

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2538

AFTER RECESS

1:45 p.m.

PRESENT All members of the Committee. The following people were also present: Mr. Richard Montague, Dr. Robert Fredericks, Mr. Bob DeArmond, Mr. Robertson Collins, and Mr. John Frisbe.

Dr. Fredericks passed out a paper entitled A Proposal to Alaska's Seventh Legislature and Department of Education. (See pages 485 through 490 of the minutes.)

SB 229 Chairman Hohman called the meeting to order and stated that SENATE BILL NO. 229 (An Act establishing the Alaska Historical Commission) would be under discussion.

Dr. Fredericks went into some of the background of the bill. He said that during the Alaska Centennial, interest was centered on history. He said there was federal money available for that occasion. He stated that the Alaska Historical Society came together at the suggestion of the State Centennial Commission in November of 1967. At this time they began to organize to give attention towards Alaska's history. He stated that it was usually thought that concerns of heritage encompassed museums and libraries and those kinds of activities. He said that what they are concerned about is a publication of Alaskan history. Dr. Fredericks stated that they had seen other facets of heritage come to life, but that wasn't true when it came to the publication picture. He said that four sessions ago they had passed a resolution concerning the availability of material on Alaskan history. He said that they were still concerned about that last year and had gotten together with concerned legislators and it was at that time that SB 229 was written.

Mr. Montague thought that it would be well to review some of the thoughts which they had discussed a year ago. He passed out a copy of the proposed budget for the Alaska Historical Commission for FY 72-73. (See page 491 of the minutes.)

Mr. Montague went on to give the following presentation:

OUR PURPOSE HERE IS TO SET FORTH IN OUTLINE FORM THE PROJECT ABOUT WHICH WE WISH TO SPEAK THIS AFTERNOON. OUR GOAL IS ESSENTIALLY A MULTIVOLUME, MULTI-AUTHORED SERIES ON ALASKA'S HISTORY AND WE MEAN IN THIS SENSE, ALASKA'S HISTORY IN WIDEST COMPASS FROM ALASKA'S PREHISTORY THROUGH TO THE CONTEMPORARY TIME. SUCH A HISTORY, SUCH A SURVEY OF ALASKA'S PAST, IS NOT NOW IN EXISTENCE. THE NEED FOR THIS MULTIVOLUME, MULTI-AUTHORED SERIES IS, WE SUBMIT, SELF EVIDENT. IT WOULD SERVE AS THE BASIS FOR THE PREPARATION OF SOUND MATERIALS TO BE USED IN OUR SCHOOLS HERE, AND IN THE LOWER 48, IN TEACHING THE REALITIES OF ALASKA'S PAST. IT WOULD SERVE AS THE BASIS OF A SOUND UNDERSTANDING AMONG ALASKANS ON WHAT IT MEANS TO BE AN ALASKAN. WE MUST UNDERSTAND OUR PAST IN ORDER TO KNOW WHERE WE OUGHT TO BE GOING.

THIS PROJECT WOULD ALSO SERVE TO BRING TOGETHER OUR

NATIVE AND NON-NATIVE,
CITIZENS, ~~WHITE AND NATIVE~~, INTO A COMMON BOND OF HERITAGE
THROUGH UNDERSTANDING WHAT OUR HERITAGE HAS BEEN. IT
WOULD LEAD TO THE SOCIALIZATION, TO THE BRINGING TOGETHER
OF THE PEOPLES OF ALASKA, THROUGH UNDERSTANDING THEIR PAST
AND THE PROBLEMS WHICH WILL CONFRONT THEM NOW AND IN THE
FUTURE.

WE FAVOR THE COMMISSION APPROACH AS THE EXECUTIVE
INSTRUMENT TO ATTAIN THIS GOAL. (1) WE FEEL THE COMMISSION
APPROACH WOULD CUT ACROSS EXISTING LINE RESPONSIBILITIES
OF STATE AGENCIES. THERE IS NO STATE AGENCY NOW IN EXISTENCE
WHERE WE FEEL THAT THIS TASK COULD BE ACCOMPLISHED. (2) THE
COMMISSION APPROACH ALSO WOULD ISOLATE THE PROJECT FROM
POLITICAL PRESSURES. THE AIM IS FOR A SCHOLARLY AND INTEL-
LECTUALLY CREDITABLE PRESENTATION OF THE STATE'S HISTORY,
NOT A PARTISAN APPROACH. (3) THE COMMISSION APPROACH WOULD
BRING TOGETHER AND FOCUS EXPERT KNOWLEDGE ON ALASKA'S

PAST. THIS WOULD BE A PREREQUISITE TO ACCOMPLISHING OUR

(4)

GOAL. THE COMMISSION APPROACH WOULD SERVE AS AN ADMINI-

STRATIVE VEHICLE FOR FUNDING, FOR RECORD KEEPING AND FOR

FISCAL CONTROL SINCE PUBLIC MONIES WOULD BE INVOLVED IN THE

(5)

ACCOMPLISHMENT OF THE TASK. THE COMMISSION APPROACH

WOULD ALSO LOCALIZE RESPONSIBILITY FOR ACCOMPLISHING OUR

TASK. IT WOULD PINPOINT THE EXECUTIVE AREA WHICH WOULD BE

RESPONSIBLE TO ACCOMPLISH THE GOALS SET FORTH IN THE

PROGRAM.

WE WOULD SEE A BOARD OF A COMMISSION COMPRISED OF

~~FIVE~~

PERHAPS ~~TEH~~ MEMBERS, CHOSEN BY THE GOVERNOR FOR THEIR

PROFESSIONAL COMPETENCE IN THE AREAS OF ALASKA'S HISTORY.

ONE OF THESE MEMBERS WOULD BE FULL TIME AND WOULD BE

FUNDED, THE OTHERS WOULD SERVE IN AN HONORARY CAPACITY

BUT WOULD HAVE THEIR TRAVEL AND PER DIEM EXPENSES FUNDED.

THE FULLY FUNDED MEMBER WOULD SERVE AS THE COMMISSION'S

EXECUTIVE SECRETARY.

WE WOULD ENVISION THE ADMINISTRATION OF THIS COMMISSION ALONG THE FOLLOWING LINES. THE FIRST PHASE OF THE WORK, THE FIRST TASK OF THE COMMISSION TO BE ACCOMPLISHED, WOULD BE TO SURVEY WHERE WE STAND AT THE PRESENT TIME WITH RESPECT TO EXISTING RECORDS OF ALASKAN HISTORY. WE NEED TO IDENTIFY WHAT SOUND WORKS EXIST IN THE FIELD AND WHAT GAPS IN THE HISTORICAL RECORDS EXIST. SOME AREAS OF THE STATE'S HISTORY MAY HAVE BEEN ADEQUATELY COVERED, OTHER AREAS MOST LIKELY HAVE NOT. WE NEED TO IDENTIFY BOTH. ONCE A SURVEY OF THE EXISTING KNOWLEDGE HAS BEEN ACCOMPLISHED, WE NEED TO PREPARE A CRITICAL, ANNOTATED BIBLIOGRAPHY OF THE EXISTING WORKS ON ALASKAN HISTORY, DETAILING WHICH ARE ADEQUATE TO PRESENTING THE HISTORICAL RECORDS AND WHICH ARE INADEQUATE. THIS RECORD SHOULD BE PUBLISHED. PERHAPS THE MOST EFFECTIVE VEHICLE TO BRING THIS ABOUT WOULD BE THE CONVENING OF A GROUP

OF SCHOLARS AND INTERESTED LAYMEN TO EVALUATE THE EXISTING HISTORICAL RECORDS. SUCH A CONFERENCE MIGHT BE PATTERNED ON THE CONFERENCE WHICH WAS CALLED ON THE WRITING OF ALASKA'S HISTORY IN 1967 AT ALASKA METHODIST UNIVERSITY. ONCE WE HAVE ESTABLISHED WHAT OUR POSITION IS TODAY, WHERE WE STAND ON HISTORICAL RECORDS, WE WOULD THEN BE IN THE POSITION OF RETURNING TO THE LEGISLATURE AND RECOMMENDING THAT CERTAIN SPECIFIC AREAS BE FUNDED, BOTH IN TERMS OF RESEARCH, WRITING, AND PUBLISHING.

IN PHASE TWO OF THE PROJECT WE WOULD ACTUALLY BEGIN THE RESEARCH, THE WRITING AND THE PUBLISHING, OR COMMISSIONING THE SAME, BY APPROPRIATE SCHOLARS IN THE FIELD. THIS PHASE MIGHT LAST FOR AT LEAST TEN YEARS AND PERHAPS PRODUCE TEN VOLUMES WHICH WOULD COVER WHAT GAPS WERE REVEALED IN THE HISTORICAL RECORD AS A RESULT OF THE INITIAL SURVEY.

AND LASTLY, THE COSTS. WE ENVISION THE COSTS OF PHASE

ONE WHICH WOULD CONSTITUTE THE ESTABLISHMENT OF A COM-
MISSION, THE SALARY AND FUNDING OF A ONE YEAR TERM, AND THE
CALLING OF A CONFERENCE, THE EXAMINATION OF THE HISTORICAL
RECORD AND THE PUBLISHING OF THE SAME, WOULD PERHAPS BE
ACCOMPLISHED FOR SOMETHING IN THE AREA OF BETWEEN FIFTY
AND SIXTY THOUSAND DOLLARS.

WE LOOK FORWARD TO THE OPPORTUNITY OF DISCUSSING
THIS PROGRAM WITH YOU FURTHER.

Mr. Fink commented that the bill said that the Commission shall hire an Executive Director and determine the salary. He said that the fiscal note put him in Range 21. He thought the Division of Personnel usually set the salaries, and asked why they said the Commission should set it.

Mr. Montague replied that the thinking behind that was to give the Commission the maximum flexibility in hiring a person for that position. He said that the man would have certain benefits of the state employee, but would be a member of exempt service.

Mr. Fink thought that in exempt and partially exempt service the Division of Personnel still determined salaries.

It was Mr. Montague's understanding that there are commissions of the State where the level of compensation of the Director was determined by the commission members themselves.

Chairman Hohman asked Mr. Hogan to check on that. Mr. Hogan checked with Mr. Pat Hunt, the Director of the Division of Personnel, and was told that Personnel determined all salaries with the exception of the Criminal Justice Planning Agency and some planning agencies in the school system.

Mr. Collins spoke and stated that the kind of gap which the bill points up would seem to be beneficial.

Dr. Fredericks brought out the fact that one of the major functions of the Commission would be to pursue outside funds, both private and federal.

Mr. Hohman had a question which was not directly related to the bill. He asked if anyone was familiar with the Fleishman Foundation. Mr. Frisbe stated that he knew a little about it.

The reason Mr. Hohman was asking the question was that he believed the Foundation was involved with the preservation of historical items and it had been called to his attention that the University of Pennsylvania was willing to return some historical artifacts to Barrow if they had a secure building in which to contain them.

Mr. Frisbe said he would look into the Fleishman Foundation and also other foundations that might support this type of activity when he returned to San Francisco.

Mr. Warwick thought that maybe the State archeologist could assume a lot of the duties included in the bill. Dr. Fredericks replied that perhaps there would be certain areas that the archeologist could handle, however, their focus is that there is no one working in the area of publications of the State's history. The archeologist would be doing mainly salvage and field work.

Mr. DeArmond stated that the proposed commission would fulfill the need of a clearing house to get the people who will publish together with the people who will write.

Mr. Warwick still thought there might be a splintering of duties.

Dr. Freedman stated that if something was already being done, that it would not be duplicated in the Commission.

ADJOURN Meeting adjourned at 2:35 p.m.

A NEW MULTI-VOLUME, MULTI-AUTHOR APPRAISAL OF ALASKA'S
PREHISTORY, HISTORY, AND RECENT PAST:

A PROPOSAL TO ALASKA'S SEVENTH LEGISLATURE AND DEPARTMENT OF EDUCATION

RATIONALE

In 1969 the Alaska State Historical Society advocated House Concurrent Resolution No. 9 which was adopted by the First Session, Sixth Legislature. This resolution related to the subject of Alaska history and requested. . . "a study to determine the feasibility and cost of commissioning the writing of an adequate history of Alaska. . ." The following concept is presented for your consideration.

The importance of Alaska's human and natural history to local, regional, and global problems is immense. "Alaska's past makes the North Pacific archipelago of prime importance in the history of man. As the prehistoric gateway from Asia to America it is both the first frontier in the New World and a last frontier. It has the unique distinction of being an eastern frontier and a western frontier. It is both the oldest frontier and the newest frontier on this continent. That it's prehistory and history deserve serious research and writing is manifest."¹

While there have been a few one-volume histories of Alaska written (and a few revised) in the past decades, it is impossible to expect an up-to-date appraisal in textbooks and school materials until further research is accomplished in the primary sources of our history and prehistory. Any effort short of this approach will yield nothing but "borrowing of material" (often inaccurate) from the meager secondary works.

Concerning this deplorable state of the Great Land's historiography Alaskan-born historian Morgan B. Sherwood has written, "The literature is strewn with nonhistories, irresponsible duplications, 'how-to' books, and just plain sloppy and superficial research."²

Today "history" has been enlarged to multi-disciplinary dimensions. It encompasses geography, natural resources, natural history, anthropology, art, economics, sociology, science, and political experience. In an age which recognizes the benefits of specialization, it is no longer possible for one scholar to accomplish the task alone.

To provide up-to-date and accurate materials for the study and teaching of Alaskan history it will be necessary for a fresh and thorough research of a wide range of primary sources. Such research by competent personnel would yield a multi-volume, multi-author set of books from which graded textbooks and readers could then be properly written. Anything short of this approach will yield an out-dated, inadequate, and wholly unsatisfactory product.

The practice of state-underwritten or commissioned multi-volume histories is not new. Often such a project is realized at a state's centennial. However, Alaskans (and non-Alaskans) cannot afford to wait until 2059 AD for such an evaluation! It is urgent that such a project be inaugurated soon to assist in the process of historical examination which will yield accurate analysis of the past so necessary for a people to best chart its present and future.

DESIGN

The following comprehensive design is presented as inclusive of the many facets of our past.

- | | |
|-------------|--|
| Volume I | THE GEOGRAPHY AND NATURAL RESOURCES OF ALASKA READINGS |
| Volume II | ALASKA'S NATIVE PEOPLES: THEIR PREHISTORY AND ART READINGS |
| Volume III | ALASKA'S NATIVE PEOPLES IN THE RECENT PAST READINGS |
| Volume IV | THE EXPLORATION OF ALASKA READINGS |
| Volume V | RUSSIAN ALASKA READINGS |
| Volume VI | AMERICAN ALASKA: POLITICAL DEVELOPMENT READINGS |
| Volume VII | AMERICAN ALASKA: ECONOMIC DEVELOPMENT READINGS |
| Volume VIII | AMERICAN ALASKA: FEDERAL AND SCIENTIFIC DEVELOPMENT READINGS |
| Volume IX | ALASKAN SETTLEMENT AND SOCIAL HISTORY READINGS |
| Volume X | ALASKA'S TOMORROW: THE SIGNIFICANCE OF ALASKAN HISTORY READINGS |

The first part of each volume would contain the historical narrative and the second would include readings significant to the topics addressed.

The above project could be planned in such a time schedule that most of these volumes be researched and written within a three-year period. This assuming that scholars commissioned to do the volumes would have two years to research each book (readings would be selected simultaneously by each author) and one year to write each book. This is also assuming full-time effort.

A general editor of the series would be necessary to submit nominations for authors of each volume, to coordinate the project over the period of its research and writing until the series is completed.

WANTED: A NEW EVALUATION OF ALASKA'S PAST

The following excerpts have been taken from scholarly papers presented at the Conference on Alaskan History in 1967 sponsored by the National Endowment for the Humanities and the American Historical Association.

"In these endeavors, which would advance the study of all periods of Alaskan history, it may be hoped that Alaska itself will play an important role. It is Alaska which should produce more of the specialists in its history, with all of the insight and enthusiasm which birth there or long residence may provide. A scholarly journal, book publishing, and the development of a major historical research facility should logically appear in Alaska."³

-- Richard A. Pierce
Professor of History
Queen's University (Canada)

"It is my hope that, in the future, as historians and anthropologists are attracted to ethnohistorical research, the results will be embodied in the classroom approach of people like yourselves who will be encouraged to 'spread the word' about Alaskan culture history. I remember how disappointed I was a number of years ago when I was working in an Alaskan coastal town and a local high school student told me that his teacher had said the area had no history! A comment like this suggests that ethnohistorical studies have been neglected too long."⁴

-- James W. VanStone
Curator of Anthropology
Field Museum of Natural History (Chicago)
formerly University of Alaska; University of Toronto

"It will be seen. . . that there is still much to be learned of the period of Russian occupation to occupy the attention of future historians. The discovery and utilization of fresh materials will, it is to be hoped, enable them to clear up many of the points that the absence of records has, thus far, left wrapped in obscurity."⁵

-- Stuart Ramsay Tompkins
Emeritus Professor of History
University of Oklahoma
resides in Victoria, British Columbia

"Hopefully, we shall move from mere optimism, or self-delusion, or perhaps indifference, to the realism required for writing, reading, teaching and applying Alaska's economic history. There is no better time than now."⁶

-- William H. Wilson
Associate Professor of History
North Texas State University
formerly University of Alaska

"All of this is heightened in Alaska's case as economic development is a prerequisite to our very survival. There has been a great deal of writing on Alaska economic history. . . Some is published, but most is in the form of unpublished scholarly research and government reports or little known reports. Alaskans should become better acquainted with their economic history and scholars have a responsibility to make the means of this knowledge more accessible.

But it is with the teachers of history in the high schools that the greatest challenge is given. . . The need for widespread understanding of basic economic relationships is urgent, particularly in Alaska. The opportunities for teaching economics through the course in United States history and for teaching its application in Alaska through the course in Alaska history are numerous and exciting. They await exploitation."⁷

-- George W. Rogers
Professor of Economics
University of Alaska

"To summarize the four instances I have chosen, we have seen that in each case the early comers, the pioneers, found no suitable Federal statutes under which they could legally engross parts of the public domain. So in each instance the expectant capitalists devised their own rules and operated under them for years. All but the Mormons were notably wasteful in their use of the natural resources. The purpose was to achieve a quick return and then move on, there was little thought to the future. In two cases, the Mormons and the cattlemen, the requirements and potentialities of a new environment inspired the invention of a way of life that was unlike anything practiced hitherto among English-speaking peoples. The miners made a comparable break with precedent. Their achievement was partly technological, partly the creation of a large economic surplus in what would otherwise have been a poor land. The lumbermen seem to have been much less innovative than the miners, and no more permanent in the settlements that they inspired. Thus it is a varied picture that we find when we probe into actual cases of pioneering in the American west. The truth is much more complicated than the familiar generalizations to which we have all been accustomed. Would it not be appropriate to make similar studies of Alaska's experience? Surely here, too, we would find patterns of culture that would tell much about our national ability to adapt to a strikingly new environment."⁸

-- Rodman Wilson Paul
Professor of History
California Institute of Technology

"What is to be the future of the Forty-Ninth State? Of one thing her citizens can be certain: skyrocketing world population and transportation break throughs will mean that Alaska's greatest handicap, her geographic location, will become a diminishing liability. William Seward had dared predict that Asian and European civilizations would be reunited in the Pacific. Is it being too bold to hope that here in Alaska, America and her Pacific neighbors can meet, and in peace, and while reflecting the best of each culture, provide richer, more luminous refracted values to light the way for a better tomorrow?"⁹

-- Ted C. Hinckley
Professor of History
San Jose State College

NOTES

- 1 Robert A. Frederick, "On Imagination and New Paths: Our Multi-Frontier in the Far North", in Frontier Alaska: Historical Interpretation and Opportunity, Proceedings of the Conference on Alaskan History (Anchorage; AMU Press, 1968), 160. Author: "Caches of Alaskana: Library and Archival Sources of Alaskan History", Alaska Review, II-3, 1966-67. Director of the Conference on Alaskan History and editor of its Proceedings.
- 2 Morgan B. Sherwood, "The Significance of Alaska's Past", Frontier Alaska, 22. Author: Exploration in Alaska, 1865-1900 (Yale University Press, 1965); Alaska and Its History (University of Washington Press, 1967); "Science in Russian America", Pacific Northwest Quarterly, January, 1967. Professor of History at the University of California, Davis
- 3 Richard A. Pierce, "The Russian Period of Alaskan History", Frontier Alaska, 73. Author: Russian Central Asia, 1867-1917 (1960); Russia's Hawaiian Adventure, 1815-1817 (1965); Cities of Central Asia (1961); Soviet Central Asia: A Bibliography (1965); "Prince D.P. Maksutov: Last Governor of Russian America", Journal of the West, July, 1967; "New Light on Ivan Petroff, Historian of Alaska", Pacific Northwest Quarterly, January, 1968; "Alaska Treasure", Alaska Journal, Winter, 1971.
- 4 James W. VanStone, "Ethnohistorical Research in Alaska", Frontier Alaska, 58-59. Author: Point Hope: An Eskimo Community in Transition (1962); The Changing Culture of the Snowdrift Chipewyan (1965); Ethno-Archaeology of Crow Village, Alaska (1968). Founder and first editor, Anthropological Papers of the University of Alaska.
- 5 Stuart Ramsay Tompkins, "Another View of Russian America", Frontier Alaska, 88. Author: Russia Through the Ages (1940); Alaska: Promyshlennik and Sourdough (1945); The Russian Mind: From Peter the Great Through the Enlightenment (1953); The Russian Intelligentsia: Makers of the Revolutionary State (1957); The Triumph of Bolshevism: Revolution or Reaction? (1967); "Drawing the Alaskan Boundary" in Alaska and Its History (1967).

NOTES (continued)

- ⁶ William H. Wilson, "Landmarks and Open Questions in Alaskan Economic History", Frontier Alaska, 133. Author: "The Founding of Anchorage: Federal Town Building on the Last Frontier", Pacific Northwest Quarterly, July, 1967; in progress the history of the Alaska Railroad.
- ⁷ George W. Rogers, "Alaskan Economic History", Frontier Alaska, 126. Author: Change in Alaska: People, Petroleum, and Politics (1970); The Future of Alaska: The Economic Consequences of Statehood (1962); Alaska in Transition: The Southeast Region (1969); with Richard A. Cooley, Alaska's Population and Economy (1962); with Charles F. Herbert, Alaska-Northwest Canada Economic Activities (1967-1968); with Don C. Foote and Victor Fischer, St. Paul (Pribilof Islands) Community Study (1968).
- ⁸ Rodman Wilson Paul, "Patterns of Culture in the American West", Frontier Alaska, 150. Author: California Gold: The Beginning of Mining in the Far West (1947); Mining Frontiers of the Far West (1963); The California Gold Discovery (1966); in progress a book on the Far West and the Great Plains from the Civil War to the First World War.
- ⁹ Ted C. Hinckley, "Reflections and Refractions: Alaska and Gilded Age America", Frontier Alaska, 103. Author: The Americanization of Alaska, 1867-1897 (to be published in April, 1971); in progress a biography of Alaska's territorial governor John G. Brady. Many articles on Alaska in scholarly and popular journals.

15 February 1971

Robert A. Frederick
for the Legislative Committee
ALASKA HISTORICAL SOCIETY
Box 35, Alaska Methodist University
Anchorage, Alaska 99504

ALASKA HISTORICAL COMMISSIONPROPOSED BUDGETFISCAL YEAR 1972-1973PERSONAL SERVICES

| | |
|--------------------|--------|
| Executive Director | 25,000 |
|--------------------|--------|

TRAVEL

| | |
|--|-------|
| Commission Meetings (at least two) | 2,000 |
| Consultants (Advisory Members' and Executive Director | 2,500 |
| Per Diem | 4,500 |

CONTRACTUAL SERVICES

| | |
|--|-------|
| Evaluations by Scholars of Alaska's Past (Phase One Published Report) | 8,000 |
| Stenographic Services | 4,000 |
| Printing of Phase One Report | 5,000 |

COMMODITIES EXPENDITURES

| | |
|---|-------|
| Supplies (stationery, duplication, etc.) | 5,000 |
|---|-------|

EQUIPMENT

| | |
|----------------------------|-------|
| Desks, chairs, typewriters | 1,000 |
|----------------------------|-------|

| | |
|-------|---------------|
| TOTAL | <u>57,000</u> |
|-------|---------------|

FEDERAL PROGRAMS UPON WHICH THE ALASKA HISTORICAL COMMISSION MIGHT DRAW

*Public Law 89-565, October 15, 1966, 80 Stat. 915

Sec. 101.(a)(2) "to establish a program of matching grants-in-aid to States for projects having as their purpose the preservation for public benefit of properties that are significant in American history, architecture, archeology, and culture;"

Public Law 90-620, October 22, 1968, 82 Stat. 1293

Collecting, reproducing, and publishing source material significant to the history of the United States. State and local agencies, educational and other non-profit organizations. Average grant \$10,500, range \$3,000 to \$48,000.

National Endowment for the Humanities

Proposals may be made to the National Endowment for the Humanities on a participating basis. Proposals are usually due October 15th of each year and announced in April of the following year.

AFTER RECESS
April 11, 1972
4:35 p.m.

PRESENT: All members. Representative Rose was also present. Deputy Commissioner Emmitt Wilson from the Department of Commerce was in attendance.

Chairman Hohman called the meeting to order.

HB 7 HOUSE BILL NO. 7 (An act creating the Office of Ombudsman) was brought up for discussion.

Representative Rose stated that changes have been made by the State Affairs Committee. They had borrowed from SENATE BILL NO. 13 (An act creating the office of Ombudsman) for the salary. Everyone had agreed on more than \$22,500 per year for the position.

Mr. Rose said there was a report made up for the State Affairs Committee, but he did not have copies with him. He added that he could not add anything to that report.

Mr. Rose mentioned that various provinces in Canada had adopted the idea, and the Governor of Oregon had created the position without any legislative action at all. Mr. Rose added that he had heard no word against the concept.

Representative Warwick asked if the function of an ombudsman wasn't usually assigned to legislators. Representative Rose stated that people do frequently complain to legislators, and take their problems and questions to them. Representative Rose said the office of ombudsman would prevent legislators from possibly handling the complaint politically and using it as a political platform.

Mr. Rose added that the Alaska legislators are only part-time legislators, and it is difficult to act when out of office. Mr. Warwick disagreed. He said legislators had access to administrative and other personnel during off-session. Mr. Rose stated that legislators are busy enough during the session, and they are not meant to represent complaint bureau. He said that legislators during the off-session are still quite busy, and those not residing in Juneau at

in the interim do not have access to certain files. As it is now, he said, legislators are dealing in depth with any situation of this sort. Mr. Rose said he uses his own personnel and investigative facilities which are often not adequate for the situation. The ombudsman has access to files where others would not. He added that this position will also remove the political impact which will provide a more impartial view. The ombudsman also offers a measure of protection.

Mr. Rose said that the history of the ombudsman has been very satisfactory where tried. The fact that he is there for a specific purpose means a great deal.

Chairman Hohman said he checked with the amendment which dealt only with salary and term of office. He asked Mr. Rose if it mentioned any other item. Mr. Rose replied that he did not think so.

Mr. Rose said the length of service of the ombudsman would be six years. Representatives Wright and Hohman asked if a bipartisan group would appoint the ombudsman. Mr. Rose said he had no personal feeling on the matter. He did feel very strongly that the ombudsman should be a man above reproach.

Representative Wright spoke about the necessary balance between the Democrat and Republican parties. Mr. Rose said that an amendment to the bill providing that a bipartisan group appoint the ombudsman would certainly not hurt the bill.

Representative Degnan asked if the Human Rights Commission did not fulfill the need that the ombudsman would. Mr. Rose said no. The Human Rights Commission handles cases involving minorities, sex discrimination, etc., but no administrative abuses.

Mr. Rose mentioned another positive effect of the ombudsman: a large number of public complaints are baseless and the public does not realize it because they do not understand the issue. Mr. Rose said there is a need for someone to tell them that their complaint is or is not necessary and why. Someone specified to look into such problems gives the public a good feeling, he said.

Mr. Hohman asked if the ombudsman was selected and proved unsatisfactory, what way was there to get rid of him. Mr. Rose said there was a removal clause provided in the bill which says the ombudsman will be dismissed only after a hearing. The reason for the hearing is that the effectiveness of the ombudsman is cut off if the Governor is dissatisfied with the man's activities and uses "his troops" (other legislators of the Governor's party) to remove him. Representative Ditman asked would the ombudsman would appear before during the hearing. Mr. Rose replied 2/3 of the legislative vote in each house "may remove or suspend the ombudsman from office, but only for neglect of duty, misconduct, or disability". Chairman Hohman said the phrase "...but only for neglect of duty, misconduct, or disability" should be deleted. He then asked if, without that phrase, the ombudsman would be provided with enough protection. Mr. Rose said that if 2/3 of the legislative vote in each house was still required, then their cause for removal would be legitimate, and the ombudsman would have enough protection after the deletion mentioned above.

Representative Wright stated that he thought the ombudsman's salary should be more than \$22,500, but not more than \$28,000. The Chairman asked what salary was maintained by the Superior Court. Mr. Wright said \$33,000. Mr. Rose said that it was necessary to get the ombudsman's position filled by a person of high caliber; no amount of salary is too high except for budgetary considerations. He said the ombudsman should be someone of the caliber to equal that of Superior Court judges, and that is why the State Affairs Committee went for it unanimously. Representative Wright said he was not prepared for a salary increase for commissioners and judges; \$28,000 is adequate. He stated that if a man cannot be recruited of high caliber, then the legislature will have to raise the salary. He said that if it is raised, he will be making as much as a commissioner, but Mr. Wright was not convinced that the ombudsman would have the same amount of problems that commissioners do. Mr. Rose said the ombudsman really carries more power, and he will be working with the commissioners on an equal basis.

There being no further discussion on HB 7, Mr. Rose left the meeting.

Mr. Emmitt Wilson, Deputy Commissioner, spoke on the Department of Commerce budget. (see budget minutes.)

HB 441

HOUSE BILL NO. 441 (An Act relating to state support for vocational education; and providing for an effective date) came up for discussion.

Representative Wright moved that HB 441 be passed from committee with a "do-pass" recommendation by unanimous consent.

Representative Hohman moved that the effective date be amended from July 1, 1971 to July 1, 1972.

There being no objection, HB 441 (am) was passed from committee with a unanimous "do-pass" recommendation.

[Representative Wright left the meeting.]

HB 504

HOUSE BILL NO. 504 (An Act making supplemental appropriations to the Department of Health and Social Services in the amount of \$6,37,100).

Representative Degnan moved for unanimous consent that CSHB 504 pass from committee with a "do-pass" recommendation. (CSHB 504 appropriated the amount of \$6,930,700 - by HWF committee.)

Mr. Fink objected.

Representative Degnan said the committee substitute would increase the food stamp program by approximately \$100,000 and increase general relief by \$245,000 to pick up the need in Anchorage which had just been discovered.

Representative Fink asked Representative Warwick for his calculations.

Representative Warwick said he made his calculations by referring to the original bill. He left Public Health (\$147,000), Mental Health (\$83,500) and Corrections (\$300,000) as they were. He did reduce Family Services, however. Under that section he calculated the following:

Administration - \$94,400 (originally \$384,400)
Adult Public Assistance - \$1,112,100 (he deleted \$100,000 from the original amount due to graphic projections)
Aid to Families with Dependent Children - \$1,521,600 (remained the same)

Food Stamps - \$206,400 (as originally requested)
General Relief - \$140,400 (remained the same)
General Relief Medical - \$1,543,000 (he deleted
\$1 million)
Child Welfare Services - Juvenile Code - \$300,000
(the original was \$298,300)

Mr. Hohman asked if they had been robbing other programs to pay general relief (which had run out of money). He stated that they have spent more than the original appropriation. Representative Wright stated that they probably discounted.

Representative Warwick stated that Operation Upgrade had \$200,000 in the budget last year. He said that it was left at that much money because of federal money. He then referred to the \$300,000 appropriated to the Juvenile Code and said that if you gave them that much money they would not be able to spend it.

Mr. Warwick stated that he realized that there was federal reimbursement money coming to the Department of Health and Social Services and would subtract that figure from the total calculations he made rather than cancel out sections which would be covered by that amount. Therefore \$2,016,500 was subtracted which left a total amount of \$3,432,000 dollars.

Representative Warwick said he calculated the General Relief Medical by taking the amount expended by March 1, and dividing that by 8 (months). This would be an amount of \$385,000 a month, and Mr. Warwick said if this was multiplied by the remaining four months, it would amount to \$1,540,000. He said that they will therefore be spending at a higher rate (60%) than in the first eight months.

Mr. Degnan stated that the only difference is in the way the federal funds are allocated and where the emphasis is placed and the actual need. He said there were \$100,000 more for food stamps and \$245,300 for general relief because new situations in Anchorage where another program that was taking care of people ran out of funds, and those people are now going into the state welfare office. He said he obtained this information from Commissioner McGinnis on March 29. Mr. Warwick said his figures were calculated from information obtained on April 3.

Representative Hohman said he wanted to know if the rate of expenditure in general relief medical will result in a 60 % increase. He wanted to know if other programs were

being robbed or there was a buildingup of deficits.

Mr. Ditman asked what the effect would be to cut down on general relief medical. Mr. Degnan said it would cut down the services for those needing medical treatment.

Mr. Hohman stated that under Mr. Degnan's form, of the supplemental, the general fund balance is reduced. Mr. Degnan said there was a balance total comparison of \$4,083,900 to \$4,869,000. Mr. Hohman said the last form he received from the department showed figures of \$4,256,000. Mr. Degnan said they had made calculation errors from the start and they had "cleaned it up".

Representative Warwick stated the Administration has plenty of money for salary increases. He said he calculated the general fund to be \$2,774,000.

Chairman Hohman requested Representative Degnan's permission to defer the discussion until the following day when Commissioner McGinnis could supply some information as to the 60% increase in general relief medical expenditure, and the possibility of robbing other programs and the building up of deficits.

HB 334

HOUSE BILL NO. 334 came up for discussion. (Revenue sharing with local governments for providing certain mass transit facilities or services)

Representative Warwick said he wanted a committee substitute drafted for the bill. Mr. Fink stated that he wanted a fiscal note.

Mr. Degnan moved and asked unanimous consent that HB 334 with Committee Substitute be moved out of committee with individual recommendations.

All members signed the bill with a "do-pass" recommendation with the bill being replaced with committee substitute with the exception of Representative Warwick who said he would sign later.

ADJOURN-
MENT:

The meeting adjourned at 6:10 p.m.

HOUSE FINANCE COMMITTEE

April 12, 1972

8:20 a.m.

Present: All members. From the Department of Health and Social Services Commissioner McGinnis, Mr. McLean, Mr. Lang, Mr. Harris, Mr. Pagenkopf were also present.

HB 504 Chairman Hohman called the meeting to order and said the committee would consider HOUSE BILL NO. 504 (an act making supplemental appropriations to the Dept. of Health and Social Services).

Chairman Hohman said the committee is concerned with the area of General Relief Medical and requested that this be discussed. Mr. Warwick said his proposal would be to take an amount of \$1,500,000 for General Relief Medical. His calculation was to take the amount expended through March 1 and divide this by eight months. This would be an amount of \$385,000 a month and Mr. Warwick said if this was multiplied by the remaining four months it would be an amount of \$1,540,000. Mr. Lang explained that this program runs about six weeks behind. He said the Department has experienced that this program is higher in the last six months of the fiscal year. He said as of March 1 they knew of about \$550,000 of incurred expenses which had not been paid. Mr. Hohman asked if this \$550,000 figure would represent about a six week backlog. Mr. Lang said this figure represents about a one month period. Discussion followed.

Mr. Warwick said that what concerned him was with this supplemental the Department will have spent about 40% more for 1972 than their budget request for 1973. He asked how this will be possible in light of the idea that the Governor's 1973 budget will be a "no supplemental" budget. Commissioner McGinnis said they would have to permit medical payments on an emergency basis. He added that at this time the Department was uncertain of this because of the possibility of the medicaid program passing. He said they had appeared before the Senate Finance Committee and the Senate HWE committee. He said Alaska may feel they can afford not to get into medicaid but he did not see how.

Mr. Schroeder, Budget and Management, entered the meeting.

The Department had furnished the committee with a proposed committee substitute for the bill and the committee discussed the figures on this.

Mr. Wright asked if there had been an increase in the number of recipients. Mr. Lang said yes and discussion followed on the increased caseloads of different programs in the Department.

In answer to Mr. Warwick, Mr. Lang said that administration in Family Services has been pulled out of the supplemental request. Mr. Warwick questioned the amount of funding for salaries that would be paid by the Department of Administration. Mr. Lang said the state's share of salary adjustments is \$100,800.

After a brief discussion, Mr. Degnan moved that Finance Committee Substitute for House Bill No. 504 be passed from committee with a "do pass" recommendation. This committee substitute had been prepared by the department and appropriates \$4,864,700. The bill passed from committee with 4 "do pass" recommendations and 3 "no recommendation" votes. Mr. Fink, Mr. Haugen and Mr. Warwick signing "no recommendation".

Recess: The committee recessed at 8:55 a.m. and then went into a discussion on the budget for the Office of the Governor (see budget minutes).

AFTER RECESS

5:10 p.m.

Present: All members

HJR 132 Chairman Hohman called the meeting to order and assigned HOUSE JOINT RESOLUTION NO. 132 (relating to designation of Sitka, regional school) -- Hohman.

SSHB 706 The committee then considered SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 706 (an Act appropriating to the Department of Education). This is an appropriation of \$365,040 for the profoundly deaf. The committee briefly discussed the effective date of the bill. They decided to have a Finance Committee Substitute prepared changing the effective date to the day the bill becomes law and the appropriation to \$365,500.

Mr. Degnan moved and asked unanimous consent that Finance Committee Substitute for Sponsor Substitute for House Bill 706 pass from committee with a "do pass" recommendation. No objection, so ordered.

HB 669 The committee then considered HOUSE BILL NO. 669 (an act relating to state aid for retirement of school construction debt). After a brief discussion, Mr. Wright moved and asked unanimous consent that HB 669 pass from committee with a "do pass" recommendation. No objection, so ordered.

The committee then went into a budget meeting on the Office of the Governor.

AFTER RECESS

9:45 a.m.

Present: All members except Mr. Ditman and Mr. Haugen.

Chairman Hohman assigned the following bills:

HB 642 HOUSE BILL 642 (Appropriating \$10,000 to the Dept. of Public Works) -- Degnan

HB 794 HOUSE BILL 794 (Appropriating \$64,000 to the Legislative Affairs Agency) -- Hohman

HB 499 Mr. Hohman moved and asked unanimous consent that the committee consider HOUSE BILL NO. 499 (creating the Alaska Regional Corp. Organizational Loan Fund). The committee had prepared a proposed committee substitute on this bill. Commissioner Wohlforth had a letter on this committee substitute and the committee briefly reviewed this (see bill file).

Mr. Hohman moved and asked unanimous consent that Committee Substitute for House Bill No. 499 pass from committee with a "do pass" recommendation. No objection, so ordered.

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

AFTER RECESS
5:25 p.m.

Present: All members.

HB 441 HOUSE BILL NO. 441 (an act relating to state support for vocational education) had been reported out of committee as amended. It was noted that the bill would have to be changed to a committee substitute and the committee agreed to this.

Adjournment: The committee adjourned at 5:30 p.m.

HOUSE FINANCE COMMITTEE

April 14, 1972

8:20 a.m.

PRESENT All members except Mr. Ditman.

HB 568

Chairman Hohman called the meeting to order, and stated that HOUSE BILL NC. 568 (An Act appropriating to the Department of Public Works - addition to division of oil and gas building in Anchorage) would be under discussion.

Mr. Hohman thought that instead of passing out the bill maybe they should just set the money aside in the budget bill.

Mr. Fink said that technically speaking, if they built things like supplementals into the budget, it would be harder to get their higher budget figure through.

No action was taken on HB 568 at this time.

HB 547

Mr. Hohman said that HOUSE BILL NO. 547 (An Act providing financing and development of housing for persons of medium income) would be under discussion. He asked Mr. Wright, who was assigned to this bill, to make comments.

Mr. Wright said that on the ASHA deal they should probably have a definition of moderate income and low income before they passed out the bill. He said there was one significant change which he liked and that was on page two where it says "investment of state surplus". Personally, he thought it a good piece of legislation if it didn't make everybody in the state moderate or low income.

[Mr. Ditman arrived.]

Mr. Fink thought maybe they should put language into it, to the effect that grants for down-payments can't be given to anybody whose family unit makes more than \$12,000 a year.

Mr. Hohman stated that they would hold HB 547 until they get the definition of moderate income.

Mr. Hohman said they would discuss HOUSE JOINT RESOLUTION NO. 132 (An Act relating to the designation of Sitka as the site of a regional school, and to the provision of a secondary school facility at Angoon). Mr. Hohman suggested a Committee Substitute which would amend the title to delete the last two words "at Angoon". It would also delete the first WHEREAS clause on page 2, lines 3, 4, and 5. In addition it would delete the words "to provide a secondary facility at Angoon"

on page 2, lines 10 and 11.

Mr. Hohman explained that the Commissioner of Public Works had indicated that Angoon passed a resolution saying that it didn't want the secondary school facility.

Mr. Degnan moved that they pass out CS for HJR 132 with a "Do Pass" recommendation. The motion carried 4:3 with Representatives Warwick, Haugen, and Fink voting "No Recommendation".

RECESS Meeting recessed at 8:45 a.m.

AFTER RECESS

1:45 p.m.

Present: All members except Mr. Degnan and Mr. Wright. Representative Chance and staff members from the HEW Committee and Mr. Van Houte were also in attendance.

SB 126 Chairman Hohman called the meeting to order and said the committee would consider SENATE BILL NO. 126 (professional teaching practices act). Mr. Van Houte said this was an important piece of legislation because it would provide a means by which they can resolve a number of difficulties which arise in disputes regarding teaching certificates, etc. He said they do have a Professional Teaching Commission but it does not have a staff person. This results in the people on the commission trying to handle activities of this organization. Mr. Fink questioned the salary of the staff person. Mr. Van Houte said the thinking is that the teacher license fees would be raised to provide the bulk of the funding. He said this does not take a statute as it is already provided. Mr. Hohman read the statute in question. Mr. Fink suggested deleting the language after "decide" on line 11. Mr. Van Houte agreed to this. Mr. Hohman requested that the staff investigate this bill and to inquire if it was the intent of the Department of Education to increase these fees. The bill was returned to file.

Mr. Van Houte left the meeting.

Mr. Degnan entered the meeting.

Representative Chance spoke on the priorities that the HEW Committee had established.

SSHB 706 Representative Chance said their first priority was SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 706 (appropriating to the Dept. of Education - centralized services for the profoundly deaf). This had been passed from the Finance Committee and Mrs. Chance urged that this be placed in the budget and its importance stressed during free conference.

HB 717 The next priority was HOUSE BILL NO. 717 (appropriating to the Department of Health and Social Services, Office of Comprehensive Health Planning). Mrs. Chance said they recommended that \$200,000 be inserted into the budget under the Office of Comprehensive Planning for this bill. She said this money would be used to

start B agencies at the local level. This had been cut out by the Governor's Budget Review Committee. She explained that the B agencies identify the health problems and make recommendations to the State Council as to funding. She said there are four designated B agencies and only one has been funded.

Representative Chance then went on to speak of a problem concerning child abuse. She said last year legislation had been enacted regarding the Child Protection Act and this had resulted in many more cases being reported. She said that national records indicate more childhood deaths occur from child abuse than from any other thing.

Mr. Joe LaRocca entered the meeting.

Mrs. Chance said the number of cases have increased rapidly. She read from a memo dated March 3, 1972 from the Department of Health and Social Services which stated their active caseload. There were 73 cases in Anchorage, 4 cases in Fairbanks, 1 in Bethel, 2 in Petersburg and 13 in Juneau.

Mr. Fink said he would assume many of these reports are "scratched". Mrs. Chance said this was true but she was speaking of active cases. She said they do have to have someone who can move right in on this. She added that last October there were four deaths in Anchorage alone.

Mr. Wright entered the meeting.

Mrs. Chance said she would request that the committee provide adequate personnel in Child Protection.

Mr. Hohman asked what is needed in terms of additional child protection specialists. Mrs. Chance said she thought they would need about 4 positions in Anchorage, 2 or 3 in Fairbanks, 1 in Bethel and 1 in Juneau.

Mr. Wright asked what the national caseload is.

Mrs. Chance said it is about 30 cases. She said this week there are 80 active cases in Anchorage plus calls that turn out to be unfounded. In answer to Mr. Wright, Mrs. Chance said she was requesting a total of 4 positions in Anchorage, not 4 more positions.

Mrs. Chance said another area they are concerned with is the Food Stamp Program. She said she realized that the Department had adjusted downward their supplemental request.

Mrs. Chance referred to testimony from the Department of Health and Social Services that had been given to her committee. She said the Department had stated that their supplemental had been lowered drastically. She said they indicated that the food stamp program was an area that created many problems throughout the state. She said her committee is concerned that this area be adequately handled and adequately funded. Mr. Wright asked what their committee considered adequate. Mrs. Chance referred to minutes which said they need \$918,000 for the food stamp program and 30% of this will be federally funded. This statement had been made by Commissioner McGinnis. Mr. Wright said he felt they needed something more substantial than the complaints the Commissioner had. Mrs. Chance explained that he had not been complaining -- this remark resulted from questioning by her committee.

HB 542 Mrs. Chance said they hoped that HOUSE BILL NO. 542 can stay in the budget. This bill is for the libraries health sciences information center and Mrs. Chance said it is desperately needed.

Mrs. Chance said they support the requested increase in positions in Probation and Parole. She said that California had tried a recent experiment where they plugged a great amount of money in this area and it had been very successful.

Mrs. Chance said another area of concern is the Division of Mental Health. This division for many years has had an acting director. She said her committee felt this is one of the preventive programs and she hoped this division would be funded so it can become an active division. She stated that the Department is actively recruiting a Director.

SB 211 Mrs. Chance referred to SENATE BILL NO. 211 (providing for an Alaska longevity bonus). She said the Department of Health and Social Services places a ceiling on income and she requested that legislative intent be indicated to the department to revise the personal budget ceiling from \$250 to \$350 a month so that individuals under the Old Age Assistance Program, Title I funds, could receive the same bonus as provided in SB 211. Mrs. Chance said the Department had informed her this would result in a fiscal note of \$198,000 for FY 1973. In answer to Mr. Ditman, Mrs. Chance said this will only apply to recipients under OAA, Title I. She said their

committee recommended funding this with 1/2 of 1% tax on the gross payroll of the State.

Mrs. Chance agreed to furnish the committee with all the information she had referred to during her presentation.

Recess: The meeting recessed at 2:40 p.m.

HOUSE FINANCE COMMITTEE

April 15, 1972

10:30 A.M.

PRESENT: All members, Representative Huber, Emil Notti, Deputy Commissioner of the Department of Health & Social Services, Dale Wynn of the Office of Alcoholism, George Easley, Commissioner of Public Works, and Ed Granger, Acting Director of the Division of Aviation.

2d CSSB The committee considered 2d COMMITTEE SUBSTITUTE FOR
318 SENATE BILL 318 (An Act adopting the Uniform Alcoholism and Intoxication Treatment Act). Chairman Hohman asked Mr. Wynn to explain the changes in existing law that this bill would accomplish.

Mr. Wynn stated that the major change would be a philosophical one to make drinking by itself not a crime. Project funding this year has been increased from \$750 thousand to a total of \$3.5 million, state, federal and local funding. This bill will have no affect on that funding.

Mr. Fink asked Mr. Wynn how long the federal funding would continue. Mr. Wynn stated that these funds are Title IV, Social Security Act, funds which are the same as all welfare funds which seem to be a perpetual thing. Using the current laws on the book, the department is already doing what the bill asks. The main change will be in the "drunk in public" statute.

Chairman Hohman asked if perhaps the situation only required the repeal of the "drunk in public" statute. Mr. Wynn stated that the bill is so much better organized and gives the powers to the Department of Health & Social Services and includes additional objectives. Before the department was just assuming these duties. The Uniform Act is changed to fit the State of Alaska and put it in line with other states. The federal government asks that we have a plan when we apply for funds. The new law will provide for alcoholics to be taken to treatment centers, and provides for involuntary confinement. Mr. Wynn stated that the state will get the Social Security money anyway, but he felt it would be better to have the department have the powers rather than just have them assume the responsibilities.

Mr. Warwick stated that he felt that what the committee was concerned with was the additional costs; if you don't put these people in jail, it will cost more money to put them somewhere else. He asked what would happen when the money was no longer available.

Mr. Wynn stated he didn't know of any aid of this type which had been eliminated in the past 30 years. Mr. Notti stated that Title IV funds have a pretty good chance of continuing. He said that the cost of keeping a man in jail is now about \$20 per day; he stated that if these men were put in centers, it would cost less.

Mr. Warwick stated that it would cost more to put them in specialized centers. Mr. Wynn stated that the cost is about \$35 per day at a center, but the centers are funded 75% by the federal government and 25% by state and local monies. In some localities, the 25% is all local funds, and the local share must always be at least 25% of the 25%.

Mr. Wright asked Mr. Wynn who would be taking care of the families of these men while they were being rehabilitated. Mr. Wynn stated that the state would do that anyway.

Mr. Wright stated he could not see how the costs would go down; he was convinced that the costs would go up. Mr. Wynn stated that the costs have already gone up and this law will not change that. He stated that the department will ask for more local participation, but had no intention of asking for more state funds.

Mr. Haugen asked what would be done in areas where there were no detoxification centers. Mr. Wynn stated that some rural areas such as Nome, Kotzebue, Barrow, and Bethel have a program. Mr. Notti stated that in places where there are no centers, they are currently sent to other areas. He stated further that the department has had more requests than they can fund even with the Title IV funds; he said the department realizes they are not meeting all the needs.

Mr. Wright stated that the local matching funds are provided through revenue sharing, so he felt that the 25% matching funds would be all state funds.

Mr. Wynn stated that this bill does not address itself to revenue sharing at all. He pointed out the clause on page 8 of the bill which states, "the state shall provide adequate and appropriate treatment . . . within the availability of state and federal funds."

Chairman Hohman asked Mr. Wynn what he felt was the most appropriate way to handle bush alcoholism. Mr. Wynn stated that the department has projects in many of these areas, and are trying to get projects started in Wrangell, Kenai and Fort Yukon. In these cases, no more state monies are available, and the department is attempting to get the funds through a local/federal match. He stated that when-

ever his office gets a chance, they try to go around the state and work with the people. Mr. Wynn says he works with people who are going to be counseling and talk to them about alcoholism, and he expressed a need for more staff.

Chairman Hohman asked if the Office of Alcoholism was utilizing "lay counseling". Mr. Wynn stated that "peer counseling" was used and was defined as counseling carried on by persons who would be classified as "ex-alcoholics". He stated it works very well in some areas. In other areas the department has a scholarship program whereby alcoholism aides receive training. The most recent course of this nature was in Fairbanks and ran from March 30 to April 5. This is training in peer counseling.

In answer to a question from Representative Warwick, Mr. Wynn stated that the department has only one real "sleep off" center and that is in Bethel.

Chairman Hohman asked Mr. Wynn if there was any measure of success in peer counseling in Alaska. Mr. Wynn stated that they only just begun this program in Alaska, and the results had not been measured.

Chairman Hohman asked Mr. Wynn to tell him what he would do if he had \$50,000 to spend on the alcoholism problem in the Bethel area. Mr. Wynn stated that they do use the hospital there, and they are in pretty good shape, but that he would turn the sleep-off center into a rehabilitation center. He stated that the detail of the approach would require much more time than was available here.

In answer to a question from Representative Warwick, Mr. Wynn stated that if the percentage of alcoholics in the state rises while the program is in effect, the program should be abandoned.

Representative Hohman asked what the difference in cost was between the way the program is being run now and the way it was run previously. Mr. Wynn stated that the whole approach of the Fiscal Note was that the department is already doing the things covered by the bill, and has no plans to go any further with the project or to ask for any more funds since they have been quadrupled and should handle the impact of the change in law.

Mr. Wright stated that schools in Anchorage classified as "disadvantaged" received more funds than other schools. He stated that the legislature had been told that the

percentage of alcoholism is highest in the bush, and the committee wants to know what is going to be done about it. Mr. Degnan asked at what level could this alcoholism best be handled--local or state.

Mr. Wynn stated that the problem should be handled on the local level and his job is guidance and supervision. Mr. Notti stated that there are about 3 professionals on the staff now, and that they have been working on the Title IV projects. He stated to attack alcoholism, you have to do it on an educational basis.

Mr. Wright asked if they had considered setting up a target area which would be measured. Mr. Wynn stated that the department is taking careful statistical measurements to measure the effectiveness of the program. He said the department's report next session will be the deciding factor as to whether the program is a success.

Mr. Degnan asked if there was any area in the state identified as an area where alcoholism was a critical problem. Mr. Wynn stated the whole state had been so identified. Mr. Degnan asked which was the worst area in Alaska. Mr. Wynn stated they had no accurate measurement of that. He stated that the main difference between native and white alcoholics is that there are more natives arrested.

Mr. Fink stated his concern about saying that alcoholism was not a crime. He said that some people he had contacted who were active in Alcoholics Anonymous thought that it would be a mistake to make alcoholism not a crime; keeping alcoholism as a crime was, they felt, an aid to their program. He also stated his concern that it would make it very difficult to prosecute for crimes people who had been drinking; drinking would become, before the law, a defense against prosecution.

Mr. Wynn stated that was not the intent of the law.

Mr. Fink stated the law would make it difficult to arrest people for unsocial behavior. Mr. Wynn stated the intent of the law was that if you commit any crime other than drinking, then you have to face your punishment.

Mr. Fink asked why the bill didn't say that; why doesn't this bill say that being drunk will not be a defense against prosecution for a crime. Mr. Wynn stated that the bill is certainly meant that way and that clause should be added.

Mr. Fink stated that he supported the idea of getting alcoholics in a program, but he was concerned about the job of the policeman being made more difficult.

Mr. Wynn stated that the cities of Anchorage and Fairbanks have repealed their drunk in public statutes, leaving the state with the responsibility. Mr. Fink stated it seemed to him that it would be very difficult to commit a man under the bill. Mr. Wynn stated that the bill protects the rights of the individual just as the law does in other cases where involuntary confinement is used.

Mr. Fink cited the emergency confinement clause on page 12 of the bill, stating that in his view this was assault and battery, but you have to have a request to have him committed; he felt that was a defense against assault and battery. Mr. Wynn stated that this was one area of the bill the department really didn't really want included, but was part of the Uniform Act. He stated further that the department felt that involuntary confinement was the last resort and that the program was more successful than that. Alcoholics will normally voluntarily go to a treatment center.

Chairman Hohman stated that this change in philosophy results in a 50% increase in state funds.

There being no further discussion on the bill, the witnesses left the meeting.

Recess: The meeting recessed at 11:15 a.m.

AFTER RECESS
11:20 a.m.

Present: All members, Representative Huber, Commissioner of Public Works George Easley, and Acting Director of the Division of Aviation, Ed Granger.

Chairman Hohman called the meeting to order and stated the committee would hear testimony of Aviation bonding bills.

HB 531 The committee considered HOUSE BILL 531 (An Act relating to international airports revenue bonds; and providing for an effective date).

Commissioner Easley stated that, basically, this bill appropriates \$11.5 million for a variety of construction projects at Anchorage and Fairbanks International Airports. It also includes some amendments to the original 1968 legislative action to clean up some work already accomplished, so the bill would authorize \$31,225,000, but as a practical matter, the bill is for \$11.5 million. The matter at issue in the previous legislation was whether the funds could be used for terminal improvements, but HOUSE BILL 531 would clear up that problem.

Mr. Hogan stated that the change in language and facilities had been made last year, but that the sections of the Session Laws had to be reprinted in full in this bill.

Mr. Fink stated that he had been told that there is not bonding enough to take care of the federal funds available for FY 73 and FY 74, that the state is overtaxing the revenue area and that the bonds might be difficult to sell.

Commissioner Easley stated that the matching funds for FY 73 were fully covered, but were not for FY 74. FAA has advised the state that it can expect \$20 million FAAP funds in 1973 and can expect \$10-\$15 million in 1974. The revenue and G.O. issues before the legislature cover only 1973. The statement that we are not covered for FY 74 is correct. It is the intention of the department to come back on a revenue issue on an annual basis. The Capital Improvement Program for 1973 is \$12 million; for 1974, it is \$11.6 million. The \$11.6 million is not included in the bill before the committee; this was a reduction by the Governor's Budget Review Committee based upon the total indebtedness of the state.

Commissioner Easley stated that the net effect is that by reducing the G. O. bonds from \$23.5 million to \$12.5 million, the department is not utilizing about \$10 million in federal funds for FY 74. The bonds require a coverage of 1.3, and based on a recent financial statement by Price Waterhouse, we have 2.42 coverage of net revenue over debt service, so we have good coverage in 1973. In 1974, Commissioner Easley stated, we start getting into trouble. The department intends to reconcile the audit on 1974 and to do a study on this. Basically, the state has to maintain a 1.3 coverage, and we are shooting for this throughout the system, but are running into trouble after 1973. He stated that an analysis should be available shortly.

Chairman Hohman asked if the 2.42 figure was net.

Commissioner Easley stated that you take the total revenue and deduct operating costs and compare it to the debt service; the net revenue then has to be 1.3 times greater than the debt service.

Mr. Fink asked what the department netted in revenue bonds for 1974.

Commissioner Easley replied, 6.8 for 1974 International Airport Revenue bonds, but stated the department is not sure they can fund it.

Mr. Hogan asked if net revenues might not change sharply with vastly expanded air traffic from the pipeline. Commissioner Easley replied that was the case; Fairbanks in particular has experienced a drastic drop in revenues in 1970, so it is difficult to plot. Anchorage is pretty consistent. The revenues projected in the last prospectus were a lot higher than we are projecting here. As a practical matter, Commissioner Easley stated, the answer is somewhere in between. We can fund the \$11.3 million without any problem. In 1974 we may have to defer some of the \$6.8 million but could tie up the federal funds anyway on encumbered projects.

Mr. Fink asked if it would help to raise the authorization; Commissioner Easley stated it "wouldn't do any harm"; the bonds wouldn't be sold until 1974.

Commissioner Easley stated that the area of greatest concern was in trunk and secondary airports which are not adequately funded. Chairman Hohman asked how this could

remedied. Commissioner Easley stated it could be done in two ways; if it is the intention to increase federal funding, then you would have to increase the bonding authorization or you would have to have a general fund appropriation. Chairman Hohman stated that HOUSE BILL 514 would have to be increased by \$11.569 million in general obligation bonds for a total of \$23.569 million.

Mr. Warwick asked if there was any chance that the matching ratio for federal funding might be changed. Commissioner Easley stated that the department has been working with Congressman Begich for about 6 months to get it changed to a higher level, and there was a possibility that the federal portion might be increased to 92%. He stated that the department has a real good case and Congressman Begich is working diligently on the problem; however, it will probably take another year or two to remove the arbitrary limit established by the FAA.

Mr. Granger stated that one type of relief which might be in sight for the state concerns security facilities. Under the new federal regulations which may be out shortly, the federal funding for these facilities may be at a better rate than the 62 1/2 % (perhaps 75%); and he stated that this would make up a large percentage of the department's capital improvements program.

Chairman Hohman stated that there is a hearing this month in Washington, D. C., on this subject. He asked if the department intended to present testimony there.

Commissioner Easley stated that the department was in contact with Begich to see if that would be necessary as they are interested in the matter. Mr. Granger stated that the department had submitted some documentation to the Airport Operators Council International which is working actively to enact this legislation.

Commissioner Easley stated that the department had submitted direct testimony to the FAA about 6 months ago. Chairman Hohman stated that the legislature had been told that this aid would affect small communities. Commissioner Easley stated that mostly trunk airports would be affected, not necessarily bush airports, but it would affect 21 airports in the state.

Mr. Fink asked why there was so much cash in the International Airport Revenue Fund operating account. Commissioner Easley replied that the bonding requirements were for a balance of \$1 million, and that every 2 years they bring the balance down to that amount. Some of the monies are unexpended bond funds which are invested through the Department of Revenue.

Representative Haugen asked Commissioner Easley about airports with single carrier service, stating that the rates had doubled at these airports. Commissioner Easley stated that with the landing fees being increased, the only way they can be passed on is through an increase in tariff.

Representative Fink asked why the income from construction money was excluded from revenue. Commissioner Easley stated a change in that procedure was recommended, and the monies would accrue to the International Fund.

Mr. Hogan asked the Commissioner if he would have any objection to having these appropriation bills included in the statutes rather than just in the Session Laws. This would make research easier. Commissioner Easley stated he would have no objection to that.

Mr. Warwick asked the Commissioner if he was recommending that the amounts of the bond bills be raised. The Commissioner stated that he had discussed the G.O. bond bill with the Governor, and the administration is in an awkward position on this matter. The Department of Revenue is trying to keep bonding for the state down to \$70 million. However, Commissioner Easley stated that he felt confident that the administration would not object to raising the amount for general obligation bonds. I feel it would make little difference on the revenue issue, Commissioner Easley said; the department could come back to the Legislature for this authorization next session.

HCR 15

Chairman Hohman stated that the committee would discuss HOUSE CONCURRENT RESOLUTION 15 (Relating to the Lake Minchumina Airport). Chairman Hohman said that some members of the community had indicated they would like to see the airport maintained and available for emergency use, at least; the committee had been informed that a local man would maintain the airport for \$8,000 per year.

Commissioner Easley stated that the department's operating funds for this year were taxed due to extremely heavy snow fall, so the department had been unable to maintain the Lake Minchumina Airport this past year. He stated further that the department maintains approximately one-half of the airports under state control (234), and when FAA announced their intention to abandon the airport, it was on the basis of lack of traffic. He stated that the airport could serve as an emergency strip, and the department would not object to adopting it, but funds have not been made available.

Chairman Hohman asked Commissioner Easley if he felt the local individual could perform the services for \$8,000. Commissioner Easley stated that he felt the figure was probably quite a bit on the high side, since most of the department's maintenance contracts are closer to \$4,000 or less. Chairman Hohman asked what the contracts provided. Commissioner Easley stated the contracts would provide snow removal, grading when necessary, but no lighting. He stated further that the community of Lake Minchumina was for the most part deserted in the winter and during the summer the lighting conditions were good. The lights left at the field by the FAA are in very bad condition and would require considerable replacement; Commissioner Easley felt that lighting would be non-essential at this airport.

Chairman Hohman stated that earlier in the session, the committee had asked Commissioner Easley to discuss this matter with the local individual and come back with a suggestion. Commissioner Easley stated that the department had requested a breakdown of the \$8,000 figure, but had not received a reply which could be evaluated.

Chairman Hohman asked for Representative Huber's comments on the matter. Representative Huber stated that Mr. Weldon S. Holmes (the individual offering the \$8,000 contract for maintenance), had stated that it was impossible to get a letter out of the community but could send a telegram if necessary. He had asked Mr. Huber to inform the committee that he had not intended to cloud the issue regarding equipment; he would guarantee to maintain the strip 100 feet wide, the full length, using his own equipment, and not utilize any state buildings or equipment. Mr. Huber suggested that the committee make available up to \$8,000 for the purpose of maintaining the Lake Minchumina airstrip and allow the Commissioner to utilize the amount necessary.

Representative Warwick moved and asked unanimous consent that HOUSE CONCURRENT RESOLUTION be passed from committee with a "do pass" recommendation with the following amendment:

On Page 1, line 26, after "Department of Public Works", insert the phrase "within the limits of its appropriations."

All members voted in favor of the motion except Mr. Fink who voted "no recommendation".

The committee considered HOUSE BILL 564 [An Act appropriating (\$680,000) to the Department of Public Works; and providing for an effective date.]

Commissioner Easley stated that the Department of Public Works had been cooperating with the Department of Highways in investigating this type of service unit for sometime, and have in particular considered utilizing it for joint projects under the rural road program which is funded at \$20 million for 2 years, specifically for roads between villages and their airports. The conclusion of the investigation was that it would be better to lease than purchase since the maritime requirements are very stringent. All of the department's work had been based on leasing rather than purchasing, and the Commissioner suggested that the bill be amended on line 10 to change the word "purchase" to "lease." The Fiscal Note prepared on the bill had been based on leasing, and the Commissioner stated that the appropriation would have to be much larger than that indicated in the bill for purchase of this equipment.

Commissioner Easley stated that the analysis of costs of construction in rural areas indicated that 50% of the cost went for mobilizing and demobilizing. He stated that the \$680,000 in the bill would lease two trucks, two barges and four D-8 cats, plus some miscellaneous equipment. Personal services in addition to that would be about \$66 thousand and would be a direct cost against the bond issue itself.

Mr. Granger commented that equipment in isolated areas should be the best available to avoid maintenance problems. Mr. Warwick asked who would operate the equipment. Commissioner Easley stated that maintenance would be accomplished by state employees, and new construction operation would be included as a part of the contract.

Chairman Hohman stated that the bill in its amended form would in effect double the appropriation to \$1.2 million. He asked Commissioner Easley his feelings on the amendment.

Commissioner Easley stated that he understood it was Representative Swanson's intention to include the Koyukuk area and double the program. Commissioner Easley stated that he did not believe the department had that much work which could be accomplished under this program on the Koyukuk River.

Chairman Hohman stated he believed Representative Swanson's intention was to also include the Middle Yukon. Commissioner Easley stated that most of the heavy work right now is on the Lower Yukon and the Kuskokwim; these are the areas where there are no airports. The program might help on the maintenance of interior airports, he stated, and indicated that he did not mean to infer that the department couldn't spend the money.

Chairman Hohman stated that the fiscal note indicated that there would be some savings to the state under the program; he asked Commissioner Easley if he didn't feel the same type of savings could result in these other areas.

Commissioner Easley stated that if the program worked to everyone's satisfaction, it could be expanded, but the department did not want to operate 4 barges at this time. Chairman Hohman asked if the barges made any provision for personnel housing; Commissioner Easley replied that they did.

Chairman Hohman suggested the bill be amended on line 10 to say "purchase, lease and operation." The bill was returned to the file.

Chairman Hohman asked the Commissioner what the department's position was regarding moving Anchorage International Airport to the other side of Pt. MacKenzie. Commissioner Easley stated that an aviation reserve is maintained in that area, but that it would be impossible to move the area for sometime since no ground access is available. He said that the state has in excess of \$100 million invested in Anchorage International Airport and, with the construction of the North/South Runway, he did not believe that there was as much of a problem with noise pollution as people generally thought. The new location on the other side of Pt. MacKenzie would be only 3 1/2 miles from the old location. He stated that Anchorage International Airport is limited in its capacity, but not severely; the general aviation activities are limited.

Mr. Granger stated that, with regard to the reservation, the reserve does not cost the state anything and he felt it would be foolish not to set it up. He stated further that as far as Anchorage International Airport being limited was concerned, that was not correct. The International Airport air carrier aspects of the operation limit other operations, since they cannot be limited based on other aviation activity.

Commissioner Easley stated that general aviation activities have been limited because of the carrier activities. He noted that it was of interest that the Anchorage International Airport makes only less than \$2 million in gross revenues less than Sea-Tac International Airport. He stated that the cost of the current construction at Sea-Tac was 2 1/2 times what had originally been planned.

HB 610
HB 612
HB 627

Chairman Hohman stated that Representative Swanson had three airport projects provided for in appropriation bills, HOUSE BILL 610 (appropriating \$100,000 to the Department of Public Works for construction of an airport at Crooked Creek); HOUSE BILL 612 (appropriating \$100,000 for construction of an airport at Russian Mission); and HOUSE BILL 627 (appropriating \$50,000 for extension of the Holy Cross airfield). Chairman Hohman asked Commissioner Easley if it was necessary to implement HOUSE BILL 564 for those projects.

HB 564

Commissioner Easley stated that the department was this year in the process of upgrading St. Marys airport, which is adjacent to Holy Cross, and this is a good facility with a 2500' runway. He stated he did not know what the intention of extending the Holy Cross runway would be unless it was to make it usable for multi-engine aircraft.

Chairman Hohman stated that he understood that Representative Swanson wanted to cut away the side of a hill and also make some road improvements to the airport at Holy Cross. Commissioner Easley stated that \$50,000 is not very much money to "move much dirt".

Regarding the proposed project for Russian Mission, Commissioner Easley stated that this airport was scheduled for 1976 with a number two priority in the program; however, he stated it could be moved up in the program. He said that the same would be true of Crooked Creek. He stated further that if a construction unit were in the area, it would make good sense to do all of these airports at one time.

Mr. Fink asked if the general obligation bond issue was approved if the construction would be accomplished in that manner. Commissioner Easley said it would.

Chairman Hohman asked Commissioner Easley if the airport at Red Devil was adequate. Mr. Granger stated that a Howard aircraft is operating from that field now, and that that is a high performance aircraft; he stated further that

it should be possible to operate an F-727 from the strip, but that it would be a problem to lift commodities from the strip with heavier aircraft. The strip is a 4000' gravel field subject to seasonal flooding, and private industry has done some work on it.

HB 642

The committee considered HOUSE BILL 642 (An Act appropriating \$10,000 for the purpose of conducting a feasibility study on the establishment of a state hovercraft transportation service as a pilot program in the Yukon-Kuskokwim delta area.)

Commissioner Easley stated that he was very much in favor of this study, and that the department had started the preliminary work already. He said he didn't know what the volume of freight would be, assuming that it would be largely a freight operation. He commented that the hovercraft industry has developed rapidly and now have a machine available that will accommodate 28 tons of freight for 400 miles, which is a great improvement over the original machine. In his opinion, the \$10,000 state share and a 90% federal grant would accomplish a comprehensive study on the matter.

Commissioner Easley stated that this type of transportation would only be applicable in totally flat areas. If it is feasible, you would not have to worry about airports within its 300 mile operating range. He stated he did not know what the volume would be in the areas where the machine could operate. The machine would cost about \$1.4 million and the operating costs would be high. The type of fuel utilized is J-4 in the new models.

Chairman Hohman asked what the source was for the federal matching funds. Commissioner Easley stated it was Department of Transportation.

HB 658

Chairman Hohman asked Commissioner Easley if the feasibility study had been done for the airport in the Lower Yukon Delta area. Commissioner Easley stated it had not. Chairman Hohman asked what the cost of such a study would be. Commissioner Easley stated that utilizing a 50/50 FAA grant, a preliminary engineering study would be approximately \$60,000; the cost to the state would be \$30,000.

HB 514

Chairman Hohman asked Commissioner Easley what the list of projects would be for the \$23.6 million appropriation to be made under HOUSE BILL 514.

Commissioner Easley referred the Chairman to page 63 of the "pink book", "Capital Improvement Program for Airports and Related Facilities in Fiscal Years 1973 through 1977" for trunk projects and page 94 for secondary airport projects.

HB 531 The projects covered by HOUSE BILL 531 are shown in the "pink book" on page 25.

Mr. Warwick asked why the federal share for FY 74 under the revenue bond program was so much less. Commissioner Easley stated that this figure was based on an estimate of funds available--\$10-15 million for FY 74 is what they have given the department, and the department has geared its program to that.

Recess Meeting recessed at 1:00 (see budget minutes).

HOUSE FINANCE COMMITTEE

April 17, 1972

4:45 p.m.

Present: All members.

HB 347 Chairman Hohman called the meeting to order and the committee considered HOUSE BILL NO. 347 (an act relating to veterans preference in state hiring).

After a brief discussion, the committee decided to have a committee substitute prepared. This differed from the original bill in that it deletes all reference to specific dates of military service, thus making anyone with ninety or more days active service and an honorable discharge a "veteran". Six years of service in the Alaska National Guard also qualifies a person as a "veteran"; deleted is the provision that the National Guardsman must be "currently serving".

Mr. Hohman moved and asked unanimous consent that the Committee Substitute for House Bill No. 347 be adopted in lieu of HB 347 and that the Committee Substitute "do pass". Mr. Fink objected. So CSHB 347 passed from committee with 5 "do pass" and 2 "no recommendation" votes (Mr. Haugen and Mr. Fink signing "no recommendation").

Bill Assignment Chairman Hohman assigned the following bills:

HB 798 HOUSE BILL NO. 798 (appropriating \$525,000 to the Alaska Court System) -- Fink

HB 592 HOUSE BILL NO. 592 (Supplemental appropriation of \$350,000 to the University of Alaska) -- Warwick

HB 602 HOUSE BILL NO. 602 (Appropriating \$20,000 to the Dept. of Education) -- Haugen

HB 640 HOUSE BILL NO. 640 (G.O. bond \$19,500,000 for 13 state secondary schools) -- Degnan

Recess: The committee recessed at 5:05 p.m. and then went into a budget hearing (see budget minutes).

AFTER RECESS

6:45 p.m.

PRESENT

All members except Mr. Ditman. Mr. Ken Gain and Mr. Bill Gottberg were present representing ASHA. Mr. Emmitt Wilson, Deputy Commissioner of Commerce was also present.

HB 547

Chairman Hohman called the meeting back to order and said they would discuss some ASHA bills. He asked Mr. Gain what he thought of HOUSE BILL NO. 547 (An Act providing financing and development of housing for persons of medium income).

Mr. Gain said that basically it would liberalize the act to serve more people. He said that right now it was a little high for the rural income. He thought that a definition should be made setting the limits for moderate income approximately 10% higher than low income.

HB 713

Mr. Gain said that a point about HOUSE BILL NO. 713 (An Act relating to Alaska Housing Finance Corporation) was that it opened up the availability of providing financing in various areas of the state where no financing is available to anybody.

Mr. Hohman said that they had a Committee Substitute for HB 547 which he wanted Mr. Gain to look at after the meeting to determine whether it varied from what HB 713 was addressing itself to.

Mr. Gain brought up HOUSE BILL NO. 757 (Amending ch. 105, SLA 1964 relating to disaster bonds for damage caused by the earthquake of 1964). He explained that at the time of the 1964 earthquake a special bond issue was authorized to pay the cities share in urban renewal projects made necessary by the earthquake. \$3.5 million worth of bonds were sold. As of this date, all but \$75,000 of this has been spent.

Mr. Gain explained that there is a project in Anchorage called the Westchester Project which had been scheduled for redevelopment as apartments before the earthquake. After the quake, this area sunk over four feet, so a good sum of it floods when the tide comes in. This property is now only suitable for park type development. The City of Anchorage hasn't felt it should pay the additional cost of the project because it was the result of a natural act. However they didn't qualify under the special bond issue for state aid because of the way it was written. HB 757 was one way of resolving this, as it changed the wording in the bill to include projects effected by the earthquake. He added that Westchester is the only project of that type.

Mr. Wright asked how much money it would take. Mr. Gain said that there was approximately \$75,000 left in the fund. The Westchester Project would take \$50,000 which would leave \$25,000 as contingency.

Mr. Fink moved that the bill be passed out of Committee with a unanimous "No Recommendation". No objection, so ordered.

HB 735

Mr. Gain brought up HOUSE BILL NO. 735 (An Act relating to establishment of a program for assistance for housing and related facilities for Alaskans who are unable to finance housing). The amended version would limit to aiding people 55 years and over, Mr. Degnan stated.

Mr. Gain said that people making too much to qualify under the Indian Housing Program would qualify for housing under this bill.

Mr. Hohman said that by limiting it to people 55 years and over they were trying to get Title IV monies to provide 3/4 subsidy by the federal government--the same kind of treatment proposed for the Fairbanks Pioneers' Home.

Mr. Gain said the problem with that was that they were talking about a house ownership type of program and the amended version was talking about a public home. He thought that would be inconsistent with the other wording in the bill. He said he had no argument with the philosophy of it.

Mr. Hohman returned the bill to subcommittee.

Mr. Fink asked for a memorandum on CS for 547.

RECESS

Meeting recessed at 7:15 p.m.

AFTER RECESS
April 19, 1972
1:40 p.m.

PRESENT: All members. Mr. Paul Deese, Manager of the Glacier Pilots, and Mr. Ron Raasch, Anchorage architect, were present. Senators Rettig, Merdes, Rettig, and Representative McVeigh were also present.

Chairman Hohman called the meeting to order.

SB 298 The topic of discussion was SENATE BILL NO. 298 (An Act authorizing state aid for all-weather athletic facilities; and providing for an effective date).

Mr. Deese stated that many people in the Anchorage area had become particularly interested in spectator sports since the Glacier Pilots baseball team had been playing. He said the people of Alaska must decide how important sports are in various communities to both young people and adults. He stated that many elements inhibit the attainment of a high sports level for young people, and therefore many boys who show enthusiasm for and potential in sports are sent outside to special schools. Mr. Deese felt this was not necessary if adequate facilities in Alaska could be provided. Due to recent engineering and architectural developments in architectural design, it was now possible for many communities in Alaska to provide their people with a practical facility at a reasonable cost; this would allow young people accessibility to many areas of sports and enable them to compete with other states on an equal level.

The facility would not necessarily be sports-oriented totally. He said that it could be used for graduation exercises, circuses, rodeos, ice follies, drill-team and band practice, and an unlimited variety of entertainment.

Mr. Deese said that there was an explosion of interest in sports from boys between the ages of 10 and 12 years, but once they reach their middle teens, they see there is no future in Alaska for themselves due to the lack of adequate facilities. If a facility such as this is provided, it will encourage boys to stay in sports, and will also help to prevent juvenile delinquency.

Mr. Deese said that the facility in mind was not a dome stadium, but an all-weather facility that has a light-weight roof. He said the cost of the structure would be 1/4 less than the cost of a conventional structure in the past.

Southeast Alaska communities could have facilities which would provide basketball and hockey. He said that the inclusion of baseball would triple the cost.

Mr. Deese said that the Anchorage committee for this type of facility which was appointed by the borough chairman, are dedicated to follow through. He stated that if Anchorage had a bond election for their one-half of the facility, the support would be overwhelming.

Mr. Raasch said he was involved with "light-weight" schools for rural areas, and had done research on such structures at the United States Pavilion at Expo '70. He then showed a series of slides of the pavilion, the Michigan College Stadium, and several elementary schools and high schools. Some of those facilities shown were tent-structured or dome-structured.

Mr. Raasch said that the Expo '70 U.S. Pavilion was an air supported cable restrained structure. He said the fabric was of vinyl-coated fiber glass, which was developed for the suits of astronauts. Mr. Raasch then passed out samples of the fabric. He stated that the samples were teflon coated and would not burn and could not be torn.

Mr. Raasch said that an air-supported roof is now being designed for the Michigan Stadium.

Representative Warwick asked the cost of the structure. Mr. Raasch replied \$4.50 to \$5.00 per square foot. Mr. Warwick then asked what size of facility he was referring to, or how many square feet was the structure composed of; Mr. Raasch said he did not know.

Mr. Raasch said the U.S. Pavilion was single glazed, which allowed sunlight to permeate the fabric. He said that structures in Alaska would be double glazed. With fiber glass insulation, the facility would be opaque. He said that the roof withstood 125 mph winds, and ripples in the roof's material were hardly perceptible. Mr. Raasch added that the material was given a fire test, and once the vinyl was degraded, the air blew it out.

Mr. Raasch showed another slide of a 747 hangar which was not air supported, but rather of rigid form.

He said that an entire structure (walls and the roof) could be made of the fabric, or just the roof.

He then showed a slide of an elementary school which was called a fabric arch structure, or a prestressed fabric structure. He said this was a rigid form, not air supported. The cost was \$7 per square foot.

Representative Warwick then asked what it would cost to heat such a structure. Mr. Raasch said that if the facility is double-glazed, any amount of insulation could be

installed. He said that an ordinary structure in the rural areas would cost from \$21 to \$40 per square foot. Under this new type of structure, the cost would be just \$7 per square foot. He added that the building would not be bio-degradable, and therefore will last 100 years.

In response to Representative McVeigh, Mr. Raasch said there was no condensation problem, which simply depends on the method of handling air through the building. He said that in an air-supported structure, one must figure the required air changes.

Mr. Warwick asked what the cost would be to build the suggested structure in Anchorage. Mr. Raasch said it would be \$9,500,000 and would cover eight acres.

Mr. Deese cited one example of such a facility already built in Pocatello, Idaho. Previous attendance at college football games outside had been 3,500, but with the new facility attendance had gone up to 11,000 people attending the games and using the recreation facilities. Senator Merdes stated that he had seen the facility, and said that the attraction there is not just for the individual, but also for family units.

Representative Hohman asked what would be included in the cost of \$9.5 million. Mr. Raasch said bleachers, seating for 15,000, locker rooms, showers, hockey area, football field and baseball, etc. He said the roof with a concrete ring would be \$2.7 million. He added that the construction time was very quick; the U.S. Pavilion at Expo '70 took just six weeks to complete.

Senator Josephson asked what the cost would be for a smaller and limited facility in smaller communities. Mr. Deese said that each community in Alaska has different needs than Anchorage. Mr. Raasch said that a facility designed for basketball and hockey would be a rigid structure, not an air-supported one, and would therefore cost approximately \$300,000.

Mr. Raasch said that a facility without baseball in Fairbanks would cost approximately \$2 million. He said that ice hockey would be quite expensive for that community. A facility which included baseball, football and basketball would cost Fairbanks only \$5 million due to a lesser amount of required seating.

RECESS:

Due to a call of the House, the meeting recessed at 2:15 p.m.

AFTER RECESS
1:10 p.m.

PRESENT All members except Mr. Ditman. Mr. John Chenoweth, City Manager of Barrow, was also present.

HB 598

Chairman Hohman called the meeting to order and stated that Mr. Chenoweth was present to testify on HOUSE BILL NO. 598 (An act providing for a state tax on property used in connection with exploration for/transportation of unrefined oil/gas).

Mr. Chenoweth said that he wanted to speak briefly on the Committee Substitute for HB 598 which provided for a 20 mill tax on certain pipelines. He said that as they probably knew, the Arctic Slope Native Association has supported a petition to form a borough on the North Slope. One of their motives was to take advantage of the developing industries and for use of the industries as a tax base to promote development of communities in that area. Mr. Chenoweth wanted to raise some questions and perhaps provide answers as to how the bill could be used to assist people, not only on the North Slope, but also other areas of rural Alaska.

Mr. Chenoweth said he would have been very happy if HB 598 had never come along. It has been the practice of boroughs to tax within their boundaries, and he would have liked to think that the proposed North Slope Borough would have that opportunity. However, since the bill is on the calendar, his return is that if the law does come into existence, the revenue earned from the 20 mills is returned to the different communities of Alaska so it could be used to handle things like property taxes in the locality it came from.

He said that he wanted to offer two suggestions. The first is an amendment to the bill which would provide for return of some portion of the revenue to the borough or community of origin. Some portion of the revenue generated within the proposed North Slope Borough would come back off the top to the North Slope Borough to be used for purposes in that area. The same would hold true for property that pipelines passed through. The balance remaining could be divided by whatever method the Legislature proposed. He felt that it should be used particularly in the rural areas of Western Alaska where the need was the greatest. Mr. Chenoweth said he was making the suggestion because he felt the North Slope and the Fairbanks North Star Borough would normally be able to impose taxes on the pipe-

line, however, if the bill passes, they could not. He is making the suggestion specifically because he feels the need in the bush area is great and money could be well used to handle problems that arise and meet responsibilities of the borough government. An example would be construction of a regional high school in Barrow. He thought that population should not be built into the formula because that would tend to return money to the urban areas. He stressed that the urban areas had a better tax base, and he thought that should be a consideration.

HB 596

As an alternative, he thought they might be able to read HB 598 together with HB 596 (An Act providing for boroughs in the unorganized borough). He said that by reading the two bills together, perhaps the agency which handles it could establish a maximum number of boroughs--maybe 20 boroughs. With the total number so decided upon, it could be the divisor for the 20 mill tax. The way the number of regions would be a factor for return to the different regions. Each borough could then establish its own priorities for spending the money. He said this would tend to encourage the form of regional governments and would reduce the requests that come in for allocations.

Mr. Chenoweth said the tax base, according to a Peters-Marslow-Mitchel report, was estimated at \$260 million. If that is accurate, some portion of that would be covered by HB 598 and exempt from taxation by the North Slope Borough should it come into being.

RECESS

Meeting recessed at 1:30 p.m.

AFTER RECESS

1:45 p.m.

PRESENT All members except Representative Ditman. Mr. David Roderick and Mr. Gottberg, of Alaska Housing Finance Corp. were present. Mr. Emmitt Wilson, Deputy Commissioner of Commerce, and Will Condon, Assistant Attorney General, were also present. Mr. Friese, of SOS, and his staff were present.

HB 713 Chairman Hohman called the meeting back to order and said they would discuss HOUSE BILL NO. 713 (An Act relating to Alaska Housing Finance Corporation) and HOUSE
HB 547 BILL NO. 547 (An Act providing financing and development of housing for persons of medium income).

Mr. Roderick said they were fairly satisfied with the re-draft of HB 713 and feel that they can live with it. He submitted a series of small amendments and one large one to them. He said that they were mostly on public policy and the reason for requesting these statements to remain in the bill was that they had talked with lawyers and bond counsel back East and their recommendation goes as follows. The scope of the bill is being expanded not only to include moderate income, but also to get into undeveloped blighted areas and remote areas and if they are able to use mortgages for additional bonding, they want a statement on public policy. They want a law which would protect Housing Finance Corporation and also bond counsel's opinion from attack. They feel this is necessary and require a statement in the legislation. These amendments were all on the first page of the bill.

The next item is on page 3. This is a new item and concept which was not brought before the committee when they had last testified. It is entered under (b) and says they may purchase mortgages without prior approval as long as they have determined that such purchase or participation will result in additional residential housing. The criteria is that the money they use to purchase mortgages will be put back into Alaskan mortgage loans.

Mr. Gottberg said (b) would give them an advantage in taking care of their paper work. The fact that they wouldn't have to get approval before buying the mortgage would allow them to go ahead and make mortgages and do everything all at the same time. The biggest advantage would be if they had a credit "crunch" as they did in 68, 69, and 70, where the banks had to stop making loans because they couldn't get rid of loans they had in their portfolio. If something like that happened again, they could go in and pick up loans through the portfolio and put them on the bond market and put the money back into the banks.

Mr. Fink asked if they anticipated needing (b) to get the \$24 million. Mr. Gottberg replied he didn't see them using that particular thing at this particular time at all.

Mr. Hohman had some questions he wanted to ask while Mr. Friese was present. He asked Mr. Friese what he estimated to be the existing housing need in Bethel to satisfy teachers. Mr. Friese replied that 25 units were needed. He wasn't prepared to say how many single and how many family units these were divided into. He said the 25 unit estimate was calculated with the assistance of the Teachers' Housing Committee at Bethel as the least they could get by with.

Mr. Hohman asked if that included staff need for the dormitory. Mr. Friese said yes.

Mr. Haugen asked what they expected those units to cost. Mr. Friese said they had estimates of \$50,000 per constructed house, while a trailer could probably be put in for approximately \$20,000. That amount might be reduced by \$2,000 or \$3,000 if a lot was available with water and sewer already on it.

Mr. Haugen asked how much one would have to put down on a \$50,000 house under HB 713. Mr. Gottberg said it would depend upon the program. If one could get V.A. to go on it, there would be no downpayment.

Mr. Roderick said that under their program, the maximum downpayment is 25% of the value. The HUD prototype cost for rent and building, not including water, would be \$39,000 for the Bethel area alone. That includes a stove and refrigeration.

Mr. Friese said he had costed some of their houses as approximately \$3,500 for the rest of the furniture.

Mr. Hohman asked what kind of problems the developer should anticipate.

Mr. Roderick said there was some property adjacent to Bethel Heights. There is no water and sewer on this property but there is potential that it could be connected with Bethel Heights water and sewer. In order to get FHA, they have to have water and sewage.

Mr. Fink noted that Commissioner Brewer, of the Department of Environmental Conservation, had testified against southern type water and sewer systems, saying they were impractical. Mr. Gottberg said that probably if Environmental Conservation people testified against it, they could get FHA.

RECESS

Meeting recessed at 2:05 p.m.

HOUSE FINANCE COMMITTEE

April 20, 1972

8:40 a.m.

Present: All members, except Mr. Wright.

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

BILL
ASSIGNMENT

- HB 480 HOUSE BILL 480 (Establishing the Office of Admin. Adjudication) -- Fink
- HB 539 HOUSE BILL 539 (Creditable service payments for retired teachers) -- Wright
- HB 569 HOUSE BILL 569 (Establishing Trans Alaska Authority as a public corporation of the state) -- Ditman
- HB 634 HOUSE BILL 634 (Sale of certain state lands - agricultural purposes) -- Haugen
- HB 647 HOUSE BILL 647 (State aid for health care facilities) -- Degnan
- HB 715 HOUSE BILL 715 (Appro. \$20,000 to Anchorage Community Hospital) -- Wright
- HB 719 HOUSE BILL 719 (Facilities for safe water & hygienic sewage & solid waste disposals in village) -- Hohman
- HB 769 HOUSE BILL 769 (Relating to Alaska Oil and Gas Transportation) -- Ditman
- HB 770 HOUSE BILL 770 (Lease of rights-of-way state land; transportation of oil & gas) -- Ditman
- HB 800 HOUSE BILL 800 (Appro. to Dept. of Highways, \$5,000,000) -- Hohman
- CSSB 211 COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 211 (providing for Alaska longevity bonus) -- Committee
- SB 334 SENATE BILL 334 (relating to number of members on Board of Directors; SOS) -- Degnan
- CSSB 340 COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 340 (Relating to education of exceptional children) -- Wright
- SB 385 SENATE BILL 385 (Investment of surplus retirement fund money) -- Fink
- SB 392 SENATE BILL 392 (Appro. \$100,000,000 to Dept. of Administration) -- Committee

SCR 24 am SENATE CONCURRENT RESOLUTION 24 am (Upgrading
and maintenance of road from Steese Hwy. to
Circle Hot Springs) -- Warwick

The committee then went into a budget discussion
(see budget minutes).

AFTER RECESS

4:00 p.m.

Present: All members.

HB 618 Chairman Hohman called the meeting to order and the committee considered HOUSE BILL NO. 618 (an act relating to exemptions from sport fishing, hunting and trapping licenses).

Mr. Warwick suggested an amendment which would leave out the "30 consecutive years". Several different suggestions were discussed but the committee decided against an amendment.

Mr. Warwick moved and asked unanimous consent that HOUSE BILL NO. 618 pass from committee with individual recommendations. There was no objection, so HOUSE BILL NO. 618 passed from committee with 6 "do pass" recommendations and 1 "no recommendation" (Mr. Fink voting "no recommendation").

HB 7 The committee then considered HOUSE BILL NO. 7 (an Act creating the office of the ombudsman). Discussion then followed on the amendments that had been previously considered by the committee. The committee decided that the salary of the ombudsman should be pay range 25 of the classified service.

Mr. Degnan moved and asked unanimous consent that HOUSE BILL 7 as amended pass from committee with individual recommendations. Mr. Fink said he felt the first question should be whether or not there were four members who wished the bill to pass out of committee and then they would determine how it would go out. After much discussion, Mr. Degnan renewed his motion and HOUSE BILL No. 7 as amended passed from committee with 6 "no recommendations as amended" votes and 1 "do not pass" recommendation. (Mr. Haugen signing "do not pass".)
(See bill file for the amendments).

HB 547 Mr. Wright moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 547 (an act to provide financing and development of housing for persons of moderate incomes) be adopted in lieu of HOUSE BILL NO. 547 and that it "do pass". So CSHB 547 passed from committee with 6 "do pass" recommendations and 1 "no recommendation" vote (Mr. Haugen voting "no recommendation").

Recess: The committee went into a budget discussion at 4:30 p.m.

AFTER RECESS
5:30 p.m.

Present: All members.

Representative Hohman moved and asked unanimous consent that the Finance Committee introduce, by request of Representative Banfield, a bill entitled an act appropriating to the University of Alaska for cost of relocation of the Juneau Douglas Community College. Mr. Ditman seconded the motion. No objection, so ordered. (This later became HOUSE BILL NO. 814.)

HB 814

AFTER RECESS
April 21, 1972
9:20 a.m.

PRESENT: All members. Mr. Lowell Swartz from the Department of Health & Social Services was also present.

Chairman Hohman called the meeting to order.

HB 334 Under discussion was HOUSE BILL NO. 334 (An Act relating to revenue sharing with local governments; and providing for an effective date), the purpose being to provide an amendment to the Finance Committee's Committee Substitute on the bill. An amendment was drafted after the meeting to replace the amendment originally prepared in committee. (See page 542 of the minutes for a copy of the amendment.)

Representative Hohman asked Mr. Swartz for his opinion of the bill. Mr. Swartz said it was necessary to define "general hospital". Mr. Swartz explained that the hospitals were licensed as "general hospitals" by the Department of Health & Social Services, while other care centers were licensed as "nursing homes", "mental hospitals", etc.

Representative Hohman asked how many hospitals the bill would affect. Mr. Wright replied eleven hospitals which would run from \$316,000 to \$320,000. That number would include Glenallen, although it is not a municipality. Mr. Hohman asked who owned the Glenallen hospital, and Mr. Ditman stated that it was a non-denominational hospital, but was run by a church.

Representative Fink said he thought there should be a second committee substitute drawn up by the Finance Committee, rather than an amendment. Mr. Warwick agreed.

Discussion centered around the Wesleyan facility, a nursing home in Seward. Representative Hohman asked how many nursing homes were in operation in the state. Mr. Swartz replied five: three in Anchorage, one in Fairbanks, and one in Seward (Wesylan). The Wesleyan facility is run by the Women's Christian group of the Methodist Church; the others are profit-making nursing homes.

There being no further discussion, Mr. Swartz left the meeting.

CSHB 499

CSHB 499 (An Act providing for loans to Alaska Regional Corporations) was then discussed by the committee.

HB 804
HB 805

Representative Hohman said he wanted to know if this bill will make money available to corporations. He stated that the purpose of the Committee Substitute was to try to provide monies for the regional corporations under the Native Land Claims settlement and get those corporations in operation. Mr. Hohman stated that HB 804 (Incorporations under the Alaska Native Claims Settlement Act) and HB 805 (Amending the Alaska Business Corporation Act) may have an effect on HB 499.

(Mr. Dick Bradley and Mr. Will Condon from the Office of the Attorney General arrived. Mr. Hayden Kaden from Legislative Affairs also entered the meeting.)

Representative Fink stated that in the typing of the Committee Substitute (sponsored by the House Finance Committee) Legislative Affairs had added the words "association or" in Line 20. Mr. Fink said that most members of the committee proposed to delete those words from the Committee Substitute.

Mr. Hohman wanted to know if the corporations could file corporation papers with the state to become a regional corporation under the Native Land Claims act and receive some money before being approved by the Secretary of the Interior. Mr. Bradley said he did not know. Mr. Condon added that the ultimate answer will come from the Department of the Interior. He said that whatever is done, a good argument can be made on either side. He stated that once the corporation is formed and determined a legal entity, the question then is whether the legal entity was contemplated by the Native Claims Act. He stated that if Interior will answer yes to that question, and once the assignment of funds is accepted under state law, then the state will be on "safe ground" loaning to corporations. Mr. Fink stated that this bill does not require assignment, and said that they wanted to loan to a legal entity, and they wanted that legal entity to get paid. Mr. Degan said that if the money goes to the corporation, they will then turn around and give the money to the state. Mr. Bradley said that the corporation may not want to pay. Mr. Condon added that the stockholders also have their say in the matter.

Mr. Degan then asked if under the law, would it be legal for the state to loan to the corporation without approval from the federal government. Mr. Bradley stated that he could not answer that question on the grounds that it was not a legal question, but rather a prudential question. He said that it was not clear to him that the corporation they would be loaning money to would be the corporation that will pay the debt back. Mr. Bradley added that the state knows, by reading the settlement data, that this

corporation has a few marks on it and one is the approval of the Secretary of the Interior.

Mr. Fink pointed out that the administration will have to answer or decide Mr. Degnan's question. He added that if they took out the words "association or", the bill would be more acceptable.

Mr. Bradley stated that HB 804 and HB 805 are completely independent of funding from the state. He said the loan language contemplated no state money in HB 804.

Representative Ditman asked those present if they were in the Commissioner's (of Revenue) place, would they want the word "association" assuming they wanted to get money out to people at a fair rate of interest. Mr. Condon said the Commissioner would want them to have just the word "corporation". He stated that it was possible to modify the state law so that a corporation succeeding in association might be obligated to repay the money. He said that if men forming a corporation took out a loan before incorporating, they must get permission to repay from every stockholder, therefore making a loan to an association before it incorporates would not be wise.

Representative Fink asked Mr. Kaden how the words "association or" were added to the Committee Substitute. Mr. Kaden replied that when he drafted the original bill, the language was there. He said there were a few number of changes to be made, and he was looking for any other potential mistakes, and he "just did it, and should not have". Mr. Fink remarked that the bill would have passed Wednesday if the words had not been added.

(Mr. Kaden, Mr. Condon, and Mr. Bradley left the meeting.)

Representative Hohman then asked the committee what effect the bill had. Mr. Fink stated that it gives the state authority to loan money to regional corporations and any native association that will get money from the federal government when it forms a regional corporation.

Representative Hohman asked what the Finance Committee amendment would do. He felt that it sets the Governor up, and he won't want to do it, but it gives native association and corporation the ability to apply political pressure. Mr. Hohman said that Interior won't want a state corporation to get the money. Mr. Fink said that if they form a regional corporation, there won't be any problem.

Offered in the HOUSE

By FINANCE

To: CS HOUSE BILL NO. 334

SENATE BILL NO. _____

AMENDMENT: Page 1 Line 19

Delete "*Sec. 3." in full.

Page 1, Line 19 insert the following:

"*Sec. 3. AS 43.18.010 (h) and (i) are repealed and re-enacted to read:

(h) During each fiscal year the state shall make payments as follows:

(1) \$1,000 per hospital bed to an organized borough or a city outside an organized borough in which a hospital is operated for each hospital bed actually used for patient care, limited to the number of beds provided for in the construction design of the hospital, or \$50,000 per hospital as the local government may determine;

(2) \$1,000 per hospital bed to hospitals located outside any organized municipality for each hospital bed actually used for patient care, limited to the number of beds provided for in the construction design of the hospital, or \$50,000, as the hospital may determine;

(3) \$1,000 per bed to an organized borough or city outside an organized borough in which a health facility is operated for each bed actually used for patient care, limited to the number of beds provided for in the construction design of the health facility, or \$10,000 per health facility as the local government may determine.

(i) In (h) of this section

(1) "hospital" means a licensed hospital determined by the Department of Health & Social Services to be a general hospital; the term excludes facilities operated or wholly supported by the state or the federal government.

Page 2 Finance Committee to CSHB 334

(2) "health facility" means public health centers, maternity homes and community mental health centers, facilities for the mentally or physically handicapped, nursing homes and convalescent centers which are licensed, when required, by the state under AS 18.20.010-18.20.130 and are owned or operated or both by a local government or by a nonprofit corporation or other nonprofit sponsor; the term excludes facilities operated or wholly supported by the state or the federal government.

HOUSE FINANCE COMMITTEE

April 22, 1972

9:25 a.m.

Present: All members except Mr. Ditman. Mr. Joe LaRocca was also present.

HCR 51 Chairman Hohman called the meeting to order and said the committee would consider HOUSE CONCURRENT RESOLUTION NO. 51 (relating to a study of the ramifications of a statewide property tax). Mr. Hogan explained that his feeling on this is that Legislative Council should be changed to Budget and Audit Committee. He said if this study is proved he would like to see it accomplished by the Budget and Audit Committee staff. The committee then discussed whether or not the study should be done. Mr. Fink said he was in favor of the study. He moved and asked unanimous consent that HCR 51 be amended to change "Legislative Council" to "Legislative Budget and Audit Committee". No objection, so ordered.

It was moved and unanimous consent asked that HOUSE CONCURRENT RESOLUTION NO. 51 as amended pass from committee with a "do pass" recommendation. (All members signed "do pass" with the exception of Mr. Wright who signed "no recommendation".)

HB 32 The committee then considered various bills relating to state employees. They discussed HOUSE BILL NO. 32 (pay increments for state employees). The committee requested the staff to prepare the funding impact of this for .4% relative to the gross of the state payroll.

HB 143 The committee also considered HOUSE BILL NO. 143 (state's group insurance plan, adding dental/accidental death/dismemberment benefits) but no action was taken.

CSHB 547 COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 547 (providing financing and development of housing for persons of medium income) had been reported out of committee on April 20, but had been returned to the committee because of drafting changes made by Legislative Affairs. There was no objection to the changes and the bill was forwarded to the Chief Clerk.

Mr. Ditman entered the meeting.

The committee then discussed the problems that occur when changes are made by the person drafting the bill and the committee is unaware of this until the bill appears on the floor. The committee directed Mr. Hogan

to write a memo to Legislative Affairs requesting that when a bill is changed the committee be notified. The committee felt the work draft should be returned to the committee so the changes will be clear.

The committee then went into a budget review (see budget minutes).

AFTER RECESS
3:10 p.m.

PRESENT All members.

Chairman Hohman called the meeting back to order and made the following bill assignments:

| | |
|----------|--|
| HB 155 | HB 155 (An Act relating to fisheries taxes) -- Mr. Ditman |
| HB 431 | HB 431 (An Act relating to the legislature) -- Mr. Haugen |
| HB 651 | HB 651 (An Act relating to the Alaska Office of Early Childhood Development) -- Mr. Wright |
| HB 792 | HB 792 (An Act relating to leave for state employees) -- Mr. Warwick |
| HB 810 | HB 810 (An Act appropriating \$750,000 to the the Department of Highways) -- Mr. Ditman |
| HB 813 | HB 813 (An Act appropriating \$20,000 to Mr. & Mrs. Joe Redington, Sr.) -- Mr. Degnan |
| SCR 31am | SCR 31am (An Act relating to a study of certain aspects of state employees retirement system) -- Mr. Warwick |

At this time the committee went into budget work. See Budget minutes.

AFTER RECESS

2:20 p.m.

PRESENT All members. Representative Ferguson was also present.

Chairman Hohman called the meeting back to order and stated that Mr. Ferguson was going to speak on the subject of safety equipment at airports.

Mr. Ferguson said he was appointed Chairman of the State Affairs Subcommittee which was to look into the airport situation dealing with safety equipment at airports. The other members of the Subcommittee were Mr. Jess Harris and Mr. Mike Miller.

He gave each member of the Finance Committee a copy of the "Special Sub-Committee Report on Airport Firefighting Equipment Requirements to Take Effect May 21, 1973 Mandated by Federal Authority and Status Report on Alaskan Airports". Mr. Ferguson said this was strictly a representation of facts and that the Subcommittee as a whole had not yet met to draw conclusions and make recommendations. However, he had the following personal recommendations to give:

"(1) I recommend that the Alaska State Legislature initiate a joint Resolution aimed at getting favorable Congressional Legislation authorizing the Federal Airport Matching Funds be increased from the existing 50% to 90%. This increased matching funds must be maintained and continue at a level to insure each State has the opportunity to comply with the minimum requirements of the Federal Airports and Airways Development Act of 1970.

(2) I recommend that the Alaska State Legislature incorporate in its Airport Capital Improvement General Obligation Bonding proposal; provision for minimum firefighting facilities at the following 'trunk' airports. The trunk airports listed are in priority sequence, but not exclusive of airports needing basic safety facilities.

- | | | |
|---------------|---------------|----------------|
| 1. Kotzebue | 5. Barrow | 9. Homer |
| 2. Nome | 6. Unalakleet | 10. Yakutat |
| 3. Bethel | 7. St. Mary's | 11. Fort Yukon |
| 4. Dillingham | 8. Cordova | 12. Aniak |

(3) I recommend that the State Government re-evaluate its current Comprehensive Capital Airport Improvements Program, using as one of its factors, an over all State airport safety plan.

(4) I recommend that the State investigate ways in which the Local Government Airports such as Juneau, Sitka, and Kenai, may comply with the Federal Act when it becomes effective on May 21, 1973.

I wish to enlighten all concerned with this report; that I take a positive and favorable view of the Federal Airport and Airways Development Act of 1970 within its safety requirements. Although, this Act was amended, for good cause, by Public Law 92-174; I am opposed to negating this law through 'time exemption' provisions. The Federal Act is directed in the interest of public safety and 'time exemption' or deleting provisions of this Act will not solve the problems this Act seeks to remedy. The assumption that this Act is unrealistic and unenforceable because of the financial implications lends itself to a misconception of the intent of this Act.

I realize the impracticalities of the State bearing the fiscal cost of meeting the requirements of this Act on its own; and wish to emphasize the importance of the Federal Government's financial responsibilities and participation in order to carry out the intent of this Act.

The State has estimated that it will cost approximately 138 million dollars to update its State operated airports; and estimated 70 million dollars for the over all airport improvement needs in the State of Alaska. I find these figures overly optimistic on the future needs of air transportation growths in the State of Alaska; but find the estimations overly exorbitant for the immediate basic safety needs of the State. The State's five year airport improvements plan using its current priority rating system of evaluating each community on the basis of remoteness, population, a priority system on an over all safety program for the airports of our State. I find the State presumptuous of contemplating a 'waiver' of these regulations for a majority of its airports, while it actively initiates full compliance of these regulations for a few airports in the State of Alaska."

Mr. Ferguson said that the reason he wanted to speak with the Finance Committee was because he thought there might be a chance to get something into the budget document.

HB 483

HB 485

He said there were two bills in the House Finance Committee, HOUSE BILL NC. 483 (Appropriating to the Department of Public Works for construction to house fire-fighting equipment at Point Barrow and Kotzebue--\$300,000) and HOUSE BILL NO. 485 (Appropriating to Department of Public Works for fire-fighting equipment at Point Barrow and Kotzebue--\$200,000) which he had sponsored. He said it was his thinking now that there

should be federal matching funds to help take care of some of these things.

There was some discussion of the Subcommittee report.

Chairman Hohman suggested that the Subcommittee submit something to the hearings being held in Washington D.C.

RECESS

Meeting recessed at 2:45 p.m.

AFTER RECESS
April 24, 1972
2:55 p.m.

PRESENT: All members with the exception of Representative Ditman.
Senator John Rader was also present.

Chairman Hohman called the meeting back to order.

HB 49 Mr. Hohman asked Senator Rader for his opinion on HOUSE BILL NO. 49 (An Act relating to electric development loans). Senator Rader said that Rural Electrification Association (REA) based its loans on two per cent for thirty-five years. The program itself has been in operation for thirty years. Senator Rader said that there has been just 1/100 of one per cent default on loans made in the past due to REA's feasibility requirements before a loan is made. Senator Rader stated that REA money is available on a 100 per cent basis; if the bill intended to make loans that REA would not consider, then the state would be acquiring 25 per cent equity and feasibility which REA had previously rejected.

Representative Fink said that the committee was told that REA was going to stop making loans. Mr. Rader said the REA budget was increased recently, but there is still a tremendous demand on the association. He stated that REA would like to go out into the bush but it is not feasible; the communities are so poor, they cannot generate enough income to retire the debt. He mentioned that Alaska Village Electric Co-operative (AVEC) did go out to the bush areas, but had had federal grants.

Senator Rader said he thought that if the state wanted to make electricity available to people, it should do it through grants; the seed money would create equity, and the rest could be borrowed. He explained that the federal government will loan 100 per cent to co-ops so weak they cannot get supplemental financing. The strong co-ops, however, will receive 80 per cent loans and must borrow the remaining 20 per cent from private sources, which can be a problem. A co-op without any feasibility will not receive any amount in loans. Representative Wright said he thought Representative Kerttula (one of the sponsors of HB 49) had the idea of strong co-ops picking up extra money from the state. Senator Rader stated that most co-ops joined the rural Co-operative Financing Corporation (CFC) hoping that one day, they would be strong enough to borrow private money. In order to buy money on the New York bond market, CFC must commit itself to loan to co-ops with certain feasibility ratios. Matanuska Valley was one of the few co-ops which qualified because it started

in 1935 and had developed some operating ratios and equity positions. Since then the criteria has been loosened, and Anchorage is eligible, but it would cost seven per cent and the market value is eight per cent. Representative Fink stated that the state can loan the difference of what the federal government does not loan. Mr. Fink added that they had not been thinking about grants at all, just loans. Mr. Rader said he had been mistaken then in thinking that the bill was to provide seed money.

Representative Warwick asked if there was any money available for those co-ops too strong to get 100 per cent financing. Senator Rader said that anyone can join CFC. He said that CFC has an arrangement with REA where REA will not ask a co-op to get CFC money unless they are eligible for it; REA won't subsidize anyone unless they are eligible for CFC. Senator Rader explained that CFC was a non-profit service corporation put together by co-ops. He said that CFC would charge 1/2 more per cent than the (for example) six and one-half per cent of bonds sold on the New York money market. He said the individual co-op trying to borrow will not make it. Senator Rader said the first issue would be within 60 to 90 days; the issue itself will be in the amount of 50 to 100 million dollars, and will be sold before elections. He stated that there will be a meeting of the Board of Directors (Mr. Rader is a member of the CFC Board of Directors) to decide whether they will go to the market. He said that Representative Kerttula was correct in saying that the federal government have more established REA loans in communities with people who use a great deal of electricity and pay their bills. He said the co-op which handles other communities is a marginal operation.

Senator Rader urged the committee to change the thrust of HB 49 so it might help people in poor communities which cannot qualify for REA. As it is now, REA won't give them loans because the villages cannot pay back even a two per cent subsidy; with grants, however, it may be feasible. Mr. Rader said he thought that AVEC could not meet REA requirements, but the Office of Economic Opportunity (OEO) said it was possible to throw in grant money to utilities, and this would provide feasibility for REA.

In response to Mr. Hohman, Mr. Rader said that he was not sure what size grants there were in small villages previously. He stated that they had had a number of problems with their equipment which was of poor quality.

Senator Rader urged the committee to make it a grant program, because people will not be able to pay the loans back. Mr. Fink interjected that this is a loan program. Mr. Rader felt the bill would be helpful to only the strong co-ops but would do nothing for the poorer ones.

Senator Rader said this will be helpful to REA co-ops if they can borrow from the state at five per cent. He stated that if the state took a second lien on a plan which REA did not think feasible, where a village needed \$100,000 to build a utilities system, if it only cost \$80,000, they could pay that back at two percent in 35 years. He said that if the state takes a second lien for the top twenty, and the federal government got their 80 percent back first, then it is more unfeasible than a 100 per cent loan because the borrower's position has deteriorated. Mr. Rader thought it might enable him to get a loan through a subsequent nature of a grant. He added that good loans could be made with healthy co-ops. He said that he was not sure that this could help Fairbanks because it is eligible for the REA 100 per cent. He thought Kodiak and Homer may be eligible. He said that other co-ops eligible for the bill can join CFC and will be able to get money one or two per cent under what a banker would charge.

Representative Degnan concluded that HB 49 is worth passing. Senator Rader said yes. Mr. Degnan then asked if it would take an amendment to the bill to help other people on a grant program. Senator Rader said REA will make loans if the village can payback at two per cent. He said if that was not feasible, the bill should require less than two per cent. Mr. Rader added that REA won't make any more loans in Alaska unless the state comes through with some "back-up".

Discussion then centered around the improper equipment. Senator Rader said it was being amortized over a five-year period instead of over a thirty-year period.

Representative Fink asked what kind of grants would be required. Senator Rader said it was a matter of revenue, debt amortization, wealth of community, and enough state money to take up the gap to make it feasible.

Senator Rader said that what destroys feasibility of utilities is lack of heavy consumption, in other words, poverty. He said the cost of distribution is more than the cost of the generation of electricity. Mr. Warwick asked if it wouldn't be possible to set up small generators in villages of 25 people. Senator Rader stated that REA requires a back-up capacity; in case one machine breaks down, there must be another on hand, ready to take over.

Senator Rader again emphasized that if villages cannot make it on two per cent of 100 per cent REA money, they will not be able to make it on six per cent, unless it is a grant to fill the gap so they can get REA money.

Senator Rader stated that AVEC needed all the grants it could get to operate; he said that twenty per cent by the state is quite thin, but the amount should not surpass thirty per cent.

Representative Warwick asked if the villages would have the resources to maintain the equipment. Senator Rader said a study must be done, and it would help to look at the past experience of AVEC.

Representative Fink said he agreed with Senator Rader on the point that if the REA plan is not feasible, then the state's plan will not be either.

Senator Rader then left the meeting.

Representative Hohman asked Mr. Fink if he objected to supporting the bill in its original intent. Mr. Fink said no. He did, however, say he was not in favor of starting with a grant program. He stated that it must be determined what the cost of the grant money will be. He then added that he didn't think HB 49 really does too much. Mr. Warwick said that it offers a difference of one per cent. Mr. Fink said that they tried to put some guarantees in three bills to prevent making grants.

RECESS:

The meeting recessed at 3:45 p.m.

HOUSE FINANCE COMMITTEE

April 25, 1972

9:45 a.m.

PRESENT All members.

HB 739 Chairman Hohman called the meeting to order and said that HOUSE BILL NO. 739 (Appropriating \$30,000 to the Dept. of Public Works) was under consideration.

It was moved and unanimous consent was asked that HB 739 be put out of Committee with a "do pass" recommendation. No objection, so ordered.

SB 264 Chairman Hohman stated that SENATE BILL NO. 264 (Relating to retirement benefits) would be under discussion.

Mr. Fink said that if they passed it out the way it came from the Senate it would cost the State \$1,718,048. If they passed it out the way the State Affairs Committee amended it, it would cost \$1,883,244. He said that the Senate Bill increase for employee contribution is 3/4 of 1%. The State Affairs Committee Substitute reduced that to 1/2 of 1%.

Jay Hogan stated that the Governor had supported the higher employee contribution level when the bill had been introduced. He still supports it.

Mr. Warwick thought they should come up with a committee substitute which deleted that one part of it.

Mr. Fink said that their substitute should be the Senate Bill plus the amendments that had to do with some of the Administration's recommendations.

Mr. Fink said that IRS was pushing for a five year vesting to make it tax deductible. He said that although Miss Hackwood said it wouldn't cost money he thought it would because some of the people who now retire between the 5th and 8th year don't get the benefit of the state's contribution. With a five year vesting, they would.

No firm action was taken on this bill.

RECESS Meeting recessed at 9:55 a.m.

AFTER RECESS
April 25, 1972
4:55 p.m.

PRESENT: All members. Also present were Representatives M. Miller, and Whittaker. Commission Eric Wohlforth from the Department of Revenue and Mr. Will Condon from the Attorney General's office were in attendance.

Chairman Hohman called the meeting to order.

HB 402 Up for discussion was HOUSE BILL NO. 402 (An Act relating to a municipal bond bank authority; and providing for an effective date) and HOUSE BILL NO. 403 (An Act appropriating \$15,000,000 to the bond bank authority; and providing for an effective date).

Commissioner Wohlforth stated that HB 402 was introduced in 1971, accompanied by a message from the Governor to design a vehicle which would have the power to issue bonds and notes, the proceeds from which could be used to purchase bonds and notes for small municipalities which suffer high borrowing costs due to new name bonds and the inability to gain access to markets. Commissioner Wohlforth stated that this vehicle provides the means for those communities to gain access to capital markets.

The Commissioner said that one or two other states have successfully financed municipal bond bank authorizations. He said HB 402 was the same Vermont legislation that had passed, with refinements and analysis which the Commissioner had received from the underwriters and the Attorney General's office. He felt this bill was a useful and permissive vehicle for the purchasing and packaging of bond issues.

He added that there was a \$100 million limitation of the amount of bonded indebtedness, and the bill provides for for HB 403 to appropriate a debt reserve fund of \$15 million. This reserve would not be expended except to pay debt service on bonds with the authority. Those bonds would be accompanied by all legal documentation and feasibility and would avoid the expensive and time-consuming preparation of an official statement; and hopefully avoid borrowing costs.

Commissioner Wohlforth said this bill would also help translate some of the North Slope funds of value back into the municipalities by assisting them in proper borrowing and financing efforts. Commissioner Wohlforth stated that the Attorney General's office had reviewed the bill again since last year's session and had pointed out some technicalities. He added that the Municipal League endorsed this concept at their last meeting.

Representative Fink asked how many other states had programs such as this. Mr. Wohlforth said three other states at least: Vermont, Illinois, and one other state have had success in financing.

Mr. Fink then referred to page 18 of HOUSE BILL NO. 402, Section 44.58.270: "bonds...must at all times be purchased and held in fully marketable form,...". Mr. Fink then asked how one could be sure they will be marketable. Commissioner Wohlforth said those words meant they are marketable from a legal point of view and not necessarily from a financial or bond sale standpoint. He said the bond bank authority could, in future years, determine interest rates which were appropriate.

Representative Fink pointed out that it would be mandatory to buy all bonds with the passage of this bill, and they were bound to make a few bad ones. He asked how this authority will have the political authority and nerve to say "no" to bad bonds. Commissioner Wohlforth said he could see this as a theoretical danger; however, he thought the underwriters would determine whether or not the municipalities are credit worthy enough to be in the package. He said that the underwriter would be on the state's side. Mr. Fink said that the state may decide to buy a bond which is a "bummer". Mr. Wohlforth said the need is surveyed, and then the interim loans and packaging of money is made; it will go to the market and must have issue of all elements which would withstand the test of the market.

Mr. Fink said they will sell bonds before they buy bonds. Commissioner Wohlforth said this would be a simultaneous transaction. The municipality group and authority may acquire short term funding through short term bonding. This authority has no power to loan its own funds; it must be a self-sustaining and self-liquidating operation. The point is to transfer North Slope funds into credit without jeopardizing funds.

Mr. Fink referred to a legislative committee (Special Monetary Investment Committee) he had been a member of two years ago. He said this committee felt there was no way of determining a law that could prevent buying bad bonds. He added the government does succumb to pressure. Mr. Wohlforth said that was true, but this is a third party transaction, and the underwriting team is responsible and they will be the "brake" if a municipality comes in with an expensive civic plan that they cannot support. He said there is no source of direct state funds to buy municipal loans; the funds come from a traditional bond market.

Mr. Fink said there must be certain ratios, and he did not see any standards here. Mr. Wohlforth said that was because

they are dictated by underwriters. Mr. Wohlforth said all bond covenants desired could be drafted or legislatively set forth, but it usually involves overdrafting a bill.

Mr. Fink asked the Commissioner if he thought this will promote local government to try to build without being able to pay. Mr. Wohlforth said the authority must rely on underwriters being able to put together a feasible and viable package. He said he knew of small municipalities which are paying a high rate because they are unknown. This vehicle which translates a portion of the state's credit back to those municipalities seems to be an intelligent move. If there is a direct loan from the state to the municipality, then the Commissioner would agree with Mr. Fink, but he felt this move is a means of leveraging the state's money. It will put the money into the economy where it should be, without 100 per cent of state expenditure. The bill drafted (in one form or another) has been before the legislature and was overdrafted at one point, which is the reason for failure of passing. There were figures of guarantee, local indebtedness, etc. written into the bill previously.

Mr. Fink then asked if they could buy municipal bonds with the \$15 million reserve. Mr. Wohlforth said he did not think so. They were told by the underwriters that Alaska, in order to make a stable package, should have an initial funding reserve; Vermont could undertake financing without a reserve but Alaska credit is not that strong. Mr. Wohlforth said he felt it would be against legislative intent to invest the \$15 million in municipal bonds.

Mr. Wohlforth read from a study concerning Illinois (see bill file).

In answer to Mr. Haugen, Mr. Wohlforth said the Vermont municipality bond bank received a rating of "AA" which none of the component municipalities would have reached due to their small size. Alaska does not have that high rating.

Mr. Wohlforth then made reference to his letter consisting of changes and corrections which he thought should be incorporated into the Committee Substitute (see bill file).

Mr. Condon and Mr. Wohlforth left the meeting.

HB 94

Representative Whittaker spoke in favor of HOUSE BILL NO. 94 (An Act establishing the Alaska Municipal Bond Authority as a public corporation and instrumentally of the state for purchase of municipal bonds, notes and other

evidences of debt, prescribing its powers and duties, providing for issuance, terms, payment and security of its bonds and notes and otherwise facilitating the borrowing of money by political subdivisions of the state). He said he had asked that it be drafted due to his concern for the small communities. It was a better bill for buying bonds, and he said small communities were in a desperate position because they don't know where to turn with regard to floating bonds.

Representatives Miller and Whittaker then left the meeting.

The Finance Committee then went into budget reviews (see budget minutes).

HOUSE FINANCE COMMITTEE

April 26, 1972

9:30 A.M.

Present All members except Degnan and Wright.

SB 290 Mr. Warwick moved and asked unanimous consent that SENATE BILL 290 ("An Act relating to teachers' retirement salaries; and providing for an effective date") be replaced by HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 290 and be passed from committee with a "do pass" recommendation. There being no objections, it was so ordered.

HB 469 Mr. Warwick moved and asked unanimous consent that HOUSE BILL 469 ("An Act relating to a retirement program; and providing for an effective date"--legislative retirement) be passed from committee with a "do pass" recommendation. There being no objections, it was so ordered. Hohman, Warwick, Ditman and Degnan signed the committee report "do pass"; Haugen and Fink signed "do not pass".

HB 429 Mr. Haugen moved and asked unanimous consent that HOUSE BILL 429 ("An Act relating to loans for water supply and sewerage systems; and providing for an effective date") be passed from committee with a "do pass" recommendation, with the following amendment:

On page 1, line 9, change "AS 46.05.155" to read
"AS 46.03.030".

There being no objections, it was so ordered.

Chairman Hohman made the following subcommittee assignments:

CSSB 319 "An Act relating to an exemption from the tax on transfers or consumption
am of motor fuel" was assigned to Mr. Ditman.

SB 251 "An Act providing for free tuition at state-supported educational
am institutions for dependents of prisoners of war and those missing in action in Southeast Asia" was assigned to Mr. Wright.

CSHB 448 The committee discussed COMMITTEE SUBSTITUTE FOR HOUSE BILL 448 and
HB 670 HOUSE BILL 670, both bills referring to the retirement and benefits for justices and judges. Mr. Fink recommended that a Committee Substitute for HOUSE BILL 670 be drafted which would provide the benefits listed on the attached memo, nos. 1, 2, 6, and 7; this could be accomplished by incorporating line 20, page 2, to the end of HOUSE BILL 448 into HOUSE BILL 670. He also recommending providing an effective date and adding the language recommended by Mr. Reeves to exempt benefits from state and municipal taxes. A committee substitute was so drafted.

MEMORANDUM**State of Alaska**

TO: Representative George Hohman, Chairman
House Finance Committee

THRU: Mr. Richard Freer
Deputy Commissioner
Department of Administration

DATE: February 18, 1972

FROM: Mary-Jean Hackwood
Benefit Supervisor
Department of Administration

SUBJECT: CSHB 448

Mr. Jay Hogan has requested that I advise you of the provisions of CSHB 448 which have financial implications.

Since the Judicial Retirement System is a "pay-as-you-go" program, rather than a funded plan, cost requirements are not developed by this office. Each benefit payment requires an appropriation.

The following changes will increase the dollar requirements:

- 1) Reduction of the normal retirement age from age 65 to 60 or 20 years of service. Presently a reduced benefit is payable at age 60 or upon completion of 20 years of service as a Judge. Full payments are made only if a Judge's benefits begin at age 65.
- 2) Reduction of the early retirement age from 60 to 55.
- 3) Reduction of the service requirement for vesting for the purpose of a survivor's benefit payment from five to two years.
- 4) Establishing a minimum payment of 30% of the salary authorized for the Judge as a survivor's payment.
- 5) Reducing the requirement of marriage from five to two years for payment of the survivor's benefit. (The cost of the change would be negligible and would actually increase the cost only if the payment was made to a survivor who had been married to the Judge for less than five years.)
- 6) Providing for continued payments for surviving children if no spouse is surviving. (Under the present law no payment would be made to minor children if the Judge's spouse did not survive.)
- 7) Recognition for retirement purposes of time served as an acting district judge if the individual is subsequently appointed as a Judge. The State's liability will be increased proportionately to the time served as an acting district judge's position.

CSHB
670

Mr. Fink moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR HOUSE BILL 670 ("An Act relating to the retirement of justices and judges; and providing for an effective date") be passed from committee with a "do pass" recommendation; there being no objections, it was so ordered.

Recess

A recess was called at 10:55 a.m.

AFTER RECESS

1:40 p.m.

PRESENT All members except Mr. Warwick. Representatives Naughton and Moses were also present.

HB 155 Chairman Hohman called the meeting to order and stated that HOUSE BILL NO. 155 (An Act relating to fisheries taxes) would be under discussion. He asked Mr. Moses to begin the discussion.

Mr. Moses stated he was in favor of the Committee Substitute for HB 155 which changed the 20% revenue sharing to 25%. He explained that the intent was to raise more money for resources. He thought a big portion of the state's share was being missed. He said the bill would aid the industry and the fishermen. Mr. Moses explained that in the Committee Substitute there is a provision for sharing with the local government. He said that in a number of places a majority of the fish is caught by non-residents. If money was put back into the local communities, the communities would have lower taxes and get better services.

Mr. Moses gave the following breakdown of what would happen in Kodiak as far as money going back into the City. Last year the Kodiak city and borough combined received \$140,000. The additional \$80,000 plus would bring it to \$220,000. By changing 20% to 25% that figure will increase \$55,000 to \$275,000. That is an increase of \$135,000 over the \$140,000. One mill real property tax borough wide produces \$44,000. So, the increase in revenues from the fish tax will be equivalent to the revenue produced by a 3 mill property tax.

Mr. Moses went on to say that at the present time there is a discrepancy between fish that are frozen and fish that are canned. He felt they were actually penalizing people who can salmon. He said there was a trend towards freezing them in the round and shipping them towards Seattle and canning them there. Under the present tax system they are taxed 1%.

To illustrate one of the reasons for opposing this, Mr. Naughton showed the committee a graph prepared by Mr. Heinsteen, a fisherman from Kodiak. The graph showed retail value in Kodiak along with the first wholesale value in taxes. They got \$32,000 raw fish tax--that is equal to about one crewman's share per year.