 per cent. It is actually about 30 per cent. He said that \$30,000 would permit the state to continue some of these federal programs and meet the salary schedule calssifications.

Recess: The committee recessed at 4:00 p.m.

HOUSE FINANCE COMMITTEE  
February 6, 1971  
9:05 a.m.

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

Joseph Henry, Commissioner, Department of Administration; Richard Freer, Deputy Commissioner; Myrton Charney, Director, Division of Budget & Management; Eugene Smith, Budget Analyst; Ronald Lind, Budget Analyst; Senator Ron Rettig.

Dept. of  
Adminis-  
tration

Mr. Hohman called the meeting to order and asked Mr. Henry for a general statement about the budget for the Department of Administration.

Mr. Henry said the budget was prepared prior to his appointment on January 4 and Governor Egan had approved essentially what was created by the previous administration.

Mr. Freer gave a brief history of the Department of Administration, which was established in 1959 at the time of statehood. From the basic responsibilities, four divisions were created: Personnel, Budget & Management, Finance and Supply. Data Processing was under the Finance Division, but was established as a separate division by Executive Order. The budget reflects continuing in the same vein, serving other state agencies. The Commissioner is a member of the Bond Committee, Investment Advisory Committee, and Chairman of the Budget Review Committee. A major addition to the Department is the transfer of the Pioneers' Homes from the Office of the Governor to Administration.

Mr. Freer added the Department of Administration is meeting with

different departments and the Governor's office and will be ready within a couple of weeks to return to the Finance Committee with further recommendations on budgets. Mr. Henry said a management consulting firm has been working on a pilot program for the Corrections Division relating to program budgeting, and their rough draft will be ready about the third week in February, with a finished document about the first week in March. Management Analysis Center is the consulting firm retained to work out a plan for program budgeting, which will be presented to the legislature for approval.

Mr. Haugen asked what changes will be made in the Department of Administration's budget and Mr. Henry said this will be the basic document. Mr. Henry stated he was in favor of a later opening date for the session, especially when a new administration takes over, to provide more time to prepare the budget. Mr. Haugen added the legislature and administration should work more closely on the preparation and implementation of the budget. Basically their motives are the same - to develop something more workable.

Mr. Fink asked the vacancy factor among the 369 authorized positions and Mr. Henry said there were about ten vacancies in the entire department. The Division of Personnel is attempting to work up a vacancy rate and a study should be out shortly. Mr. Fink asked if there would be any lapse in the current budget and Mr. Henry answered this information would be available next week. In answer to further questions, Mr. Henry said the large budget increase in F.Y. 1970-71 was caused mainly by an additional \$4,500,000 in the Revenue Sharing Program.

Mr. Henry requested projections from each department on overtime demands which should be ready next week. A discussion followed on the overtime policy and Mr. Fink asked for further information from Mr. Henry. The Finance Committee will be provided with copies of the Governor's memo authorizing overtime, the regulations issued by Mr. Freer and the regulations issued by Mr. Henry (the latter being in effect at the present time).

The new Pioneers' Home in Palmer will require 34 full-time employees and 3 part-time. Mr. Freer said the Home in Sitka accommodates 200 at the present time, but renovations will cut the capacity down to 160. The Fairbanks Home can accommodate 65 and the new home in Palmer is of comparable size. A \$20 guest grant is paid to residents with insufficient income (130 in the Sitka Home).

The \$25,000 requested for Investment Services for Retirement Benefits was questioned by Mr. Fink. Mr. Henry replied this is paid to the bank handling the retirement funds and will supply further information to the committee. The Department of Revenue pays Blyth & Co. a straight fee and the Bank of America deducts their charges from the portfolio on the oil funds. Mr. Henry added he would like to see the earnings increase in the funds and he is concerned because the funds are earning about 4-1/2%. The Teachers Retirement Fund and the Public Employees Retirement Fund are permanent, each worth about \$33 million, and have less equity in common stock than recommended. Better fund management may provide better earnings, and Mr. Hohman asked if they may go into housing in remote areas. Mr. Henry said a certain amount of real estate investment would be wise.

The \$229,700 increase in the Division of Supply was questioned by Mr. Fink and Mr. Lind answered three additional positions have been

requested in Central Supply to increase services. Two clerical positions have been requested for Juneau and an Assistant Purchasing Agent to be located in Anchorage is requested, since the volume in Anchorage is increasing rapidly. The new Palmer Pioneers' Home had a considerable impact on Central Supply. Mr. Henry added the Central Mail Service and Central Duplicating expansion is a result of state agencies' growth. The systems must be upgraded and service improved. Included in the budget, according to Mr. Smith, are funds for a lease in the MacKay Building, which has not yet been assigned to any specific agency but carried by the Department of Administration until assigned. Mr. Wright joined the meeting at 10:00 a.m.

Mr. Fink asked the budget policy for program maintenance versus program increase and Mr. Smith said only positions authorized by the previous legislative session and positions transferred from other departments should be included in program maintenance. The budget shows permanent positions which are authorized, but not necessarily filled, and Mr. Fink requested information on the vacancy factor. It is being worked up by data processing and will be ready shortly. In answer to Mr. Fink's next question, Mr. Freer said a general ceiling was put on budget requests from the various departments to hold the increase to 15%. The projection of lapse from all departments should be ready by next week and Mr. Henry again mentioned the early opening date of the legislative session doesn't allow the new administration sufficient time to gather and process figures.

Mr. Warwick questioned the \$17,000 in program receipts for the Division of Supply, which Mr. Lind explained was from U. S. Donated Commodities,

a surplus food program by the Department of Agriculture. Mr. Hohman asked for a list of how much food is handled, where it is going, and how much may be potentially available.

Mr. Haugen noted the increase of \$247,800 in Data Processing and Mr. Freer explained that this year's appropriation went directly to Data Processing rather than funding other departments and collecting from them.

Mr. Wright left the meeting at 10:10 a.m. Mr. Joe LaRocca, Fairbanks news reporter, joined the meeting.

Data Processing was discussed and the Department of Administration is providing this service to all other state agencies with the exception of the Department of Labor, who have their own computer. Mr. Henry said they are trying to provide better service and a list of requests is now on his desk. He will meet with various departments to see which is most important and establish a list of priorities. Mr. Henry would like to see the data processing function expand in order to provide service to the legislature such as bill printing, bill amendments, daily status of bills, etc.

The committee returned to the question of leasing office space and Mr. Henry believes a program should be initiated to buy buildings rather than rent space. There is a state-wide increase in rentals and after the pipeline is in operation there will be less available space. Mr. Henry suggested the state should develop a non-profit corporation to buy the buildings on the same basis as ASHA.

Mr. Fink disagreed and stated G O bonds would be cheaper; however, they would need to be brought before the taxpayers for approval. Mr. Henry said they will return to the finance committee when the Governor has completed the review recommendations and would work together on the program budgeting concept. Some departments may have an overlap, and the Department of Administration would like to see how many agencies are duplicating efforts. Federal government and local government programs should be coordinated also. Mr. Charney is working on this.

Adjourned: The meeting adjourned at 10:35 a.m.

is for overtime.

Mr. Haugen asked if the Department plans to come out with a revised budget. Mr. Noerenberg noted this budget was made by the outgoing administration. He said that one of the key changes will be Governor Egan's stream rehabilitation program.

#### GENERAL ADMINISTRATION

Office of the Commissioner Mr. Huizer gave a brief explanation of the functions of the Office of the Commissioner. He spoke on the importance of a planning staff saying that they had found themselves left out because they did not have a planning staff. Most of the divisions do their own planning, Mr. Huizer said. He said in the long range plans they hope to have planning capabilities within each division. The Governor's Budget Review did approve the planning concept and one planning coordinator (A Senior Planner and Secretary II had been requested but were not allowed).

Mr. Huizer said they have a continuing problem with secretarial help. The Board of Fish and Game does not have clerical help and the Department provides this.

Mr. Huizer said there are two different ways in the budget where they will provide additional help for the Board of

# **CORRECTION**

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

HOUSE FINANCE COMMITTEE MEETING  
February 8, 1971  
1:30 p.m.

Present: Messrs. Hohman and Wright were absent. Commissioner Noerenberg, Mr. E. Huizer, Deputy Commissioner, Commercial Fisheries; Mr. Vern Roberts, Director, Division of Administration; Alex McRay and Bob Royce from the Department of Fish and Game were also present. Mr. Joe LaRocca, news reporter, was also present.

DEPT. OF FISH AND GAME  
BOOK I

In Mr. Hohman's absence, Mr. Ditman chaired the meeting. He called the meeting to order and said that the committee would review Book I of the Department of Fish and Game.

Mr. Huizer referred to the request from the Chairman asking for a narrative statement on the budget.

Mr. Hogan explained that the committee wanted a restatement in narrative form of the budget. In answer to Mr. Huizer, Mr. Hogan said this analysis is to be by programs. Mr. Roberts pointed out that anything

the Department would come up with would be estimates because the budget estimates were worked up in various field locations. Mr. Fink said the Department had about a \$2,000,000

increase to maintain the level over last year and the committee wanted to know what made up this increase.

He added that they realized part of this was due to the salary increase. Mr. Noerenberg added some of this

is for overtime.

Mr. Haugen asked if the Department plans to come out with a revised budget. Mr. Noerenberg noted this budget was made by the outgoing administration.

He said that one of the key changes will be Governor Egan's stream rehabilitation program.

#### GENERAL ADMINISTRATION

Office of the Commissioner Mr. Huizer gave a brief explanation of the functions of the Office of the Commissioner. He spoke on the importance of a planning staff saying that they had found themselves left out because they did not have a planning staff. Most of the divisions do their own planning, Mr. Huizer said. He said in the long range plans they hope to have planning capabilities within each division. The Governor's Budget Review did approve the planning concept and one planning coordinator (A Senior Planner and Secretary II had been requested but were not allowed).

Mr. Huizer said they have a continuing problem with secretarial help. The Board of Fish and Game does not have clerical help and the Department provides this.

Mr. Huizer said there are two different ways in the budget where they will provide additional help for the Board of

Fish and Game. One is to provide additional help for the Commissioner's Office and the other is an Executive Secretary for the Board of Fish and Game. (The Executive Secretary was requested under the Board of Fish and Game; however, it was not allowed by the Governor's Budget Review Committee). Mr. Huizer said that either one or both of these requests would help -- they have to provide better service for the Board without bogging down their own staff.

Under code 800, miscellaneous, the Department had requested \$20,000. Mr. Huizer explained that \$10,000 was requested to cover unforeseen contingencies.

The remaining \$10,000 is requested to fund the Dept. of Fish and Game portion of an employee -- Department cooperative education extension program. However, the Governor's Budget Review Committee disallowed the entire \$20,000.

In answer to Mr. Haugen, Mr. Roberts explained that the attorney for the Department of Fish and Game is funded within the Department of Law. Mr. Haugen asked how much service they receive from this attorney.

Mr. Noerenberg said they are on the phone with him four or five times a day. Mr. Haugen asked if it would be more satisfactory for this attorney to be

located at the Department of Fish and Game. Mr. Noerenberg said it might be more valuable for him to be there; however, the attorney needed the law library that is in the Department of Law.

Mr. Huizer spoke on the increase in code 100, personal services, in the Commissioner's Office noting the Civil Engineer Assistant had been transferred to the Commissioner's Office from the Commercial Fisheries Division. The rest of the increase is made up of overtime and salary increases, Mr. Huizer added.

200: In travel, the Department had requested \$29,500 and the Governor's Allowance was \$25,000. The Governor's Allowance is an increase of \$7,000 over the 1970-71 authorized. Mr. Haugen questioned this and Mr. Huizer said this is an attempt to budget realistically the amount of travel the Commissioner's Office has to do. Mr. Roberts added that the per diem rates had been raised from \$21.00 a day to \$30.00 which is roughly a 30 per cent increase. He said they had also added in the 8 per cent increase in transportation costs for airline rates.

Division of Administration Mr. Roberts gave an explanation of the duties of this division.

100: In personal services, the Department Request is \$466,400 and the Governor's Allowance is \$451,900. The 1970-71

Authorized was \$410,000. Mr. Roberts said the increase arrives from one additional position for a typist in Juneau and \$19,423 is for employee benefits changes. Mr. Roberts said that \$22,442 is for the salary increase cost.

200: The Department's Request for travel is \$6,800. This is the same as the Governor's Allowance and is an increase of \$3,300. Mr. Roberts said this is due to the \$30.00 a day rate for per diem and the 8 per cent increase in airline rates.

300: The Department's Request for contractual services is \$383,600. The Governor's Allowance is \$353,900. The 1970-71 Authorized was \$265,000. Mr. Roberts said that this increase is for expansion of office space in Juneau, Anchorage and Fairbanks (a complete detail is given on page 63 of the budget). In answer to Mr. Haugen Mr. Roberts said they do receive reimbursement of rental cost from the federal government.

Mr. Warwick asked what additional square footage there would be in Fairbanks. Mr. Noerenberg did not know but said it would be very substantial. Mr. Warwick asked when the new building would be complete. Mr. Roberts said the bids would open this month and would be complete by the following winter. He said the square footage would be

approximately 11,000 which would be about a 40 per cent increase.

400: The Department's Request for commodities is \$53,300 and the Governor's Allowance is \$48,300. The 1970-71 Authorized was \$35,000. Mr. Roberts said that this code carries additional expenses for fuel and heating for the new office space.

500: The Department's Request for equipment is \$2,800 and the Governor's Allowance is \$1,500. The 1970-71 Authorized was \$7,500. Mr. Roberts said the legislature last year had been very generous thus this code showed a decrease this year. He said the Governor's Budget Review Committee had cut this code due to the fact that two of the requested new positions had been disallowed.

900: The Department's Request is \$50,800 which is the same as the Governor's Allowance. This is an increase of \$14,600 over the 1970-71 Authorized of \$36,200. In answer to Mr. Haugen, Mr. Roberts said that the Department of Highways had raised their car rental rates -- cars are 16¢ a mile and pickup trucks and vans are 21¢ a mile.

I.N.P.F.C. Mr. Noerenberg explained this had been transferred to the Office of the Governor.

Board of Fish and Game The Department's Request is \$68,800 and the Governor's Allowance is \$33,100. The 1970-71 Authorized

was \$28,200. Mr. Huizer said that the major change that had been requested was for the Executive Secretary (this position and a Clerk Typist II had been disallowed). Mr. Huizer said this had been requested last year and had been allowed by the Governor's Budget Review Committee but not by the legislature. In answer to Mr. Haugen, Mr. Huizer said the Executive Secretary is not a clerical position -- he is to direct the affairs of the Board of Fish and Game. Mr. Noerenberg spoke on the necessity of this position saying that now this work is being done by the division chiefs and takes a tremendous volume of time.

Information and Education The Department's Request is \$128,500 and the Governor's Allowance is \$124,100. The 1970-71 Authorized was \$98,600. In answer to questions from the committee, Mr. Noerenberg gave a brief explanation of what this division does.

Special Gear Study Mr. Haugen asked what happened to the money appropriated for the Special Gear Study and Mr. Roberts said it had lapsed.

Hatchery Services The Department's Request is \$267,800 and the Governor's Allowance is \$236,100. The 1970-71 Authorized was \$44,000. Mr. McRay explained the increase by saying additional functions of this division are "Crystal Lake",

Fort Richardson, Fire Lake and Kitoi Bay (a detailed explanation is found on page 113 of the budget).

In answer to Mr. Fink, Mr. Noerenberg said that the Hatchery Services primarily benefits sports fishing. Mr. Noerenberg referred to the project near Petersberg and said that they had told the Governor's Budget Review Committee they had to leave out things that should be built in in the initial construction phase.

The committee discussed this briefly.

Recess: The meeting recessed at 3:00 p.m. and was called back to order at 3:20 p.m.

Mr. Warwick asked what type of inventory the Department has. Mr. Roberts said they have a statewide inventory and the regulations are set up by Administration. He said the department has had problems with their inventory. They received a great number of items from the federal government at the time of statehood that only existed on paper, Mr. Roberts noted. He said they had still not gotten this completely straightened out. He said that the audit last year by Legislative Audit indicated the status of the inventory was better than when they audited two years ago. Mr. Warwick said the audit showed Juneau as losing a great number of items. Mr. Roberts said a great percentage of this is due to the fact that

Legislative Audit did not do a very specific job. He cited a piece of dictating equipment in his own office that the auditors did not find. Mr. Warwick asked if the rifles that had been lost were inscribed with a serial number and Mr. Roberts said yes. Mr. Noerenberg pointed out that there is an additional \$750,000 for the stream rehabilitation program that was in the Governor's budget message but is not in the budget books.

Adjournment: The meeting adjourned at 3:30 p.m.

HOUSE FINANCE COMMITTEE  
February 10, 1971  
9:05 a.m.

Present: All members except Mr. Wright. Mr. Fred Chei, President, RCA, was also present. Representative Ferguson was also present.

RCA PRESENTATION Mr. Hohman called the meeting to order and explained the purpose of the meeting was to discuss the RCA communications takeover and the implications it has on rural Alaska.

Mr. Chei said when the Air Force decided to sell the ACS system, the state required that whoever purchased it was obligated to provide communications to 88 remote villages. RCA decided that for a small amount they could go ahead and provide communications for 142 villages. Mr. Chei said they originally planned a two channel VHF system; however, there was some objection to this and RCA decided to substitute the light route microwave with VHF at its end. Mr. Chei illustrated on the blackboard how this would work. He said that this would cost RCA about \$6,300,000; and the revenues that would accrue would not offset this entire amount.

Mr. Chei said it had been proposed to bring television into these villages. In order to do this they would have to "beef" this microwave up with additional channels and this would cost an additional \$3,000,000. They would lease this to the state for \$1,500,000 per year. This could be amortized over a ten year period.

Mr. Chei said they knew the State was interested in educational and instructional TV. Another plan that had been discussed was if the satellite comes then they would put in individual earth stations; however, Mr. Chei said this would be far more expensive. Mr. Chei said they were proposing recovery of the TV proposal by leasing the State the channels. The State would have to be licensed to operate the TV channels as RCA could not be licensed.

Mr. Warwick asked what the earth stations were projected to cost. Mr. Chei said this is nebulous at the moment -- from \$3,000 to \$100,000. Mr. Chei said they could wait for four or five years but if it is a question of putting in systems now then this system they are proposing is the best. Mr. Fink asked what the cost of the VHF on the end would be. Mr. Chei said about \$500,000 for the low power transmitters is what they will need. Mr. Fink noted that there would have to be someone to run this. Mr. Chei said that RCA would have to maintain and operate the telephone system and it would be an unsubstantial amount for the salary for one technician. In answer to Mr. Fink, Mr. Chei said the technician's salary would be about \$18,000 a year, the maintenance about \$5,000 and they were talking roughly of about \$25,000 per station (it was later noted this would be paid by RCA). Mr. Chei said for roughly \$1,500,000

a year the state would receive this complete system with message and TV plus RCA would maintain any equipment the state would put in.

In answer to Mr. Hohman, Mr. Chei said there would be no revenue from the TV as there is no charge. Any revenues would be from the use of the telephone and it would go against the \$6,300,000.

Mr. Hohman suggested that Johnson O'Malley funds may be a source of funding.

In answer to Mr. Hohman, Mr. Chei showed an illustration of the villages they were talking about. He noted they could not hook into Anchorage as it would be too expensive. He said RCA plans to start installing in March and they could at least get the Bethel area complete and in operation this summer. He said they are doing the engineering on the telephone system now and if the TV system is to be a reality they should know in two or three weeks so they could do the engineering for it.

Mr. Hohman asked what the power demand is for low power VHF and Mr. Chei said they are talking about 10 kilowatts.

In answer to Mr. Fink, Mr. Chei said the video tape machines are about \$4,000 a piece. He said it would not matter if they were in State buildings or RCA buildings. Mr. Fink pointed out they would have to have people to put on the tapes. Mr. Chei said there are about 25 to 30 of these stations.

In answer to Representative Ferguson, Mr. Chei said there will be two channels into the villages and when one channel is in use they can go ahead and use the other one. He said if it was necessary they could put more than two channels.

Mr. Degnan asked how much it would be to increase telephone channels. Mr. Chei said about \$100,000 but that would be RCA's obligation. Mr. Chei said the original concept was to put a telephone in the community hall in the villages; however, they had been contacted by local telephone companies and they will wire up to individual houses.

Mr. Hohman said there had been some criticism that they would not be able to meet emergency needs. Mr. Chei said that this was true of VHF but would not be the case for the microwave. He added that microwave is entirely reliable. Mr. Ditman asked if the system would be independent from White Alice. Mr. Chei said in the Bethel area they would lease some White Alice systems.

Mr. Fink referred back to the earth stations. Mr. Chei said there is every indication the cost of the low power earth station could be around \$3,000 or \$4,000 but it would be a receiver only and would not have the capability to transmit. He said they would still need long lines to transmit for telephone communications. The committee discussed this and recessed at 9:40 a.m.