

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2545

and Mr. Carter felt they should be offered some protection.

Mr. Carter thought the legislature should look at all the bills pertaining to Peace Officers and Firemen's retirement, as the bills which were introduced all carry the same reasons for covering various employees.

Dental insurance coverage could be provided for the same amount of money as a 1% salary increase, continued Mr. Carter. If an employee were given the 1% salary increase, he could not provide the same coverage as the dental insurance would provide.

Rep. Haugen asked Mr. Carter's opinion on the labor relations negotiations. Mr. Carter replied that one thing after another has slowed down the negotiations, and it is possible that the Teamsters may take the situation to court. Next year the legislature can expect to find an agreement ready, continued Mr. Carter. One of the reasons bargaining is not going on now is that Personnel doesn't have enough staff to do the work, and they need at least one full-time capable man to do the work. The reason state employees went for collective bargaining is not just salary, said Mr. Carter, but collective bargaining gives the two sides the chance to sit down and discuss problems.

Marine Transportation has a different situation as far as their negotiations. The new collective bargaining agreement states that any monetary provision of the contract is subject to approval by the legislature. Mr. Carter said the bargaining could go on prior to the legislature, but the legislature would have to fund the money.

Four basic units for classified employees have been drawn: supervisors, confidential (Personnel employees and 15 Budget & Management employees), general government (covering the majority of employees), and blue-collar workers. Of these four, the supervisors have requested they not be recognized for labor relations, confidential employees have requested representation from APEA, and the general government unit of about 4,500 employees will be represented by APEA. The blue collar unit has been solicited by various unions, Joint Crafts, Tri-Trades, etc., and also by APEA, and is the only unit having a contested election. If APEA wins, the state would deal with only one union; if another union wins, the state would deal with two organizations. Mr. Carter stated he believed the legislature should insist that both unions bargain at the same time, should two organizations be involved.

Rep. Haugen asked the reaction of state employees if the labor relations law were repealed. Mr. Carter replied he talks to a majority of the state employees and they are not a militant group, about to go out on strike. They do feel, however, that they have not had an opportunity to have any input in personnel

rules, and by collective bargaining they will achieve this. Fringe benefits is a good example, added Mr. Carter.

The maternity benefit bill was questioned, and Mr. Carter said this would be No. 4 on the priority list. The best way to put it in would be on an optional basis, as up until now it has been completely unavailable. The health insurance program has not worked well, yet state employees have virtually no input in the program. With many state employees in Juneau, no insurance office is located here, as administration only contracted for one office in Anchorage.

If the budget were reduced, Rep. Saylor asked what programs could be eliminated. Mr. Carter replied economies could possibly be realized through attrition. If salaries are not increased, the good employees, really qualified, would look elsewhere for employment as they would not be adequately paid. Mr. Carter added programs could be cut instead of salaries, but he did not want to see another situation like the Department of Labor. Long-term employees at the Department of Labor were laid off, and the philosophy behind this was that cutting off their high salaries would save more money. There is a high rate of turnover, and money could be saved by not hiring employees when positions become vacant, said Mr. Carter.

Mr. Carter returned to the question of the salary survey, and noted that in Fairbanks, where the cost of living has gone up, the survey recommends a 3.7% cut in salary.

Replying to questions from Rep. Hillstrand, Mr. Carter said there are 6,100 classified employees, 1,500 seasonal and temporary, for a total of 7,600 to be covered by unemployment insurance. Explaining the reimbursable basis, Mr. Carter said an employee who was laid off or fired would draw on the fund, which in turn would bill the state for what was paid the employee plus administrative costs. Mr. Carter gave an example of costs, and said being strictly on a reimbursable basis would save the state money. Mr. Carter added that it would not be such a bad situation if something was done about personnel rules to protect temporary employees.

Mr. Carter noted APEA had an employee working on the salary survey this year, and he did feel the data listed is more accurate. However, Mr. Carter added, the salary survey is inequitable.

Replying to another question from Rep. Hillstrand, Mr. Carter said about 25% of the retirement fund is invested in equities. The performance has been good, but he would hate to see over 50% of the fund invested this way.

Referring to retirement legislation for Peace Officers and

Firemen, Mr. Carter said the Fish & Game people would like to be included in this category, as well as correctional officers, ambulance drivers, and employees in Weights & Measures. All bills should be considered at the same time, according to Mr. Carter.

Rep. Hillstrand then questioned the Little Hatch Act, and asked if the employees wish to become involved in politics and forget the merit system. Mr. Carter replied employees feel they should be allowed some input, as do teachers and borough and city employees.

Mr. Carter added that the four-day work-week was mentioned by state employees as being very popular.

Adjourned: The meeting adjourned at 5:00 P.M.

HOUSE FINANCE COMMITTEE
February 14, 1973
8:55 A.M.

PRESENT: All members, with the exception of Representative Ferguson.

Chairman Hillstrand called the meeting to order.

HB 61 Referring to the testimony heard from John Carter on February 13, Rep. Hillstrand asked the committee's opinion on unionization of state employees, specifically with regard to HOUSE BILL NO. 61 (An Act making a supplemental appropriation to the Dept. of Administration, labor relations agency).

Rep. Saylor said he was not satisfied that Mr. Carter was speaking for the majority of state employees, and he would like their opinion. Rep. Haugen stated he thought HB 61 should remain in the file, as the state will be faced with collective bargaining if the bill was funded. Rep. Hillstrand agreed, and said the rationale could be that the original legislation was not funded last year.

Rep. Haugen moved and asked unanimous consent to hold HB 61 in the file at this time. No objection, so ordered.

Rep. Warwick questioned the amount of money saved if state employees did not receive a step increase this year. The committee discussed the impact due to the delay in the pipeline and questioned what state employees should receive this year, if anything.

A sub-committee, Rep. Haugen, Saylor and Specking, was assigned to investigate further and report their recommendation to the committee in one week.

The committee discussed reductions in the budget, and what position the committee should take.

Recess: The meeting recessed at 9:30 A.M. until 2:00 P.M.

HOUSE FINANCE COMMITTEE

February 15, 1973

8:45 a.m.

Present: All members. Mr. Harold Byrd and Richard Solie from the University of Alaska; and Steve Wiener, AP, were also present.

HB 64 Chairman Hillstrand called the meeting to order and turned the presentation over to Mr. Ose, subcommittee chairman on HOUSE BILL NO. 64 (an act making a supplemental appropriation of \$1,668,000 to the University of Alaska).

Mr. Ose explained that this request is for monies to be appropriated from the General Fund. Some of the request dates from 1968 and it has been asked for before.

Mr. Byrd stated that this is a sum of accumulated shortfall in the University's unrestricted upgrading funds. He explained that the reason this had been carried forward was the feeling that the University should be able to carry it forward and perhaps dissipate it by prudent budget handling. It was also felt that in future years the state would be in a better position to cover this.

Representatives Fink, Banfield and McVeigh entered the meeting.

Mr. Byrd continued that this has placed the University in a very "tough situation" because they have no surplus funds. He said they have had to let some bills from suppliers who have legitimate claims against the University drag. Some bills have not been paid for three months.

Representative Fink requested an executive session.

Mr. Saylor moved and asked unanimous consent for an executive session. No objection, so ordered.

Recess: The meeting went into executive session at 8:55 a.m.

AFTER EXECUTIVE SESSION

9:20 a.m.

Present: All members. Mr. Byrd and Mr. Solie from the University of Alaska; and Joe LaRocca, news reporter, were also present.

Mr. Byrd said the University of Alaska had been requested to provide facilities on campus for the Division of Mines and Minerals. He said the University was to be reimbursed from the Department of Natural Resources. The University did the work for \$118,000 and at the end of the year the Department of Natural Resources said all they could pay was \$61,000. The Department said they would have to defer the remainder until the next year. When the Department's request was presented it was not included. The University requested that it be included but in the final analysis it was not forthcoming, Mr. Byrd added. The University was required to carry this another year.

Mr. Byrd explained in detail the deficit which includes Reserve for Bad Debts, Reserve for Encumbrances and Operating Losses. This detail is broken down in a report provided to the committee (see University file).

Mr. Byrd explained that their deficit actually totals \$2,608,022. However, HB 64 is for \$1,668,000. He said the Governor's supplemental deleted \$940,000 for accrued leave. Mr. Byrd stated that the University does follow national accounting procedures and the \$940,000 needs to be entered into the books.

Mr. Warwick asked about the doubtful accounts. After a brief discussion, the committee requested that Mr. Byrd provide the committee with a list of bad debts written off during the last five years, a list of Accounts Receivable, and the calculations used for determining the reserve for bad debts. Mr. Warwick also suggested that the University submit a list of accounts receivable which they think will be written off equal to the \$350,000 shown for the reserve for bad debts. Mr. Warwick asked the date of the audit report on the University. Mr. Byrd said this was June 30, 1972. Mr. Warwick pointed out that it was probable that there had been some accounts written off since that period.

Mr. Saylor referred to the 1970-71 increase of \$114,000 for insurance. He said because this increase was due to demonstrations and riots that many universities experienced and since the University of Alaska did not have demonstrations then the normal procedure should have been a reimbursement. Mr. Saylor asked if the insurance policy is experience rated. Mr. Byrd said yes. Mr. Byrd said there were reductions in subsequent years but this does not involve the aspect of reimbursement. Mr. Saylor suggested that because the University is an insured risk they should

investigate this. Mr. Byrd said that he would make a note on this.

Mr. Saylors then discussed the reserve account for accrued leave. He said his experience with governmental agencies is that they take a factor based on normal turnover. He said he would agree that it is an accounting practice that it be fully funded but he did not feel that it should be as it would become nothing but a slush fund. Mr. Byrd said that the University is involved with federal grants. He added that these are charged on the basis of developing an accurate reserve account for annual leave so they are required by this particular phase of operation to but the whole amount in. This was briefly discussed.

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

AFTER RECESS

2:10 p. m.

Present: All members except Mr. Saylor. Lt. Governor Boucher and Mario Martini were also present.

HB 54 Chairman Hillstrand called the meeting to order and said the committee would consider HOUSE BILL NO. 54 (making a special appropriation to the lieutenant Governor for the special congressional election). He explained that the committee had reviewed the information available, reduced this to \$146,000, signed the committee report and sent the bill to the floor. The committee had decided that this should be returned to Finance and had requested the Clerk to send it back. The bill is presently in committee.

The Lt. Governor gave the committee an over-all picture of Elections and what they try to accomplish. He said that Title 15 charges the Lt. Governor with the responsibility of Elections. No where in Title 15 is the Director of Elections referred to while the Lt. Governor is referred to 125 times.

The Lt. Governor said that there had been a number of U.S. Supreme Court decisions regarding elections and this agency could no longer be loosely constructed. He said while there may have been some areas of excessive dollars, for our tax dollars Alaska has the number 1 program in the United States.

The Lt. Governor said that in 1970 the Attorney General received a letter from the Department of Justice which stated that based on the 1970 Voting Rights Act and a comparison of the 1968 and 1970 census the State of Alaska was in violation of that act in four areas of the state. There were four areas where there were not 50% or more voters (based on the census). He said based on the 1970 census 180,000 voters would be the goal while at that time there were around 100,000 voters. The Lt. Governor said that when this happens the Department of Justice invokes this "trigger clause" and it means the state cannot reapportion -- they cannot conduct elections -- they cannot pass any elections laws. In these cases, the federal government takes over. The Lt. Governor said this became their first priority. In the early 1970 until the close of that election they registered well over 55,000 people. The Department of Justice then lifted the injunction.

The Lt. Governor said that during this process they recognized a need for a more professional approach to elections in Alaska. He said he feels this should be removed from the "partisan arena." The person who is the director should be under the merit system. He feels there should be an election board and the Lt. Governor should only serve as an ex officio member.

The Lt. Governor said that in the latter part of 71 and early 72 it was a reapportionment year. Elections had to make an estimate of what reapportionment would cost and they had no way to know this because the previous reapportionment election process was not computerized. This is where the problem started. The Lt. Governor said that because of the ruling of the Supreme Court which they did not receive until sometime in July, they could not do anything until slightly over 45 days before elections. He said because of this and the problems which resulted (bringing in part time people, etc.) their budget "blew completely apart."

The Lt. Governor explained how the figure of \$200,000 had been arrived at for the supplemental. He said that Mr. Charney told him in late December they had to have a figure. So they took the figure of \$1 a voter for an estimate of \$150,000 to \$200,000. He assured the committee that they intend to keep this at the lowest figure. He said when they looked this request over they inadvertently included the cost which relates to overexpenditures from 1972-73.

The Lt. Governor said he believed that the Committee's figure of \$146,000 is fair. He said they have had a cost analysis and feel they can conduct the special election for this amount. He pointed out that it is sometimes difficult to separate what is the cost of the special election. He said they have two figures -- \$146,000 for the special election and \$95,000 which is the amount they have overexpended their budget.

The Lt. Governor then explained a chart which showed the cost of elections by month and area. He also explained the \$95,000 of which \$73,1000 is to pay permanent staff salaries. (A detailed presentation had been given to the committee and can be found in the bill file).

The Chairman asked how they keep current in their office on the expenditures. The Lt. Governor said they do this on a line item by line item basis.

The Lt. Governor said in several instances they have used contractual money in the Office of the Lt. Governor for Elections.

In answer to Mr. Warwick, the Lt. Governor said there is a time lag of 40 to 45 days before they clean up the cost of an election. He illustrated this on the Elections graph which showed the cost by month noting the cost usually is shown about two months after the election. This was briefly discussed.

The Chairman thanked the Lt. Governor for his presentation and told him the committee would be in touch with him regarding a continuation of this discussion.

Recess: The Lt. Governor left the meeting at 3:04 p.m.

AFTER RECESS

3:06 p.m.

Mr. Byrd and Mr. Solie from the University of Alaska entered the meeting.

HB 64

The Chairman turned the meeting over the Mr. Ose for a discussion regarding HOUSE BILL 64 (supplemental appropriation to the University of Alaska).

Mr. Ose gave a brief recap of the morning discussion regarding the reserve for encumbrances which is requested in this supplemental.

The Chairman asked how long Mr. Byrd had been in his present job. Mr. Byrd said since 1968. The Chairman asked if they could say that Mr. Byrd was intimately acquainted with all that he has reported on in regards to this supplemental. Mr. Byrd said he would have to qualify this. He said he is acquainted with those portions that relate to obligations occurring prior to 1970, but since that time he became the Executive Director of Budget Development. He said in 1970 Max Hollinger became the Controller. Mr. Byrd has learned of these things through his activities as a budget officer.

The Chairman asked how the University has a bad debt. Mr. Byrd said they have a bad debt by permitting a number of students to defer their fees when they register. Then it is possible for the student to be able to pay this. In answer to the Chairman, Mr. Byrd said if this student enrolled again he would have to pay cash.

The committee then discussed the \$940,000 for annual leave reserve. Mr. Byrd said if they are going to cover their entire deficit they would have to have these funds on hand at the end of June 30th. This amount plus the \$1,668,000 would enable the University not to have a deficit.

Mr. Solie said the University did not look at this supplemental as a supplemental to this year's income. This is a means to "wipe the slate clean." Mr. Solie said he felt they have a "pretty clear understanding" at the present time and in the future if it becomes apparent they have gotten into the situation where they would have an overrun they would come immediately to the legislature to get a supplemental and if it was denied then they would take the necessary steps to restrict funds.

The Chairman asked what previous finance committees had told the University about this supplemental. Mr. Byrd said in the first year the legislature told them they should defer it into the next year. He said they had assumed, in spite of everything the University had said, that they had somewhere to get the funds. Mr. Byrd said this was a misunderstanding and was not true. Mr. Byrd said last year when the University requested this Commissioner Henri had made some inquiries and he came up with the conclusion that last year was not the time to request it. Mr. Henri recommended that it be deferred ahead, although the University did inform last year's finance committee about this.

Mr. Barber asked if there was anything that leads the University to be optimistic about the passage of this supplemental this year. Mr. Byrd said he had really not been able to form any such impressions. Mr. Barber asked what would happen if the supplemental was deferred. Mr. Byrd said the University would have to try again to defray part or it out of next year's operating budget. They would have to plan on a "rough time" during the last three months (of the fiscal year) in satisfying their creditors. Mr. Solie said that in addition to the pressure from the creditors the situation was so critical last June that President Wood or his representative came down to pick up the University's check which immediately had to be taken back to Fairbanks to cover checks written on June 30.

A discussion then followed on the Governor's veto regarding the University of Alaska (July 7, 1972 which reduced the University of Alaska budget by \$1,500,000). In answer to Mr. Barber, Mr. Byrd said

when the legislature had determined the amount last year the University felt it was liberal enough so they could continue their programs and "hopefully expect to maintain reserve of these funds to apply to this deficit to the tune of around \$600,000." He said when the liberal margin was eliminated (by the veto) they did not have it.

Mr. Barber asked if they had laid off any help last year. Mr. Solie said they had a moratorium about replacement. He told the committee that their professional people are on contract. Mr. Byrd added that they did give termination contracts.

Mr. Ose then questioned the pupil teacher ratio and this was briefly discussed. Mr. Byrd said if they do not have 19 students per class then the contract would not be honored. Mr. Ose said he felt certain there were classes below this level.

Mr. Byrd said as a general rule on the Fairbanks campus they hire people on a nine month basis. In Anchorage it is different. Some people are hired on a 12 month basis with the specific requirement they teach in the summer session.

In answer to Mr. Ose, Mr. Byrd said that part of their expenditure was due to problems in Anchorage where they were "cut short." They had many more students applying than anticipated.

Mr. Byrd said if this supplemental is turned down again he would still feel that the Board of Regents would be very reluctant to cut programs. They would have to face up to a serious problem with their creditors.

Mr. Ose asked if it would help to restrict the building program at the University. Mr. Byrd said it was his feeling that the Board feels they are charged with these construction programs. He added if the University "really had some encouragement from the legislature that they would prefer the University not to proceed or the University not to implement the programs, I think the Board would naturally but reluctantly go along." This was briefly discussed.

The Chairman asked who would be paid if the \$1.6 million is appropriated. Mr. Byrd answered that the money would become a part of the funds of the statewide University and would give them the cash to complete the year without

short-changing anyone. The Chairman then read from the Budget Document regarding the questions raised by the Budget Review Committee on the University's supplemental.

Adjourn: The Chairman thanked Mr. Byrd and Mr. Solie for their presentation and the meeting adjourned at 4:05 p.m.

HOUSE FINANCE COMMITTEE

February 16, 1973

9:10 A.M.

Present: All members, with the exception of Representatives Ferguson and Saylor. H. A. Boucher, Lieutenant Governor; Keith Weiss, Office of the Governor.

HB 54 Chairman Hillstrand called the meeting to order for further discussion on HOUSE BILL NO. 54 (An Act making a special appropriation to the lieutenant governor for the special congressional election; and providing for an effective date).

Mr. Boucher said the funding requests should be separated for clarity, and noted \$610,000 was in the election budget last year. Two items were passed into law last year which required appropriations but were not funded: 1) Re-apportionment required the spending of money needed, and 2) A special election is required by law to be held. The item of \$146,000 should be addressed just to the special election, continued Mr. Boucher. Both items were included in one request to the legislature, which was a mistake. The deadline for submitting appropriations was November 16, and the Office of the Governor estimated at that time a figure of \$200,000.

A current status of the Lt. Governor's budget was distributed to members of the committee (see bill file). Mr. Boucher stated the Lt. Governor's budget and the Division of Elections' budget are two separate items. He briefly explained the report, which he received monthly in order to see where his office stood in relation to the budget.

The Division of Elections will not know the total cost of the special election until the April 1 print-out is received from the computer. However, Mr. Boucher stated if the special election funding request is not granted, the election may be stopped. Costs of re-apportionment have been drawn from other funds, and spending for the special election has been going on since January with no special funding allocated from the legislature.

Rep. Hillstrand asked Mr. Hogan to review the budget from the Lt. Governor's office and the Division of Elections. Mr. Hogan referred to the short-form budget document and listed the figures authorized and requested. Rep. Hillstrand said the committee wished to see where \$95,000 was needed, to which Mr. Boucher replied it was for the Division of Elections only, and not the Lt. Governor's budget. Rep. Hillstrand then noted the legislature increased the budget to the Div. of Elections

last year by \$90,000, and asked why an additional \$95,000 was requested. Mr. Boucher replied the \$90,000 was granted last year for re-apportionment.

Mr. Weiss explained the re-apportionment funding of \$90,000 was set up as a separate account, and all expenditures made against the account were listed. \$78,343 has been spent so far from the \$90,000 special account for re-apportionment as follows: Personal Services \$33,000; Travel \$450; Contractual \$35,500; Commodities \$474; Furniture & Equipment \$8,919.

Mr. Hogan questioned where the figure was listed in the budget, and reviewed the figures for the Lt. Governor's office and the Division of Elections, neither of which showed the \$90,000. Mr. Weiss said Budget & Management instructed them to exclude this figure from the budget. Expenditure of the money was for postage, advertising, rents and leases, and salaries of temporary employees.

Mr. Boucher added that last year the Division of Elections was given the responsibility for registration of voters in cities and boroughs. In Anchorage, the Elections office is responsible for listing and up-dating voter registration, each addition or change taking 23 minutes of clerical time. Over 50% of the budget is spent on maintenance of the list, and it is by far the most costly part of the entire election. Anchorage alone had 250,000 transactions last year.

\$401.4 is requested for next year, and Mr. Boucher said more effort will be put in modernizing voter registration and in up-dating of materials.

The committee questioned some employees who had not been paid, and Mr. Boucher said there were a few. Rep. Hillstrand said they should be paid from the contingency fund, as no money has been spent from this fund up to this time.

Recess: The meeting recessed at 10:00 A.M.

HOUSE FINANCE COMMITTEE

February 22, 1973

4:00 P.M.

Present: All members with the exception of Rep. Ose and Specking.
Rep. Helen D. Beirne and Richard L. McVeigh. Messrs. Love,
Johns, and Isaacs, Alaska Family House.

HB 236

Chairman Hillstrand called the meeting to order and stated the purpose of the meeting was to discuss HOUSE BILL NO. 236 (Special appropriation to Dept. of Health & Social Services, office of drug abuse). Rep. Ferguson has been the member of the Finance Committee studying the problem of drugs and rehabilitation and would conduct the meeting.

Mr. Johns explained the purpose of the program for Alaska Family House was to supply a treatment center for drug abusers. Hard core addicts are housed in a closed environment for from fifteen months to two years, after undergoing strict screening to see if they are motivated sufficiently to give up drugs. Two or three out of ten applicants are accepted. The Family House is set up as a community, but is highly structured and tightly disciplined. Mr. Johns and his wife agreed to come to Alaska as co-directors of the project because of the need for the program, and had previously been associated with the Family House in Seattle.

Family House holds 25 people, giving care and supervision to each individual. The program was started in a rented facility in Seattle, on public assistance, with both directors receiving \$50 per month. Various grants have been received to continue the program, both from the federal government and private industry.

Strict discipline is maintained, and an individual is rewarded for good behavior or punished for a negative attitude. A status structure has been set up, where an individual works his way up to a responsible position, starting as a worker (house cleaning, baby-sitting, cooking) and progressing to become a house counselor or guru (advising and aiding other participants in the program). The next phase is re-entry, gradually re-entering society, and job-oriented skills are taught to aid the individual.

Results have shown an individual must stay in the program at least eleven months for a successful return to society. Mr. Johns read the statistics of success from a report (see bill file).

Rep. Hillstrand questioned the costs of the program. Mr. Johns replied in Seattle the Family House is run on \$11 per day per

individual; however, he believes it will be more expensive in Alaska. Mr. Love added low cost care is possible in Seattle as many donations are received to aid the program, and the \$11 per day figure merely represents the amount received from NIH (federal funds).

Steve Weiner, news reporter, joined the meeting at 4:15 P.M.

Mr. Love explained that the federal government is phasing out their program, and other states will not accept referrals from Alaska due to lack of funds. He added it would be cheaper to treat people locally.

Rep. Hillstrand questioned the structure and screening of the program. Mr. Johns explained applicants must invest emotionally in the program and follow the organized routine. Morning meetings are held, then lunch, then training seminars. Every other night therapy sessions are held, consisting of "reality therapy", lasting about three or four hours. Everyone in the house is totally without drugs, and the director is there 24 hours a day for guidance. Many times group sessions are held in the middle of the night if a patient requires aid. Advancement through the status structure rewards good behavior. If an individual leaves the house and requests re-entry into the program, he is reduced to worker status again.

Mr. Love stated he has studied the problem and found other programs were not too effective with hard core addicts. Only two programs have shown good results -- Methadone maintenance and house care. The Seattle Family House was visited by many interested people from Alaska, and the staff felt they should make an effort to spend two years in Anchorage to structure the program. The program would rehabilitate addicts at one-third to one-half the cost of incarcerating them. Most corrections officers cannot deal with addicts, and this program would get them off the street and away from crime.

Rep. Ferguson noted HB 236 would fund the program, and asked how it was financed previously. Mr. Love stated it was a new program, and the bill seeks \$50,000 to fund it. Rep. Beirne said the people organizing the program in Alaska are operating on a budget of about one-third of other institutions because they are highly motivated people. Patients enrolled in the program are doing much of the work. About 40% of those patients have shown they can come out and live in society after rehabilitation. \$10,000 was originally requested to fund the program for a four-month period, and Rep. Beirne stated she raised the request to \$50,000. Once started, the program will fall under the category of Corrections, and some funding should be received from this department. Some of the program will fall under Vocational Rehabilitation and funding will be received from that department, continued Rep. Beirne. Once incorporated, the treat-

ment centers will receive funding, but they are now requesting money in order to get started.

Mr. Love said patients can be self-referrals or referred by the Court, and the costs could be picked up by the state if not covered by other departments. Mr. Johns said Anchorage will certainly cost more than \$11 per day per person, but the cost will still be lower than care in other institutions. Cost per client will be high to begin with, just in order to start the program, but will decrease as the program goes along.

Rep. Ferguson asked how the state would refer cases, to which Rep. Beirne replied they would be directed to the program by the Court, in lieu of a jail sentence. Rep. McVeigh asked if the Family House could refuse cases thus referred, to which Mr. Johns said yes. The person would be interviewed and could be rejected, as Family House is a private, non-profit organization. Mr. Love added the program would accept individuals with good motivation, and sometimes this motivation could be provided if they knew the Family House was their only choice other than a jail sentence. However, Mr. Johns said, they could be rejected from the program at a later time if they did not get along in Family House.

Rep. Saylor asked how large the facility was in Seattle, to which Mr. Johns replied it houses 25 people. The program has been in operation for three years. Mr. Johns read statistics of the progress of the program from a report (see bill file).

Thus far, seven people have graduated from the program, meaning they have stayed in a Family House for 24 months and have not returned to drugs. Another program is alternative re-entry, where a patient may go out on their own after 15 months. They are afforded the opportunity to leave the "family" and this has been successful.

Rep. Warwick asked how many people in Alaska could use this program, to which Mr. Isaacs replied there is a real need in Alaska, discovered by a study done by their Seattle office. The committee discussed various other solutions to the drug problem, such as Methadone maintenance and the English method of allowing doctors to prescribe drugs for addicts. Mr. Johns stated he did not feel this was the answer, as heroin maintenance would just lead an addict to more drugs. Eventually, there may be a levelling off of addicts, however, as studies in England have shown. Rep. McVeigh noted the Family House program is only one possible solution, and other areas could be explored.

Rep. Beirne noted the present appropriation is about \$250,000 for the drug problem. Many different programs are going on, both for prevention and control. Education on drugs is presented in schools. However, more help is needed. The committee

discussed the various methods of prevention and control.

Rep. McVeigh suggested the Court giving a light sentence if the addict would inform on who sold the drugs. Mr. Johns explained it was known in the "underground law" that you could get a lighter sentence by informing, but very few addicts would comply. Also, Mr. Johns was not in favor of a mandatory sentence as it would allow the judge no leeway and there are many possible solutions other than a jail sentence.

Rep. Ferguson asked if Family House would only apply to Anchorage. Mr. Johns replied it is called Alaska Family House and will be just that, taking referrals from other areas in the state. Graduates of the program may go to other cities to set up similar programs.

Rep. Ferguson noted a report from the Commissioner of Public Safety, listing the high cost to the public of drug addicts (including the resultant crime). A conservative estimate was 400 addicts cost the state approximately \$1 million per month.

Rep. Ferguson would prefer to hold all bills pertaining to drug abuse until they may be considered at one time. Rep. McVeigh said he would request that committees send such bills on to the Finance Committee, at which time any interested representatives may appear to testify before the committee. No further action would be taken at this time.

Adjourned: The meeting adjourned at 5:30 P.M.

HOUSE FINANCE COMMITTEE
February 23, 1973
8:12 a. m.

Present: All members except Mr. Ferguson. Representatives Fritz and Bradner were also present.

HB 27 Chairman Hillstrand called the meeting to order and said the committee would consider HOUSE BILL NO. 27 (an Act providing for the issuance of general obligation bonds in the amount of \$2,400,000 for the purpose of paying the cost of designing, constructing, acquiring and equipping a Yukon River Ferry (The River Road); and providing for an effective date). He turned the meeting over to Mr. Warwick.

Mr. Warwick asked that Dr. Fritz and Mr. Bradner give testimony on the legislation.

Dr. Fritz said that similar legislation had been introduced during the Fifth State Legislature; however the present legislation is more costly. He added that a study had been made by the Division of Marine Transportation and the figure proposed will take care of inflation. This will also allow for an additional study on tariffs. He added that since the oil business is in limbo the greatest renewable resource is tourism. This legislation would help the tourism resource. Dr. Fritz said they feel that the income from the tourist would bring revenue to the state. Dr. Fritz said that Mr. Bradner was really more familiar with this and turned the meeting over to him.

Mr. Bradner said that in considering this ferry they had to get over the initial prejudice. First, there are people who are in favor of roads and secondly, people who do not think in terms of ferries for Northern Alaska.

Mr. Bradner said the most practical application of the proposed ferry would be between Circle City and Dawson. Mr. Bradner said that from the studies that have been done on this they feel it will be a "break even operation." He pointed out that this ferry will not be as expensive as an ocean going vessel. Mr. Bradner said he had participated with a private group in attempting to put together a private ferry. He said they just could not "get it altogether." He said the group had performed traffic counts and communicated with people in Dawson and there was a tremendously high level of interest.

Mr. Bradner continued that this ferry would enable the tourists not to backtrack 500 miles to get out of the state.

Mr. Bradner pointed out that in Southeast the ferries run on a year-round basis while the proposed ferry would run 5 months. The crew would be on a "Mississippi contract." This would be one crew and they would work 5 months and be off 6 to 7 months.

Mr. Bradner also pointed out there would be no need for permanent docks which would also be less expensive than the Southeast system. They would build a temporary landing setup each system and this would not be elaborate.

Mr. Ferguson entered the meeting.

Mr. Bradner then illustrated the type of construction necessary for this ferry. He said the mechanics of this ferry would be more simplistic than the Southeastern ferries. They would not have many of the problems experienced by Southeast.

After a brief discussion, the meeting recessed at 8:38 a.m. The committee decided that HB 27 would be discussed again at 4:00 p.m., February 27.

AFTER RECESS
2:50 P.M.

Present: All members with the exception of Representatives Hillstrand Ferguson and Ose. Rep. Mildred Banfield was present.

HB 125 Rep. Haugen called the meeting to order for the purpose of discussing HOUSE BILL NO. 125 (An Act making a special appropriation to the Alaska State Museum in the Office of the Governor, and providing for an effective date).

Rep. Banfield stated the Pullen collection was taken from Alaska when Mrs. Kopanski moved from the state, and it was now in an art museum in Seattle. She did not know what was in the collection, but had heard that the National Park Service was willing to spend \$4,000 to do an appraisal. They would like some show of cooperation from the state. The Edmonton government has expressed interest in buying the collection because of their interest in the Gold Rush period.

Rep. Saylor said HB 125 was referred to him, and he conversed with Mrs. Hobbs of Senator Stevens office, who felt private money was available to buy the collection if the state was not willing to buy it. Rep. Banfield noted this was in error, as no private concern has offered to buy the collection. Skip Burns from Skagway was asked to collect the money privately, but since he has been working in Juneau for the legislative session, he was unable to collect any money thus far.

Rep. Banfield said many valuable items are lost to the state of Alaska, as they are purchased by various museums throughout the world. It would be an asset to have someone in the state who could check and retain valuable items for Alaskan museums.

Mr. Richard B. Engen, Director, Division of Libraries, was called to the meeting for his opinion. He explained the National Park Service has not made any offer, but an appraiser has been found who would appraise the collection for \$5,000 in approximately two months time. Once the appraisal has been made, the National Park Foundation could apply to other foundations for funds to accomplish the purchase. It would be a joint venture with the state. The collection would be housed in Skagway, but sent throughout the state for viewing at other museums.

The committee questioned Mr. Engen's opinion of the collection, and he said personally he was not impressed. There were no items of interest to the library, but Mr. Engen stressed he was not an expert on the items in the collection and they may be of value to a museum.

Rep. Banfield said the museum in Seattle will not hold the collection after March 1, and Mrs. Kopanski will not pay for any additional storage fees after that date. There is not time for a lengthy appraisal, but the committee did not feel the state should be committed to buy a collection without knowing the items involved and the approximate value.

The committee discussed various alternatives, and Mr. Engen suggested calling the museum in Seattle to see if the collection could be stored until an appraisal was made. Possibly the state could pay the additional storage fees. Mr. Engen was instructed by the committee to do this, and also request an inventory of the collection from the museum.

Adjourned: The meeting adjourned at 3:25 P.M.

HOUSE FINANCE COMMITTEE

February 24, 1973

9:15 a.m.

Present: Committee members Haugen, Warwick, Specking, Saylor, Barber, and Freeman. Also present were Mr. Richard B. Engen, Director, Division of Libraries in the Department of Education, and Mr. Rod Pegues, National Park Services, Seattle, Washington.

HB 125

Representative Haugen called the meeting to order. The purpose of the meeting was to discuss HOUSE BILL NO. 125 (An Act making a special appropriation to the Alaska State Museum in the Office of the Governor for the purchase of the Pullen historical collection in Seattle, Washington - \$200,000).

Representative Saylor informed Mr. Pegues that the House Finance Committee wanted more information on the collection before coming to any final decision.

Mr. Pegues then stated that he had viewed the Pullen collection with the idea of using it for the Klondike Goldrush National Historical Park to be built in Skagway. The collection could be broken down into various exhibits and circulated throughout Alaska.

With regard to the collection itself, Mr. Pegues stated that it needs an inventory appraisal, and he has come in contact with a highly qualified appraiser in Seattle who will do the work for \$5,000. The appraisal will take approximately six weeks. The appraisal fee is the standard rate--2% of the collection's value. Mr. Pegues said he felt that the appraiser would not be interested in the work if he did not feel that it was worth \$200,000. Mr. Pegues added that the collection may be worth much more. He said the collection was quite valuable historically, but he was not sure of its actual monetary value.

Mr. Pegues said that the City of Seattle is presently studying Mrs. Mary Kopanski's lease of the building in which the collection is stored. The collection must be moved from its current location within a matter of weeks. There may be a possibility that they will not begin renovation of the building for one or two months, and the appraisal could be completed in that time.

Mr. Pegues said that a museum in Alberta, Canada wishes to buy the collection, and Mrs. Kopanski also has the option of selling the collection piece by piece to a broker. She may also decide to sell the collection on a time contract for tax benefits. If that occurs, the Klondike National Park could then be authorized to spend some money in conjunction with the state for the collection (after the park has been established).

Mr. Pegues said the collection contained hundreds of pieces of cut glass, antique china and furniture, and a gun collection--among many other items. He said the paintings in the collection were "back-of-the-bar" works and would be good for an Alaskan exhibit, but were probably of no true artistic value.

Representative Specking stated that before purchasing this collection, an inventory and appraisal must be made. Representative Warwick asked where the collection would be stored if it were purchased. He noted that a building with security personnel would be needed for the storage. Mr. Pegues said that until the park in Skagway was established, the City of Seattle could store it at Mr. Rainier National Park. In response to Mr. Warwick, Mr. Pegues said it would be at least three years before the Skagway park was completed.

Representative Saylor then read a letter from Mrs. Kopanski which stated that the deadline for a decision was March 1.

Representative Barber then asked if any part of the collection had been removed or sold. Mr. Pegues said that through the years, Mrs. Kopanski has sold a few pieces, but he was not sure what the sales had consisted of.

Mr. Specking said that he did not want Alaska to lose a possible historic treasure, but he was concerned with the fact that no one actually knew what was in the collection, nor how much it was worth. He added that the packing up and storing of the collection would be an enormous job, and the shipping might be quite costly.

Representative Haugen asked Mr. Pegues if \$200,000 was the final figure. Mr. Pegues stated that Mrs. Kopanski might sell the collection for \$150,000.

Representative Saylor stated that an appropriation should be authorized--not to exceed \$200,000 or the appraised value of the collection (whichever is less). The appropriation will cover the appraisal fee, packing, shipping, and storage.

In response to Representative Specking, Mr. Pegues said that Mrs. Kopanski might pick up any cost of packing the items.

The committee members then decided that Representative Saylor should fly to Seattle today, view the collection, and report back to the committee on Monday.

The meeting adjourned at 9:45 a.m.

HOUSE FINANCE COMMITTEE
AFTER RECESS
4:40 p.m.

PRESENT: All members except Representatives Saylor and Ferguson.

Chairman Hillstrand stated that the House leadership had supplied him with a list of bills which were priority items; he listed them as follows:

House Bills 29, 42, 52, 53, 58, 60, 61, 63, 64, 66, 71, 77 (Senate Bill 114), 121, 139, 140, 171, 172, 176, 227, 106, 267, Senate Bill 133, and HCR 21.

Chairman Hillstrand asked the members to indicate additions which they felt should be made to the list.

Representative Freeman stated his top priority was House Bill 41.

Representative Warwick said he would like included Senate Bill 13, House Bill 255, Senate Bill 111, the Flood Control Bill, and a bill appropriating \$5,000 to the Department of Administration.

Representative Haugen wanted to include the student loan bill, and HCR 27.

Representative Specking stated he would be "delighted" if HCR 18 passed.

Representative Ose stated his priorities included HCR 28 and the "choral group" bill.

Representative Hillstrand stated that the record should show that Representatives Saylor and Ferguson were not present to indicate their priorities.

Chairman Hillstrand stated that the committee should decide which bills were to be passed out of the Finance Committee. He said that House Bill 7, Sponsor's Substitute for House Bill 10 and House Bill 11 would not be passed out.

Representative Warwick stated that he felt that House Bill 27 should be held until next year; the committee will, however, hear further testimony on the bill on Tuesday, February 27. He mentioned that funds might be available for a feasibility study in connection with the bill.

Chairman Hillstrand stated that the caucus had indicated that no personal taxes would be passed this year; thus, House Bill 56 would not be passed out.

Representative Freeman stated that he felt funds could be found within the budget to take care of House Bill 40; thus, it would not have to be passed out.

Chairman Hillstrand stated that House Bill 76 would not be passed from committee.

Representative Haugen stated that House Bill 82 could be delayed until next year, but that the special sub-committee on renewable resources would be discussing the bill at their meeting on February 27. Chairman Hillstrand stated that the committee would reserve judgment on the bill until Representative Haugen reported back on it.

Representative Barber stated he felt that House Bill 90 was not needed, but since it was sponsored by Representative Ferguson, the committee should wait until he was present to discuss it.

Representative Haugen stated that he would be ready at any time to make his presentations on House Bills 109 and 110; Chairman Hillstrand said the committee could take up these bills on February 28.

Representative Barber stated that House Bill 115 was dead.

Chairman Hillstrand stated the committee would not make a decision on House Bill 125 until Representative Saylor returned from Seattle.

Representative Haugen said that House Bills 134 and 135 could be held until next year since the bonds could not be put on the ballot until 1974.

Representative Ose stated that House Bill 137 had been incorporated into House Bill 65.

Chairman Hillstrand stated that House Bills 152 and 166 would not be passed from committee.

Representative Warwick said that House Bills 171 and 172 were "good bills"; Chairman Hillstrand said that they would be kept alive for one week for hearings.

Representative Warwick stated that he was changing his mind regarding personal taxes; he said he felt that if services were to be increased in state government, taxes could also be increased. He said he felt the personal taxing measures (House Bills 196, 237, and 56) should be left open for further consideration by the committee.

Representative Haugen said HCR 11 could be held until next year; the cost is \$27,000.

is faced with the problem of deciding whether or not they want to pay for coverage for two years prior to this fiscal year, and he has come to the conclusion that the claim should be paid. The committee discussed the problem, particularly with regard to Workmen's Compensation. HB 66 would be held one more day, and brought up at 4:00 P.M. on March 1.

Representatives Ferguson and Ose joined the meeting.

HB 218

Mike Stratton, Rick Jarvis and Ann Flavin, students from the University of Alaska Anchorage campus, joined the meeting to testify on HOUSE BILL NO. 218 (Repealing "forgiveness" of the scholarship loan program). Mike Stratton, spokesman for the group, said they wished to make it known that the students are opposed to this bill, as forgiveness of the educational loan is very beneficial to them. He stated Alaska would benefit in the long run by leaving forgiveness of loans in the law, as the students would stay in Alaska after graduation and contribute to the state by paying taxes. Replying to questions from the committee, the students stressed the forgiveness clause is necessary, and the state would benefit by furthering education of the citizens. Each student gave a brief statement of their educational goals. The student government had paid for their trip from Anchorage to Juneau, and their primary concern was to put a student on the Board of Regents and to discuss the parking situation in Anchorage with the legislature. The students were excused from the meeting at 4:15 P.M.

HCR 21

Rep. Ferguson distributed a report to the committee pertaining to HOUSE CONCURRENT RESOLUTION NO. 21 (Requesting a feasibility study of the construction of a road either from Sitka to Warm Springs Bay or Sitka to Rodman Bay). (See bill file for a copy of the report.) Rep. Ferguson stated nothing is planned by the Highway Department for such a road, and the committee should decide if a feasibility study is needed. In 1964 it was estimated that a road from Sitka to Warm Spring Bay would cost \$24 million, and the cost at this time would be considerably higher. Rep. Ferguson suggested HCR 21 be held in the finance committee file and the committee agreed.

Representatives Haugen and Freeman were excused from the meeting at 4:20 P.M.

HCR 35

HOUSE CONCURRENT RESOLUTION NO. 35 (Proposing temporary stop-go lights on the new Seward Highway until grade level 90-degree access and crossings are eliminated) was brought before the committee by Rep. Specking. He advised there was no formal fiscal note, but in a conversation with Tom Johnson of the Department of Highways, Mr. Johnson had advised that an installation of a temporary stop light would cost between \$125,000 to \$150,000. The Resolution could involve as many as seven lights, but probably would only cover two (at two four-lane highway

Chairman Hillstrand said that HCR 12 could also be held until 1974.

Representative Specking stated that he felt HCR 13 should be passed from committee with a "do pass" recommendation

Representative Haugen stated that HCR 21 would not be needed if House Bill 41 was passed. Chairman Hillstrand stated he would leave it open for further consideration.

Chairman Haugen stated that HCR 24 would not be passed from committee.

Representative Barber said he felt the cost of HCR 26 was small (\$15,500) and that it covered an important subject. Chairman Hillstrand said it would be kept alive, as would HCR 28.

Chairman Hillstrand stated that HCR 35 would not be passed from committee.

The committee discussed HCR 36 ("Relating to the Taylor Highway"); Representative Haugen stated that Representative Wilson was concerned about this resolution. The committee decided to invite Representative Wilson to appear before the committee on February 27 to discuss this matter with them and also to discuss the Delta School.

Chairman Hillstrand stated that HCR 37 would not be passed from committee, and that HJR 3 would also be held.

Representative Ose said he would like HCR 46 and CSSCR 7 kept alive.

Mr. Hogan stated that highway resolutions do not carry much weight and, therefore, are not worth much time by the committee. He suggested they all, as a group, be passed from committee with no recommendation or be allowed to die. The committee discussed this approach.

Representative Haugen moved and asked unanimous consent that House Bill 61 ("An Act making a supplemental appropriation to the Dept. of Administration, labor relations agency; and providing for an effective date.") be passed from committee with no recommendation. Chairman Hillstrand ruled that the bill was not before the committee and that Representative Haugen was out of order.

RECESS

The meeting recessed at 5:30 to discuss a budget matter.

HOUSE FINANCE COMMITTEE
February 27, 1973
1:35 P. M.

Present: All present, with the exception of Representatives Ferguson and Ose. Also present were Reps. Mildred Banfield and Mike Miller. Bob D'Armond, State Historical Librarian; Skip Burns, representing Skagway City Council.

HB 125 Chairman Hillstrand called the meeting to order for a report from Rep. Saylor on HOUSE BILL NO. 125 (An Act making a special appropriation to the Alaska State Museum in the Office of the Governor; and providing for an effective date).

Mr. Saylor stated he met with George H. Tweney, a private appraiser, and Mrs. Kopanski, owner of the Pullen collection, in Seattle last Saturday to look at the Pullen collection. Mr. Saylor was very impressed by the quantity and quality of the collection. He gave a rough estimate of between 7,000 and 8,000 pieces, consisting of 13 large pieces of gambling equipment, 7 or 8 different types of slot machines, 7 hutches, a gun collection (practically worthless), 2 bedroom sets (one done in gold, consisting of a chest of drawers, dresser, large mirror, two chairs, etc.), other pieces of furniture, several pieces of rosewood from Lee Guthrie's house, 50 to 60 lamps, an original treaty between the Stikine and Chilkat Indians made in 1876, 3 pianos and one organ, early French paintings, baskets (200 to 300), 300 to 500 pieces of glassware, hand-blown pint bottles, 20 different types of hanging pieces, and 8 cases of artifacts including Indian beadwork and a Chilkat blanket. Mr. Saylor distributed pictures he had taken in the Seattle museum of the collection (see bill file).

Mr. Saylor described the contents of the rooms in the Seattle museum housing the collection. One large room contained a bar, poker and crap tables, and corresponding paintings and glassware. A second room of about 30 x 12 contained chairs, lamps, music boxes, clocks, typewriters, gold furniture, etc., probably about 2,000 items. The third room, 24 x 12, contained silverware, crystal, china, cut glass, etc., in excess of 2,000 items. Included were printed materials, miner's tools, Indian artifacts, photographs, and carpenter tools, a copy of the Klondike News, hotel ledgers, foot warmers, shotguns, a steam boiler, etc. The Pullen family collection consisted of approximately 250 items, including 8 mounted animal heads, 50 pieces of copperware, 3 paintings of nudes hanging over the bar, and about half a dozen other items which are still stored in Skagway.

A proposal for an appraisal of the collection was written by George H. Tweney, and Rep. Saylor distributed copies of this letter to the committee (see bill file).

Mrs. Kopanski told Rep. Saylor the absolute minimum price for the collection was \$200,000. She indicated there was another buyer from Canada who is interested, but would not state at this time who the other buyer was. The appraiser, Mr. Tweney, indicated the collection was worth at least \$200,000, if not more. Mrs. Kopanski would accept time payments of \$20,000 per year over a ten-year period, as she is 66 years old and interested in retirement income. The cost of the appraisal, transportation and packing of the collection, and insurance on the collection must be borne by the state. It is being sold where is, as is. If the state purchases the collection, Mrs. Kopanski said it must be insured for the term of the time payments to her, or at least ten years. If an appraisal judges the collection to be worth in excess of \$200,000, the state of Alaska may keep any amount in excess of \$200,000 as a donation from Mrs. Kopanski. She believes the collection should be returned to the state.

Mr. Chapman, of the City Council of Seattle, said the collection may be stored in the museum for a reasonable period of time to appraise it and take legislative action. Mrs. Kopanski said she had no deadline for sale of the collection, but would like to see the legislature take action as soon as possible.

Mr. D'Armond was asked his opinion of the collection. He said he had seen it in Skagway in 1950, but it was scattered around the house and not in a museum. His thought was that the collection would not be of interest to tourists coming to Alaska who want to learn about the state and that it was a matter of priorities. Alaska had a fur industry for 200 years but no museum for same; a fishing industry and a mining industry, but no museum for same. Mr. D'Armond said he thought something should be developed for these subjects with whatever funds were available. In conclusion, Mr. D'Armond did not doubt the Pullen collection was worth between \$200,000 to \$300,000, if there was any real interest in the collection.

Rep. Warwick noted the problem was what to do with the collection if the state bought it, to which Rep. Saylor said it could be broken down into a number of various types of collections, part of which could be a traveling exhibit to different cities in the state. Rep. Miller said there may be space in the Juneau museum for part of the collection, and the federal government is interested in a park in Skagway where the collection might be housed. The committee discussed the various possibilities.

Rep. Saylor stated he had seen the museum in the University of Alaska and the one at Dawson, and the Pullen collection is far superior.

Rep. Specking questioned the cost of shipping, to which Rep. Banfield said she would estimate between \$3,000 to \$4,000 for packing and shipping. Rep. Saylor added the appropriation bill

should be increased to cover the cost of appraisal, packing, shipping, etc., and a person should be assigned to over-see the operation and guarantee that the state received every item in the collection.

Skip Burns was asked for his opinion. He stated Skagway is interested in building a smaller city building for the offices presently in the city hall building. They could vacate the entire building, which now houses a museum on the second floor, and display the Pullen collection in Skagway. The City Manager is now attempting to get funds for the move. The old building is a sizable, good, solid, safe structure. Skagway is also prepared to aid in the packing and shipping of the collection and can commit funds to this end. Mr. Burns attempted to collect federal funds last September, but no funds were made available. The Park Service, in planning a park in Skagway for the Klondike trail area, will not aid in purchasing a collection of this type, but there has been some indication that they may aid in a building to house the collection. Mr. Burns concluded by saying he had received \$200 from school children in Skagway towards a fund to purchase the collection.

Rep. Saylor suggested the committee draft a committee substitute for HB 125 setting forth terms and conditions, including the insurance factor, the ten-year payment plan, appraisal cost estimate, and date when it will be effective. The committee discussed this possibility, and decided \$225,000 would be required for the appropriation. Rep. Specking added the committee could look at this in connection with other purchases which may come about, as realistically there should be a fund for other purchases.

Rep. Saylor moved and asked unanimous consent to pass a committee substitute for HB 125, changing the appropriation amount to \$225,000, and including the above-mentioned details for the expenditure of the money. Reps. Hillstrand and Specking objected. A vote was taken and the motion carried with a vote of five in favor, two opposed. Legislative Affairs will be directed to prepare the appropriate committee substitute.

All witnesses attending the meeting to testify on HB 125 left the meeting.

HB 18

The committee briefly discussed HOUSE BILL NO. 18 (An Act relating to legislation and ballot measures authorizing the issuance of general obligation bonds). Rep. Saylor explained the history of the bill and that the committee had reported it out earlier in the session with a "do not pass" recommendation. Rep. Warwick moved to table the bill, and objections were heard. Upon vote, the bill was tabled by a vote of four to three.

HCR 35

HOUSE CONCURRENT RESOLUTION NO. 35 (Proposing temporary stop-go lights on the new Seward Highway until grade level 90-degree access and crossings are eliminated) was brought before the committee for discussion. No fiscal note was provided, as it would not be ready until the following day. The safety factor was discussed. It was suggested that the Commissioners of Highways and Public Safety would have expertise on the matter and their opinions should be reviewed by the committee before a decision was made. HCR 35 was held in abeyance until a fiscal note and a letter of opinion was received.

Recess: The meeting recessed at 3:00 P.M. for an executive session.

AFTER RECESS
3:15 P.M.

HB 61

HOUSE BILL NO. 61 (An Act making a supplemental appropriation to the Department of Administration, labor relations agency; and providing for an effective date) was brought before the committee. Rep. Haugen moved and asked unanimous consent to move HB 61 from committee with a "do pass" recommendation. No objection, so ordered.

HB 125

Rep. Saylor asked the committee to consider HOUSE BILL NO. 125 (An Act making a special appropriation to the Alaska State Museum in the Office of the Governor; and providing for an effective date) and the need for quick action on the bill. He moved and asked unanimous consent that the original bill be amended to raise the appropriation to \$225,000 (to cover the costs of appraisal, packing, shipping and insurance), and he would write a letter of intent explaining the amendment. There was an objection and a vote was taken. The motion carried by a vote of five to two, and HB 125 was amended and passed from committee with a "do pass with attached amendment" recommendation.

Recess: The meeting recessed at 3:35 P.M.

HOUSE FINANCE COMMITTEE
AFTER RECESS
3:40 p.m.

PRESENT: All members except Representatives Ose and Ferguson;
Representative Lavell Wilson.

HCR 36 Chairman Hillstrand stated that Representative Wilson was present to testify on HOUSE CONCURRENT RESOLUTION 36 ("Relating to the Taylor Highway").

Representative Wilson stated that the resolution requests the Governor to instruct the Department of Highways to start drawing up specifications for the eventual rebuilding of the Taylor Highway. He said you can only enter Alaska two ways--on the Alaska Highway or the Taylor Highway; and traffic has been increasing tremendously on the Taylor Highway over the past few years. Many tourists enter Alaska via the Alcan and return south via the Taylor.

The Taylor Highway, Representative Wilson said, was originally built by the Alaska Road Commission and has not been reconstructed since that time. It has been maintained by the Alaska Road Commission, the Bureau of Public Roads and the Department of Highways. The highway is deteriorating because of the increased usage, especially since the advent of asbestos mining in Canada; the asbestos was trucked into Alaska via the Taylor Highway, and this traffic was very detrimental to the condition of the road. Currently, after a heavy rain, it is impossible to tow any trailer over the road.

Representative Wilson stated that the Taylor Highway traverses some of the most spectacular scenery in Alaska and follows a historic route along the goldfields. The road is a supply route to people living in the area; it is closed during the winter months.

The basis of the resolution, Representative Wilson stated, is to direct the state towards planning to rebuild the road.

Chairman Hillstrand stated that the State Affairs Committee had passed the resolution from that committee with Representative Orsini recommending that it do pass, but that the references to "immediately" and "highest priority" be stricken from the resolution. Representative Barber concurred in that recommendation. Representative Wilson said that those phrases are apparently always included in highway resolutions.

Representative Barber asked Representative Wilson to describe the route of the Taylor Highway. Representative Wilson said

HCR 36 that the highway begins at Tetlin Junction, which is 12 miles south of Tok and runs north parallel to the Alaska-Canada border; it then branches to the east to Eagle and into Canada, goes through Dawson and to Whitehorse.

Representative Barber asked where the asbestos mine was located; Mr. Wilson said it was the Caspear mine inside Canada. He described the problems experienced with the trucking of the asbestos between the two countries.

Representative Barber asked if the road connected any indian villages. Representative Wilson said it did not, but that it ran for 2 miles inside the Tetlin Indian Reservation and some native allotments have been selected along the route. Representative Wilson said there are 4 state campgrounds on the road which are always crowded.

Representative Barber moved and asked unanimous consent that HCR 36 be passed from committee with a "do pass as amended" recommendation (see bill file for amendment); there being no objections, it was so ordered.

ADJOURN The meeting was adjourned at 3:55 p.m.

HOUSE FINANCE COMMITTEE

February 28, 1973

8:35 a. m.

Present: All members except Representatives Ferguson and Ose.

Chairman Hillstrand called the meeting to order and said the purpose of the meeting was to consider bills in committee.

HB 18 Mr. Warwick moved and asked unanimous consent that HOUSE BILL 18 (an Act relating to legislation & ballot measures authorizing the issuance of G. O. Bonds) be removed from the table. No objection, so ordered. Mr. Saylor moved and asked unanimous consent that HB 18 pass from committee with individual recommendations. No objection, so HB 18 passed from committee with 4 "do not pass" recommendations (Messrs. Warwick, Specking Barber and Ferguson); 4 "do pass" recommendations (Messrs. Hillstrand, Freeman, Saylor and Ose) and 1 "no recommendation" vote (Mr. Haugen.)

Representative Ose entered the meeting.

HB 29 Mr. Saylor requested that the committee discuss HOUSE BILL 29 (an act providing for the inclusion of a cost-of-living factor in the computation of state aid under the Public School Foundation program; and providing for an effective date). Mr. Ose reported that the schools want this bill to pass. After a brief discussion, the committee decided to hold this in abeyance until a fiscal note is received on HB 29 and CSHB 29. Mr. Warwick also asked for a fiscal note on a \$20,000 instructional unit. Mr. Hillstrand requested information also be obtained on the 3 1/4% and 5% inflation figures. The bill was scheduled for 4:00 p.m., March 3.

Representative Haugen left the meeting and Representative Ferguson entered the meeting.

HB 52 Representative Saylor moved to table HOUSE BILL 52
HB 53 (an Act establishing a state building land acquisition and advance planning fund) and HOUSE BILL 53 (an Act making a special appropriation to the state building land acquisition and advance planning fund). Mr. Freeman objected and then withdrew his objection.

HB 60 Mr. Saylor moved and asked unanimous consent that the committee consider HOUSE BILL 60 (an act making a supplemental appropriation to the Department of Public Works, division of communications). Mr. Saylor read the backup material on this bill (see bill file). He said that Commissioner Easley has suggested that the state would be subject to a \$10,000 fine if they do not

adhere to the FCC requirement. Mr. Specking spoke on the need for this service. After a brief discussion, Mr. Saylor moved and asked unanimous consent the bill be passed from committee with a unanimous "do pass" recommendation. No objection, so ordered.

HB 63

Mr. Ose moved that HOUSE BILL NO. 63 (an act making a supplemental appropriation to the Dept. of Administration for the teachers' retirement system) be passed from committee. He said that this is an obligation the state is going to have to face up to. Mr. Ferguson objected. Mr. Warwick asked how they arrived at the figure for arrearages. Mr. Ose said on the arrearages it would depend on the length of time the teachers have been in the system. He said this would be "if they all want to retire." Mr. Warwick asked what are the arrearages. Mr. Ose said this is "what you bring from the outside." Mr. Warwick asked why the state should have to pay this. Mr. Ose said "we don't, they hold it, the encumbrance." Mr. Ose suggested the committee might wish to talk to Mr. Gates again on this subject. Mr. Warwick stated that he thought the 5% rate was too high as it is actually 4.91%. He felt the supplemental could be substantially less unless the payroll goes over the estimated amount. Mr. Ose said if the supplemental is more, the state won't lose this. The committee decided to schedule this for discussion on March 3, 4:00 p.m.

Representative Haugen entered the meeting.

HB 64

The committee briefly discussed HOUSE BILL 64 (an Act making a supplemental appropriation to the University of Alaska) and decided to hold this in the file until they received "better answers."

HB 66

HOUSE BILL NO. 66 (an act making a supplemental appropriation to the Dept. of Military Affairs) had been originally assigned to Mr. Barber. This assignment was changed to Mr. Specking. No action was taken at this time pending a discussion between the Chairman and Mr. Specking.

HB 77

HOUSE BILL 77 (an Act relating to state aid for retirement of school construction debt) was scheduled for March 3, 4:00 p.m.

HB 82

HOUSE BILL 82 (an Act relating to stream rehabilitation in national forests) was briefly discussed. The referral was changed from Representative Barber to Representative Haugen.

HB 90

Mr. Barber spoke briefly on HOUSE BILL 90 (an Act creating a division of reindeer affairs and a reindeer affairs board in the Dept. of Economic Development). Mr. Barber read from a report from Commissioner Ryan which stated that it did not appear at this time to be practical to create a Division of Reindeer Affairs.

HCR 56

Mr. Barber said in view of the economy and the fact that this is a new program he would suggest foregoing action on this until next year. He recommended that it be held in abeyance. Mr. Ferguson objected. Mr. Ferguson stated that HOUSE CONCURRENT RESOLUTION 56 (relating to development of Alaska's reindeer industry) is also in committee. He said he would like to see something done about the reindeer program. Mr. Barber stated that he would have no objection to HCR 56 as it merely directs the Legislative Council to perform a study. However, he pointed out there is no fiscal note on this. After brief consideration, the committee decided to hold HB 90 in abeyance and HCR 56 would be reported out as soon as a fiscal note is received.

HB 171

Mr. Saylor spoke on the need for further study on HOUSE BILL 171 (an Act relating to the Alaska income tax) and

HB 172

(an Act relating to computation of taxable income under the Alaska net income tax). The committee agreed.

SB 133

SENATE BILL 133 (an Act relating to the senior citizens property tax exemptions) was scheduled for 8:30 a.m., March 2.

Recess:

The Chairman requested that the committee meet upon adjournment of the Budget and Audit Committee this afternoon. The meeting recessed at 9:50 a.m.

AFTER RECESS
3:00 P. M.

Present: All present with the exception of Representatives Ose and Ferguson.

Chairman Hillstrand called the meeting to order.

Fish &
Game Budget

Rep. Barber stated he had received a request from Warren Wiley, Office of the Governor, to appropriate \$44,000 to the Department of Fish & Game for 2,000 additional copies of Alaska Wildlife and Habitat. Originally 75 copies of this book were printed through a grant from the federal government. Many additional copies have been requested, especially from the oil industry, and Mr. Brooks, Commissioner of the Department of Fish & Game, had requested the additional funding. The books would be sold for \$22 each and the \$44,000 would be regained by the state. Rep. Barber had checked to see if the appropriation should not go directly to the Dept. of Administration, who would then contract for the printing, but Mr. Freer had advised the funding should be granted to Fish & Game. Rep. Barber moved and asked unanimous consent to incorporate \$44,000 under contractual services for the Dept. of Fish & Game for printing of 2,000 copies of Alaska Wildlife and Habitat. Rep. Haugen objected. The committee discussed whether the original 75 copies had been distributed free of charge, which evidently they had been. Rep. Warwick questioned if there was a market for 2,000 additional copies. A vote was taken and Rep. Barber's motion failed to pass the committee, two in favor, five opposed.

HCR 18 HOUSE CONCURRENT RESOLUTION NO. 18 (Relating to state ferry service between Southcentral Alaska and the Continental United States with intermediate stops in Southeast Alaska) was brought before the committee for discussion. Rep. Warwick, as sub-committee chairman, did not have any more information on the subject and asked that the bill be referred to Rep. Specking. Rep. Hillstrand said he was reluctant to do this, and Rep. Warwick withdrew his request. Rep. Specking noted, however, that many people within the ferry system believe this service could be provided by using the Wickersham, and he would like to do this on a trial basis. The committee discussed this possibility, and Rep. Warwick suggested hearing the opinions of the Commissioner of Public Works and the Director of Marine Transportation. They will be present before the committee to testify on March 1 at 4:00 P.M. It was suggested they be prepared to discuss HOUSE BILL NO. 41 (An Act appropriating to the Dept. of Public Works (Bartlett-class ferry, \$625,000) at this meeting also.

HB 41

HB 66

HOUSE BILL NO. 66 (An Act making a supplemental appropriation to the Dept. of Military Affairs) was brought before the committee. Rep. Specking distributed a letter from Les Spickler (see bill file) giving further information. Rep. Specking said the committee

crossings). The temporary lights would not be coordinated with other lights on the Seward Highway, and if this was done the costs would run in excess of \$600,000. In addition, Mr. Johnson stated there was a question in his mind as to just how much safety would be provided by the installation of these lights. Rep. Saylor moved to table the bill, but the motion failed by a vote of 4 to 3. Rep. Specking moved and asked unanimous consent to report HCR 35 out of committee with individual recommendations. Rep. Warwick objected. A vote was taken, and HCR 35 was reported from committee with individual recommendations by a vote of 4 to 3.

HCR 26

HOUSE CONCURRENT RESOLUTION NO. 26 (Relating to the delineation of the territorial sea, contiguous zone and certain internal waters of the U. S.) was brought before the committee. Rep. Barber moved and asked unanimous consent to pass the bill with a "do pass" recommendation. Rep. Warwick objected. Rep. Warwick asked how the state would benefit, and Rep. Barber said it would protect Alaska's interest with respect to the coastline. Eventually this work must be done. Rep. Warwick removed his objection, and HCR 26 was reported out of the finance committee with a "do pass" recommendation.

Adjourned: The meeting adjourned at 4:55 P.M.

HOUSE FINANCE COMMITTEE
8:40 a.m.

PRESENT: All members; Senator Kerttula; Representative McVeigh; and Commissioner Campbell, Department of Highways.

Chairman Hillstrand called the meeting to order, and asked Representative McVeigh to state his concerns related to highway improvements in his district.

Representative McVeigh stated that he had received a petition from 288 people requesting his assistance in obtaining funds to upgrade and pave one and one-half miles of road in Anchorage (100th and Victory Avenues). The road serves a large development in Anchorage, and the cost of improving it would be approximately \$50-70 thousand. This would include some type of temporary surfacing. He stated that he would like the people to get some type of relief this coming spring.

HCR 51 Representative McVeigh stated that his other concern was for improvement of Klatt Road, which is a heavily traveled road with a gravel base. He stated that the Legislature appropriated \$275,000 last session for improvement of the road to be matched with local funds. The problem is that the people in the area will not vote for local funds to be used for matching.

Chairman Hillstrand thanked Representative McVeigh for his comments and stated that the committee would take these matters up with the Commissioner of Highways at a later time.

HCR 35 Chairman Hillstrand stated that HOUSE CONCURRENT RESOLUTION 35 ("Proposing temporary stop-go lights on the new Seward Highway until grade level 90-degree access and crossings are eliminated") had been passed from committee the previous day, but that the committee would like Commissioner Campbell's comments on the resolution.

Commissioner Campbell stated that the department was in the process of preparing a fiscal note on the resolution; the department is currently working on the problem and will be acquiring right-of-way for the needed interchanges. Temporary flashing lights are being installed currently, and the department is aware of the problem.

HCR 51 Representative Barber referred back to HCR 51 ("Relating to the upgrading of the Klatt Road"). He stated that

HCR 51 when this measure was before the State Affairs Committee during the last session, it was determined that the borough received monies from the state for local service roads; he asked why these monies were not used to upgrade Klatt Road. Representative McVeigh stated that the road was not on the priority list and, thus, would not share in these funds. Representative Saylor stated that the problem is that Klatt road is not in a service area; the 100th and Victory Avenues are in a service area, but the funds cannot be used on that road because the road is not up to borough standards.

Representative McVeigh left the meeting at 9:00 a.m.

Chairman Hillstrand turned the meeting over to Representative Ose to conduct the discussion of CSSCR 7 and HCR 24.

HCR 24 Representative Ose stated that he had received a petition containing 200 signatures regarding the delay in improvements to the Birchwood Loop Road (HCR 24 - "Relating to the Birchwood Loop Road." He stated that the people in the area had been trying for many years to get the road improved, and he felt their requests were justified. Representative Ose asked Commissioner Campbell what his department planned in regard to this road.

Commissioner Campbell stated that this road had been constructed by the Alaska Road Commission many years ago, and the Department of Highways maintains it; however, it is not a first class road. The highway department has a plan for the roads improvement, but whether it can be accomplished depends on federal funding. Also, spiraling construction costs have caused many projects to "slip" out of the five year plan.

Commissioner Campbell stated that the department currently has no federal funds, and the bills before Congress now do not provide much money for Alaska. He said that the question of priorities is academic if there is no money.

Representative Ose stated that the area felt there should be a maintenance station there to take care of the road. Commissioner Campbell stated that they worked out of Anchorage and he would not recommend a maintenance station for that area.

Senator Kerttula stated that if the road were upgraded, there would be a conflict with some property owners if additional right-of-way were needed.

HCR 24 In answer to a question from Representative Warwick, Commissioner Campbell stated it would cost \$250,000 per mile to upgrade the road.

Chairman Hillstrand asked how many miles were included in the project; Commissioner Campbell said the road was approximately 15 miles long. Chairman Hillstrand asked if it was possible to use a road-mix to surface the road. Commissioner Campbell said that after some drainage improvements were made, that is essentially what would be done. He said that the road basically follows section lines, and includes many right-angle turns. Some easement of these curves must be accomplished.

CSSCR 7 The committee took up CSSCR & ("Relating to the Birchwood Loop Road and the Eagle River Road"). Commissioner Campbell stated that this project was in the design phase and on the priority list prepared by AMATS (city, borough and state study group on Anchorage transportation problems). He said the project would be constructed pending federal funding.

HCR 51 Returning to HCR 51, Commissioner Campbell stated that the \$275,000 appropriated last year for Klatt Road would lapse on July 1.

HCR 27 Chairman Hillstrand asked for Commissioner Campbell's comments on HCR 27 ("Relating to the construction of a road between Hydaburg and Hollis"). Commissioner Campbell stated that a ferry terminal was to be constructed at Hollis, and the plan for the island was to connect all roads to the ferry terminal. The Forest Service will put in 8 miles of this road and the state 6 miles.

Representative Ferguson stated that the resolution called for the highest priority to be given the project; he asked Commissioner Campbell what his reaction to that language was. Commissioner Campbell stated that everything in the state could not be of the highest priority.

HCR 28 The committee considered HCR 28 ("Relating to the highway between Chugiak and Palmer"). Commissioner Campbell stated this project was "in the mill" pending receipt of federal funds. He reiterated that the department is currently out of highway money and it may be 6 months before the federal bill is passed.

Senator Kerttula left the meeting at 9:20 a.m.

HCR 55 The committee considered HCR 55 ("Relating to the Construction of the Copper River Highway and the Chitina-McCarthy Highway"). Commissioner Campbell explained

HCR 55

that federal emergency funds were still being utilized to repair damages to the Copper River Highway from the 1964 earthquake. He said the Sierra Club has indicated that they intend to file suit to stop the road; the resolution will serve as an indication of the Legislature's feelings.

Commissioner Campbell discussed the change of route of the highway, saying it was originally planned to go through Chitina; now it will go up the Tazlina Valley.

In answer to a question from Representative Specking, Commissioner Campbell stated that the road to McCarthy is passable, but it is a very poor road. He said the road will follow the old right-of-way, and the department plans to improve it as cheaply as possible.

Chairman Hillstrand referred to the State Affairs amendment to HCR 55, and asked for Commissioner Campbell's comments. Commissioner Campbell had no comments on the amendment.

Commissioner Campbell stated the Copper River Highway would cost about \$35 million; the cost of the Chitina-McCarthy road would be about \$200 thousand per mile.

HCR 36

Chairman Hillstrand asked for Commissioner Campbell's comments on HCR 36 ("Relating to the Taylor Highway"). Commissioner Campbell stated this road is very heavily traveled by tourists. It was built in the 1950's to low standards. The road is included in the highway program; the project will improve the existing road. He said that at the Tok Visitors' Center, the Taylor Highway's condition is the subject of the largest number of complaints received.

Representative Warwick asked if the federal highway funds could be used to upgrade existing, below-standard roads. Commissioner Campbell stated that most of the federal highway regulations are written with the more developed states in mind; he said he has been successful in "bending them" to meet Alaska's needs.

HCR 37

Chairman Hillstrand asked for the Commissioner's comments on HCR 37 ("Relating to Anton Larsen Road"). Commissioner Campbell stated the road had recreational value only and was not maintained during the winter. He said the problem with year round maintenance was that a rotary snowplow would have to be stationed in the pass, and he said there was not any traffic to warrant the expense.

Juneau-Douglas Bridge

Chairman Hillstrand asked Commissioner Campbell to comment on resurfacing the Juneau-Douglas Bridge. Commissioner Campbell said the basic problem with the bridge is that the piers are in bad shape, not the deck of the bridge. The deck is a filled honeycomb type grid filled with concrete. An asphalt surface could be put on the bridge, but it would not last very long. The concrete piers were repaired in 1960,

Juneau-
Douglas
Bridge

but the bridge was in need of repair again. He said this is a constant problem with concrete piers in an inter-tidal area. He said the piers could probably be repaired one more time and they might be good for 5 or 10 years; the cost would be in excess of \$1 million. An estimate was made on the cost of a new four lane bridge at \$8 - 12 million. Commissioner Campbell stated that he felt a two-lane bridge would be adequate, and this would cost \$4 - 6 million. He stated further than the bridge is the supporting structure for all the utilities into Douglas Island. He said the bridge is not in the Five Year plan.

CSSCR 7

Representative Ose requested Commissioner Campbell to provide him with a memo outlining maintenance and repair programs for the Birchwood Loop Road.

Prudhoe
Bay
Loan

Representative Ferguson asked Commissioner Campbell to comment on the Prudhoe Bay Road. Commissioner Campbell stated that the road was about 380 miles long and the cost was estimated to be \$120 million in 1969; the cost now would be \$150-160 million (increase due to inflation). He said the camps, equipment and fuel were in place.

Commissioner Campbell stated that the court decision, in his opinion, did not disallow construction of the road.

Representative Ferguson asked if it would be possible to construct the road under a two-year program. Commissioner Campbell agreed that it could be done that way; he said his recommendation would be to construct the Yukon River Bridge first. This would cut construction costs as materials could be brought over land rather than by air. The bridge would cost approximately \$15.5 million.

Representative Ferguson asked if the Commissioner felt there would be any problems in requiring the oil companies to repay the state for the cost of the road. Commissioner Campbell said he would be very surprised if any oil company would commit money to the project before the pipeline permit were issued.

The committee discussed the economic impact construction of the road would have on Fairbanks; Commissioner Campbell stated it would have a very good effect on the economy of Fairbanks.

Commissioner Campbell explained to the committee that the state could not build the road unless they did so in cooperation with the oil companies; this is due to the fact that the oil companies have filed an environmental impact statement--the state has not.

RECESS

The meeting recessed at 10:00 a.m.

AFTER RECESS
11:12 a.m.

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

SB 133 Chairman Hillstrand called the meeting to order. Mr. Saylor requested that the committee consider SENATE BILL 133 (an Act relating to senior citizen property tax exemption). Mr. Saylor moved and asked unanimous consent that SB 133 be passed from committee with a "do pass" recommendation. Mr. Freeman objected. After a brief discussion, the committee decided that this bill is for this year only and that it gives senior citizens an additional period to file (extended to March 15, 1973). The reason for the extension is that this is the first year for this legislation and there were some senior citizens who were not aware of it. Mr. Freeman withdrew his objection. So SB 133 passed from committee with a unanimous "do pass" recommendation.

Representative Haugen entered the meeting.

The committee then considered various resolutions relating to direction to the Department of Highways. They reviewed what Commissioner Campbell had said in an earlier meeting.

HCR 24 Mr. Saylor moved to amend HOUSE CONCURRENT RESOLUTION 24 (relating to the Birchwood Loop Road) and that it be passed from committee. Mr. Ferguson and Mr. Warwick objected. Mr. Saylor explained that his amendment was to delete "the highest priority during the 1973 construction season." to "a high priority." Mr. Ferguson and Mr. Warwick removed their objections. So HCR 24 passed from committee with 8 "do pass as amended" recommendations and 1 "do not pass unless amended" recommendation (Mr. Ferguson).

CSSCR 7 Mr. Saylor moved that the same amendment be used for COMMITTEE SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION NO. 7 (relating to the Birchwood Loop Road & the Eagle River Road) and that CSSCR 7 as amended pass from committee with a unanimous do pass. No objection, however, Mr. Ferguson signed "do not pass unless amended."

HCR 28 Mr. Saylor moved to amend HOUSE CONCURRENT RESOLUTION 28 (relating to the highway between Chugiak and Palmer) in the same manner as above and that HCR 28 as amended pass from committee with a unanimous "do pass" recommendation. No objection; however, Mr. Ferguson signed "do not pass unless amended."

- HCR 51 Mr. Saylor moved to table HCR 51 (relating to the upgrading of the Klatt Road). No objection, so ordered.
- HCR 55 The committee then considered HOUSE CONCURRENT RESOLUTION 55 (relating to the construction of the Copper River Highway and the Chitina-McCarthy Highway. Mr. Saylor suggested the same amendment (a high priority). Mr. Specking moved to delete the entire resolve clause (lines 19 and 20). No objection. It was moved and unanimous consent asked that HCR 55 pass from committee with a "do pass" recommendation with State Affairs and Finance amendments. No objection; however, Mr. Ferguson signed "do not pass unless amended."
- HCR 37 The committee then considered HOUSE CONCURRENT RESOLUTION 37 (relating to Anton Larsen Road). Mr. Warwick said he objected to this because it asked for the maintenance of the road. He said Commissioner Campbell had indicated it was not feasible to keep the road maintained. Mr. Ferguson proposed an amendment. He moved that HCR 37 pass from committee with individual recommendations with the proposed amendment. There was objection. Mr. Freeman moved that the resolution be tabled and this motion carried.
- HCR 21 The committee then considered HCR 21 (requesting a feasibility study of the construction of a road either from Sitka to Warm Springs Bay or from Sitka to Rodman Bay). Representative Eliason spoke on the need for this resolution. However, it was noted that a feasibility study had been performed on the road to Sitka to Rodman Bay. The committee decided to prepare a committee substitute which added a "whereas" clause stating that this study has already been performed. Mr. Ferguson moved that the bill be prepared and that CS for HCR 21 pass from committee with individual recommendations. So CSHCR 21 passed from committee with 8 "do pass" recommendations and Mr. Ferguson signing "do not pass unless amended."

Recess: The meeting recessed at 12:02 p.m.

AFTER RECESS

4:05 p.m.

Present: All members except Mr. Haugen. Commissioner Easley and Captain Lockert from the Department of Public Works were also present.

HCR 18 Chairman Hillstrand called the meeting to order and turned the chair over to Mr. Warwick for a discussion on HOUSE CONCURRENT RESOLUTION NO. 18 (relating to state ferry service between Southcentral Alaska and the continental United State, with intermediate stops in Southeast Alaska). Mr. Warwick requested that the Commissioner comment on this legislation.

Commissioner Easley presented a preliminary report on Southeast-Southcentral Connection, Alaska Marine Highway. Mr. Easley said they had studied the use of the Wickersham under two conditions: (1) assuming a waiver is granted for continuation of the use of the Wickersham; and (2) assuming there would not be a continuation of the waiver. He then explained the routing proposed for each condition. Under the first condition they would be operating at a revenue of \$1.9 million and an expense of \$3.3 million. Using the second condition they came up with \$2.3 million in revenue and an expense of \$3.8 million.

Mr. Warwick asked if because of the debt service the state could sell the Wickersham. Mr. Easley said "I would say so." He explained that the 1971 General Fund lent \$7 million to the capital program to be refunded after the sell of the Wickersham. This had no impact on the general obligation bonds.

In answer to Mr. Specking, Mr. Easley said they are considering reducing the ferry winter rates by 15% and increasing the summer rates by 8%. This would provide an overall increase of 7%. Mr. Barber asked what would be the breaking point, percentage wise, on this tariff as compared to air travel. Mr. Easley said that right now it is about the same (including meals and stateroom). In answer to Mr. Saylor, Mr. Easley said that right now roughly 50% of the travelers are Alaskan. In the summer time this leans heavily toward the tourist, and in the winter time it leans toward the Alaskan.

Mr. Saylor asked if there had been any consideration given toward reducing the rate to Alaskan travelers.

Mr. Easley said they have a winter rate which applies to all people. He pointed out they are using federal highway funds and he did not feel that the ICC would let them reduce the rate for Alaskans.

Mr. Ose left the meeting.

A discussion then followed on the market for ships. Mr. Easley stated that because there are several ships of comparable size to the Wickersham on the market right now it would not be the best time to sell. However, they are planning to sell in October and the market may well change by that time. He added that the sister ship to the Wickersham recently sold for \$9.5 million.

Mr. Specking asked if there was any value on taking this across the Gulf on a trial basis. Mr. Easley said he thought they could establish the traffic need on this.

Mr. Warwick asked about the chances of getting a waiver on the Jones Act. Mr. Easley said they are "probably slim." The waiver they received was a conditional waiver based upon the sale of the Wickersham or the building of a new ship. He said the prospect of getting an additional waiver was slim. He added that the labor unions will say no and they do have control.

Mr. Easley stated that they had not completed their analysis on the comparison between the cost for the Wickersham and another vessel. He said they are about one week away from completing this analysis and pointed out that it may well be that the Wickersham might be less expensive.

Mr. Easley pointed out that if there was another ship under construction the state would be in a better position to ask for an extension of the waiver.

Mr. Warwick asked if there is merit in an across the Gulf route. Mr. Easley said yes.

Mr. Easley then spoke on the design of the Wickersham. He pointed out that the ship can carry only 90 vessels as opposed to 180 on the ship that is now being constructed. The committee decided to continue testimony on this bill in one week to allow Mr. Easley to complete his analysis.

HB 41

The committee then discussed HOUSE BILL NO. 41 (an act appropriating \$625,000 to the Dept. of Public Works for the state's share of the cost of construction of

a Bartlett-class ferry). Mr. Barber explained the fiscal note on the bill. He said that the balance of \$5.5 million would come from highway funds. Mr. Barber said there is no question but what this does have merit but the committee has previously discussed whether it would be advisable to consider construction of such a vessel under the current financial status. Mr. Barber said that he had learned from Mr. Haugen that the person who is now constructing the ferry for the state would consider an additional ferry at a small increase in cost. Mr. Easley explained that the state had a 120 day option for a vessel at the same price. However, this period has passed and he has explained to the builder under state regulations this will have to go to bid. The builder is extremely anxious to be able to bid.

In answer to Mr. Hillstrand, Mr. Easley explained the proposed routing.

Mr. Hillstrand suggested using the Tustumena instead of building a new ferry. Mr. Easley said the Tustumena was designed for Cook Inlet and not for Southeast waters. In answer to Mr. Hillstrand, Mr. Easley said it could be transferred but it would take a great amount of modification. Mr. Hillstrand asked if it would improve the financial aspect of the operation of the Tustumena. Mr. Easley said he could not answer this factually but agreed with Mr. Hillstrand that it couldn't be "much worse."

Mr. Freeman then reviewed the 1970 bond issue and this was briefly discussed.

Mr. Warwick suggested bringing the Bartlett to Southeast and leaving the Tustumena. Mr. Easley said the Bartlett runs completely full in the summer time and reservations are booked a year in advance.

Mr. Warwick asked if there is enough traffic in the Ketchikan area to support this. Mr. Easley said the real demand for the service would be from Prince Rupert to Ketchikan.

Mr. Warwick asked about the cost of a new Bartlett-class ferry. Mr. Easley answered roughly \$6 million if it is started right now.

Mr. Saylor then asked about repowering the Chilkat. Commissioner Easley and Captain Lockert explained the

limitations of this ferry. This was briefly discussed.

Mr. Freeman then explained the location of Hollis and the fact that there were logging companies in this area and they would come to Hollis for transportation.

Mr. Warwick said that a Bartlett class ferry is an awfully large ship for this type of service. He said it would seem they could serve the area with a smaller ship. Mr. Easley said this would be true with the exception of the overload from Prince Rupert.

Mr. Easley suggested that the committee hear testimony from Commissioner Campbell regarding the use of highway funds.

Mr. Easley and Mr. Lockert left the meeting at 5:08 p.m.

HB 66

The committee then considered HOUSE BILL NO. 66 (an Act making supplemental appropriation to the Dept. of Military Affairs). Mr. Specking recommended that they pay the FY 73 premiums but not for the years FY 71 and FY 72. Mr. Saylor moved and asked unanimous consent that they amend the bill (line 10 change to \$95,000; line 14 change to \$62,000 and line 16 change to \$21,000) and that HB 66 as amended pass from committee with a "do pass" recommendation. No objection. (All members signed "do pass as amended" except Mr. Warwick who signed no recommendation.) The committee decided to have a committee report prepared showing that they reduced the item for workmen's compensation and liability insurance for the National Guard due to the fact that testimony received by the committee failed to provide conclusive evidence that the state is liable for payment of premiums for the years FY 71 and FY 72.

The committee then discussed making a request to the National Guard to have reenlistment every year. Mr. Saylor said that he would look into this.

HCR 41

The committee then went back to a continuation of discussion on HCR 41. Mr. Barber suggested a Finance Committee Resolution recommending that the Legislative Council undertake a study of the ferry system. Mr. Freeman noted the need for a vessel in the Ketchikan area. Mr. Ferguson said that they are subsidizing the ferry system by \$5 million a year whereas the highway system is put in at a high cost but it is there and does not require the large subsidy. Mr. Ferguson said he had a difficult time in justifying this to people in his district and adjoining

districts as they do not even have roads. He agreed with Mr. Barber that a study might be beneficial. Mr. Warwick said he had gone through the budget and they were subsidizing the ferry system about \$9 million a year and the road system about \$12 million a year. Mr. Saylor pointed out that the cost of airports had not been taken into consideration. This was briefly discussed. HB 41 was rescheduled for 8:30 a.m., March 2,

Adjourn: and the meeting adjourned at 5:45 p.m.

HOUSE FINANCE COMMITTEE

March 2, 1973

8:40 A.M.

Present: All present with the exception of Rep. Ferguson.
Terry Adhlock, Assistant Attorney General.

Chairman Hillstrand called the meeting to order.

SB 111 SENATE BILL NO. 111 am (An Act making a special appropriation as a loan to the 1972 Flood Control and Small Boat Harbor Projects Fund) was brought before the committee by Rep. Warwick, who asked Mr. Adhlock the purpose of the bill.

Mr. Adhlock explained that the problem was a bill passed by the legislature last year, authorizing bonds to be sold for flood control and boat harbor projects, which has not been approved by the state bond counsel. Voters had approved the sale of such bonds in the last election. The bond counsel in San Francisco, and subsequently others in New York and Chicago, have found the wording to be in conflict with the Constitution, Article 2, Section 13, which states bonds should be confined to one subject. Had the bill been written last year when the problem was first suspected, there would have been no opposition.

The state's position now is that the bond issue covered one subject, but was improperly worded. The Governor submitted a request for \$10 million for Fairbanks flood control and the legislature added \$10 million for small boat harbor projects to the bond issue. A "friendly" case has been prepared for a court decision, with Hugh Geller representing the taxpayers of the state, and the Attorney General's office hopes to have the court decide if this particular article violated Article 2, Section 13 of the Constitution.

Timing is important for the Fairbanks project, as it is 90% federal money. If Alaska does not have their share of the funding, or \$10 million, the federal money will revert to Washington to use in other states.

SB 111 seeks a loan from the general fund to cover the original bond money in order to get the projects underway. If the court decision approves the state's position on the bond issue, the bond counsel will authorize sale of the bonds to repay the general fund. If not approved by the court, a subsequent bond issue must go before the voters in order to repay the loan.

Rep. Warwick questioned why the legislature was not informed of this problem last spring when the problem arose. Mr. Adhlock replied it was his impression that the legislature was informed.

The original bill called for a large expense in one part of the state, and legislators added on other items in order to take care of their areas. Also, Mr. Adhlock continued, at that time the bond counsel advised he did not think the bonds were acceptable as written, but he did not specifically disallow them. Now that the bond counsel in San Francisco will not authorize the bonds, no other bond counsel will touch them.

CS HB 18

Rep. Saylor asked Mr. Adhlock his opinion on CS HOUSE BILL NO. 18 (An Act relating to legislation and ballot measures authorizing the issuance of general obligation bonds), which was on the House calendar. Mr. Adhlock said the state bond counsel had no objection to the committee substitute, but thought the original bill too specific, beyond what was contemplated. Potentially the original bill could have committed the legislature to projects worded in error on the ballot. The Attorney General's office had submitted their opinion to the Judiciary Committee, after checking with the bond counsel in San Francisco.

However, continued Mr. Adhlock, the wording in the committee substitute, line 19, stating "or any transfer of general obligation bond funds to projects not authorized in the bond issue" should be deleted. By putting this wording in the bill, transfers can be allowed. The bond counsel feels this should not be allowed, as it violates a contract with the voters. The Attorney General's office suggested deletion of this wording, and additional wording included in line 21, after the word statement: "substantially like that provided by the legislature pursuant to Section 3 of this Act."

Rep. Barber asked if the state would be better off with this bill or without it. Mr. Adhlock said his first reaction was that it was not a good bill, however, it should reduce the possibility of taxpayers' suits against the state later on. The state has not had too many suits yet, but if you allow one more way for the taxpayer to "nip at your heels" this bill may reduce that opportunity, continued Mr. Adhlock. He concluded by saying the state would have to be careful about the wording in each bond.

HB 41

HOUSE BILL NO. 41 (An Act appropriating to the Department of Public Works and providing for an effective date) was brought before the committee. Rep. Saylor moved the committee table the bill, which motion failed by a vote of 7 to 0. Rep. Freeman moved and asked unanimous consent that HB 41 be reported out of committee with individual recommendations. Rep. Barber objected. Rep. Hillstrand said a letter of intent could accompany the bill stating this will be held in abeyance if federal funds are not similar to those available in previous years. The committee briefly discussed the matter and returned the bill to the file.

Process:

The meeting recessed at 9:30 A.M.

HOUSE FINANCE COMMITTEE

March 6, 1973

8:45 A.M.

Chairman Hillstrand called the meeting to order and noted for the record that a quorum was present. Also present as witnesses were Joseph R. Henri, Commissioner, Department of Administration, and Myrton R. Charney, Director, Division of Budget & Management.

SB 13

Per custom, SENATE BILL NO. 13 (An Act relating to the Executive Budget Act; and providing for an effective date) having been referred to Rep. Freeman, the conduct of the meeting was turned over to him.

Rep. Freeman asked Mr. Henri for his comments on the bill. Mr. Henri stated the bill is on the division of power between the legislative and executive branches. Mr. Henri said he and Governor Egan have a great respect for the legislature and their rights; but "political science" is involved as to where the power should lie. The amendments proposed in SB 13 would involve considerably more power to an interim committee of the legislature and take away that much power of the Governor.

Mr. Henri continued by saying these powers include the authority to appoint new permanent positions after the legislature has ended and the power to transfer funds. Under the Executive Budget Act, the power to transfer funds between departments was denied the Governor in 1970, and he was allowed to transfer funds only within a department. The language of the appropriations bill last year gave him the authority to transfer between appropriations, as a separate column was listed entitled "allocations", giving legislative intent but not legally binding upon the administration.

When the present administration received the budget from the Miller administration, there were approximately 100 appropriations -- this year there are close to 300. Mr. Henri said the transfer of funds between appropriations becomes more important as you have more appropriations. If the level of appropriations goes down to each BRU, it would be a much more difficult situation.

It is true that every possibility can't be foreseen as things come up during the year and plans must be changed, continued Mr. Henri. In the budget this year, the administration listed all the appropriations they wanted, and from their point of view everything is fine.

Mr. Henri continued by saying the people voted for a strong executive and Alaska has a strong executive form of government. He did not believe this had been opposed until now, but this bill tends to dilute that intent. Mr. Henri objected to six members of the legislature making the decisions rather than the one person elected to do same -- the Governor. He did not know if it was unconstitutional, but believed it was against the spirit of the constitution. The Budget & Audit Committee membership changes every two years -- one year the chairman may be from a populous area and the next year he may be from a rural area. The Governor represents the majority of Alaskans. The 60-member legislature represents the majority of Alaskans, but the six-member Budget & Audit Committee does not.

Mr. Henri could not see the sense of coming before the Budget & Audit Committee to make the transfers or add new people. New employees are subject to the legislature's review in the following legislative session. From a practical way of doing business, it is difficult to get the records in order now to go before the Budget & Audit Committee. The preparation of explanatory material would not have to be done if it were not for the present requirements, let alone the proposed requirements.

Mr. Henri concluded by saying they have a good workable system at this time, and nothing is done without the Governor's explicit consent.

Rep. Freeman asked Mr. Charney his opinion of SB 13. Mr. Charney explained the difficulties which may arise due to implementation of this bill, and questioned whether it referred to the operating budget or the entire budget. If it pertains to the entire budget, there would be a hindrance regarding bonds. Positions are established on the basis of a contract being awarded -- may go on for three or four years, and permanent, full-time positions are needed during that period. Going before a committee for capital projects may slow or stop the project if the establishment of such positions is not allowed.

Mr. Charney continued by explaining an agency may have funds under contractual services in their budget, and then find that another state agency can provide the necessary service. An inter-agency transfer would avoid the necessity of contracting for the service, possibly from someone outside of the state. Better ways of operation may be uncovered and a reorganization needed to transfer people, continued Mr. Charney. The problem would be agencies would not be able to operate on a day-to-day basis, but must go before the Budget & Audit Committee. This year debt service has been split among the nine program categories, and a debt service payment may be prevented or delayed due to the proposed legislation.

Rep. Saylor joined the meeting at 9:00 A.M.

Mr. Henri referred to the amendment that the Senate put in the bill stating workbooks should be available on the day the Governor gives the budget message. He said that frankly this is an impossibility unless the Governor concluded his thinking on the budget about the middle of December. Only when he makes his final decision can the workbooks be calculated, which now involves considerable overtime, every night and weekend, on a 24-hour basis.

Mr. Charney added the workbooks were delivered this year about nine or ten days after the budget message was delivered. He thought there was enough material on the subject of revenue to keep the legislature occupied for this period of time. Xeroxing the material was time-consuming, Mr. Charney continued, and said his division has one Xerox machine which is operated 24 hours per day, 7 or 8 days straight, in preparing the workbooks.

The witnesses were thanked and excused from the meeting.

HCR 37

Representative Freeman moved to rescind the motion to table HOUSE CONCURRENT RESOLUTION NO. 37 (Relating to the Anton Larsen Bay Road). Reps. Saylor and Warwick objected. Rep. Hillstrand noted personalities were involved, and Rep. Naughton had requested consideration of the bill. A suggested amendment was read to the committee by Mr. Hillstrand, which amendment is acceptable to Rep. Naughton. Reps. Saylor and Warwick removed their objection to rescind the motion to table the bill, and the committee reported out HCR 37 with a recommendation that it pass with attached amendment.

SB 111 am

SENATE BILL NO. 111 am (An Act making a special appropriation as a loan to the 1972 Flood Control and Small Boat Harbor Projects Fund) was brought before the committee by Rep. Warwick. The committee discussed the bill and Rep. Hillstrand noted the federal funds will be lost if the flood control project is not started in Fairbanks. Information presented to the committee at a previous meeting by a member of the Attorney General's staff was discussed by the committee. SB 111 was reported out of the finance committee with a "do pass" recommendation.

The meeting recessed at 9:35 A.M.

HOUSE FINANCE COMMITTEE

March 8, 1973

3:25 P.M.

Chairman Hillstrand called the meeting to order and noted for the record that a quorum was present. Also present as witnesses were Representatives Tom Fink, Richard L. McVeigh, and John M. Elliott, Executive Director, Legislative Affairs Agency.

HB 327

HOUSE BILL NO. 327 (An Act making a supplemental appropriation to the Legislative Affairs Agency; and providing for an effective date) was brought before the committee for discussion. Rep. Saylor conducted the meeting and asked Rep. McVeigh for an explanation of the supplemental request.

Rep. McVeigh stated HB 327 requested \$317,250 to meet expenses incurred primarily from the acquisition of the Assembly apartment building. Rep. McVeigh said they did not make the decision; however, they must support the costs due to the acquisition. The Council has had several conversations with the Department of Administration, and it is anticipated that the department will take charge of the building. The legislature has a five-year lease for the entire building, and it is planned that the third floor will be used as apartments, the Division of Buildings would occupy the second floor, and the legislature would retain the use of the first floor. The Department of Administration would collect rents, maintain the building, and charge the legislature for rented space. About \$10,000 per month income from the rental of the second and third floors would reduce the legislature's expense to about \$5,000 per month.

Rep. McVeigh continued by saying the acquisition of the building was the decision of the previous Council and the Budget & Audit Committee, and was done on an emergency basis as space was needed. It is an expensive situation, but Rep. McVeigh said they are trying to minimize losses. Furniture and equipment was purchased as economically as possible, and some surplus furniture was obtained from the Division of Supply. An itemized list of expenses reflected in the supplemental request was distributed to the committee (see following pages).

The committee questioned the items listed on the breakdown of the supplemental. One item noted was the charge of \$16,350 for McLean Associates, which Mr. Elliott explained was a contract for a study on higher education in Alaska, and separate from the expenses incurred by the acquisition of the Assembly apartments. The committee requested a list of items not related to the acquisition of the apartment building, which Mr. Elliott said he would provide (see bill file).

Rep. Saylor asked if there was any lease/purchase arrangement on the building. Rep. McVeigh replied there was a five-year lease with no option to buy. A recent appraisal valued the building at \$800,000, which the Council felt was too high a price for the building. It was assessed at \$400,000, and the five-year lease is for a total of \$614,000.

Rep. Freeman questioned the problems which could occur by renting the third floor to legislators, as some may receive preferential treatment. Rep. Hillstrand asked Rep. McVeigh to caution Mr. Henri of the Dept. of Administration of this possible problem, and the department should be careful in determining the true market value for rents and other charges.

The budget for Legislative Affairs was discussed, and Rep. Fink noted the agency lapsed \$46,000 last year. They have a \$50,000 contingency fund which has not been spent.

The last item on the report was salaries for temporary employees and the committee asked how many were on the payroll. Mr. Elliott said Legislative Affairs had budgeted for 78 and 114 had been hired.

The witnesses were thanked and excused from the meeting.

Rep. Saylor moved and asked unanimous consent to report HB 327 from committee with a "do pass" recommendation and the following amendment: Line 10 - Change "\$317,250" to \$267,250." Rep. Ferguson objected and the committee discussed other possibilities. The committee voted six to three to pass HB 327 from committee per the motion made by Rep. Saylor.

Adjourned: The meeting adjourned at 4:30 P.M.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99801

LEGISLATIVE AFFAIRS AGENCY

March 8, 1973

MEMORANDUM

TO : House Finance Committee
FROM : John M. Elliott, Executive Director
SUBJECT: Legislative Affairs Supplemental Appropriation

In response to the Committee's request for a breakdown of the requested supplemental, the amount requested reflects the sums needed to operate the legislature through April 7 (90 days). The total of \$317,250 is broken down as follows:

1. Equipment \$20,036.33

This figure represents the amount of unbudgeted funds expended by the legislature for furniture and equipment - primarily for the offices in the Assembly and elsewhere. The equipment purchased is as follows:

CAPITOL OFFICE SUPPLY

	(14 desks 5 extensions	\$ 3,374.14 ^{240.00}
<u>In</u>	(14 chairs	1,486.69
<u>Place</u>	(5 file cabinets	575.88
	(5 calculators (for Finance)	974.55
<u>Yet to</u>	(1 desk, 19 chairs, 6 file cabinets	3,427.57
<u>Arrive</u>		<u>9,838.83</u>

YUKON OFFICE SUPPLY

128 chairs	5,741.22
2 desks and 1 credenza	1,148.30
8 file cabinets	1,236.32
5 tables	1,114.09
7 bookcases	564.58
2 library shelves (Finance)	188.00
1 storage cabinet (Finance)	105.00
	<u>10,097.51</u>

On order

2 typing tables	\$ 100.00
	<u>10,197.51</u>
	\$20,036.34

2. Contractual \$34,616.11
(excluding Assembly rental)

This figure is accounted for as follows:

Drapes	\$ 181.33
Don Abel (table tops)	146.00
J-D Telephone Company (late billings)	1,285.33
Xerox Corporation	504.46
IBM (late billings)	1,052.70
The Michie Company (Supplements)	2,981.29
McLean Associates	16,350.00

Additional rentals and miscellaneous-

Mag Card Typewriters	3,525.00
Xerox - Juneau	1,668.00
Xerox - Anchorage	1,000.00
Telephone installations	1,500.00
Division of Buildings	3,922.00
Telex Machines	500.00
	<u>\$34,616.11</u>

3. Assembly Apartments \$200,501.92

Rental - December 1/July 1	\$ 78,417.92
Remodeling and Architect	118,000.00
Lights	2,800.00
Garbage	364.00
Water	420.00
Miscellaneous	500.00
	<u>\$200,501.92</u>

4. Temporary Employees \$62,000.00

Temporary employee funds will be depleted on March 24. The \$62,000 will fund them through April 7, the 90th day

	\$62,000.00
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TOTAL	<u>\$317,154.37</u>
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HOUSE FINANCE COMMITTEE
AFTER RECESS
11:15 a.m.

Chairman Hillstrand called the meeting to order and noted for the record that a quorum was present. Representative Dick McVeigh was also present.

SB 161 The Chairman announced that the committee would discuss SENATE BILL 161 ("An Act relating to the International Airports Revenue Bonds; and providing for an effective date.") Representative Barber was sub-committee chairman on this bill.

Mr. Hogan stated that the heart of the explanation of the bill was found in a letter from the State Bond Counsel attached to the Fiscal Note. The proposal is to make the sale of International Airport Revenue Bonds in the same manner as General Obligation Bonds as far as advertising requirements are concerned. General Obligation bonds are advertised only in market newspapers; revenue bonds are advertised in Alaska newspapers, and this is the requirement the bill would change. The letter from the Bond Counsel recommended that public notice provisions for revenue bonds be made identical to those for general obligation bonds.

Representative Freeman moved and asked unanimous consent that SENATE BILL 161 be passed from committee with a "do pass" recommendation; there being no objection, it was so ordered, and Senate Bill 161 was passed from committee with seven members signing "do pass".

HB 314 The committee next discussed HOUSE BILL 314 ("An Act relating to medical assistance for needy persons; and providing for an effective date"). Representative Freeman read from page 41 of the "Alaska Medicaid Status Report, March 1973" (see bill file), which recommends a change in the enabling legislation, AS 47.07.030 by the addition of the words "and intermediate" in describing the level of nursing home care. Representative Freeman explained that this change in the law would enable the State to claim 50% Federal participation for those persons now residing in nursing homes who do not meet the Medicaid criteria for need of skilled nursing home services. He said that there is a requirement that this change be made by March 31, 1973 to make it effective this year.

Representative Freeman stated this bill would effect a \$378 thousand savings in the general fund, but he hoped that it would not result in further cuts in the department's budget; instead he felt that this bill would put back some of the general funds into the budget by increasing the federal funds.

Representative Haugen stated he felt that someone should check the law in line 15 which referred to "dental services for children under 21 years of age. Mr. Vernon stated that the state knew last year that this would be required by the end of 1973. Representative Specking asked what would happen if the age were reduced to Alaska's age of majority. Mr. Vernon stated that Alaska would not be eligible to participate in Medicaid.

HB 314 The committee discussed possible amendments to HB 314. Mr. Vernon pointed out that there might be a slight danger of increased utilization if the program were expanded to include intermediate nursing home care, but that there would be savings in the program unless the utilization increased greatly.

Chairman Hillstrand asked that the bill be returned to the file until the fiscal note is received.

HB 283 Representative Barber stated that he wished to discuss HOUSE BILL 283 ("An Act making a special appropriation to the Department of Public Works; and providing for an effective date.") This bill, Representative Barber stated, would provide the department with \$300,000 for studying transportation methods of crossing Knik Arm. Representative Barber stated that Commissioner Easley had stated it would require one year to complete the first phase of the work; at that time, if it did not appear feasible, the study would be halted. They would like to begin the study immediately before the ice melts in Cook Inlet so that they could study icing and tidal flow during winter months. Representative Barber moved and asked unanimous consent that HOUSE BILL 283 be passed from committee with a "do pass" recommendation. Chairman Hillstrand ruled that the motion was out of order as the bill was not before the committee for consideration.

HB 42 Representative Freeman asked that the committee take up HOUSE BILL 42 ("An Act relating to revenue sharing with local governments for hospitals and health facilities; and providing for an effective date"). He stated that the Fiscal Note stated the cost of the program would be \$700,000 or \$500,000 under the committee substitute, but that what he proposed would cost only \$131,000 and might require writing a new bill. He stated that he felt the aid to hospitals under the law was being provided in areas that really weren't hospitalization--detoxification areas, for example. Representative Freeman's suggestion was to come up with a definition of a hospital that would not permit this use of the funds. He said that the original bill dealt with hospitals with only 50 beds or less, and there are only 12 hospitals in that category in the state; the total number of beds in these hospitals is 260.

Representative Freeman stated he was proposing that the following sliding scale be used in determining aid to these small hospitals:

Hospitals with 1 to 10 beds, \$2,000 per bed
Hospitals with 10 to 20 beds, \$1,750 per bed
Hospitals with 20 to 30 beds, \$1,500 per bed
Hospitals with 30 to 40 beds, \$1,250 per bed

Representative Freeman said this would cost \$131,000 additional and would be a great assistance to the small hospitals. Representative Haugen, sponsor of the bill, stated that the committee substitute was not prepared properly and he felt that Representative Freeman's proposal was workable.

After further discussion, the bill was returned to the file. Representatives Freeman and Haugen stated they would work up a new committee substitute.

ADJOURN The meeting was adjourned at 12:15 p.m.

HOUSE FINANCE COMMITTEE

March 12, 1973

4:05 P.M.

Present: Chairman Hillstrand called the meeting to order and noted for the record that a quorum was present. Also present were Representatives Helen Beirne and Robert Hartig; Frederick P. McGinnis, Commissioner, Department of Health & Social Services; and Dr. Jack Heish, Director of Drug Projects, Greater Anchorage Area Borough Health Department.

HB 236 Rep. Ferguson conducted the meeting for discussion of HOUSE BILL NO. 236 (An Act making a special appropriation to the Department of Health & Social Services, Office of Drug Abuse) and HOUSE BILL NO. HB 263 263 (An Act making a special appropriation to the Department of Health & Social Services, Office of Drug Abuse, for drug treatment and rehabilitation).

Rep. Beirne stated she had received additional information on the proposed drug legislation, and introduced Dr. Heish, who explained the following: Anchorage is currently conducting an addict round-up, and a conservative estimate of addicts is between 400 and 500. The number of known addicts is between 300 to 350, of which about 70% will come in for treatment. Anchorage has been working over the last four months on a rehabilitation program, including counseling of adolescents and treatment for hard-core heroin addicts. Dr. Heish stated \$376,000 of state money is requested for this program, and an additional 20% would be contributed locally, for a total of \$470,000. A report of expenditure of funds was distributed to the committee (see bill file).

Federal funds would be available if the program was started, continued Dr. Heish. Rep. Ferguson asked if they would prefer to receive a grant from the state in order to seek federal funds, or should the state attempt to receive matching funds from the federal government. Dr. Heish replied it would make the paperwork easier if the state would grant the funds and the Greater Anchorage Health Department apply for federal funds. The amount requested would provide enough money to continue the programs for one year, and it is anticipated that in January federal funds would be received. The balance of the \$376,000 which was not spent by that time could be used for matching funds.

Replying to further questions, Dr. Heish said the money would apply only to Anchorage but people throughout the state could come in for treatment. Other programs could be initiated in Fairbanks, Nome, etc., and these cities could then apply for federal funds.

Rep. Ferguson asked Rep. Hartig his opinion on the two bills. Rep. Hartig said the legislation could be included in one bill, HB 263, just so there is sufficient money allocated to the

Langdon Clinic. Rep. Beirne added the Langdon program has been going on for two years, funded through the state. It is important to follow the proposed legislation rather than granting money directly to the Langdon Clinic in order to receive federal funds, continued Rep. Beirne. It is the only clinic that is licensed, so will benefit through either bill, and it is proposed that Langdon will open satellite clinics also in Fairbanks.

Rep. Ferguson asked Mr. McGinnis his opinion on the proposed legislation. Mr. McGinnis stated he was not requesting additional funds for the department over the Governor's recommendation and wished to clarify this for the committee. Regarding the bills, he personally believed the legislation should not be so specific with given projects. HB 263 is the better bill, as the language is sufficiently broad to provide for methodone maintenance and other forms of treatment, and a treatment program should not be tied to a specific program. Also the legislation should be kept fluid enough so that funds could be appropriated according to current need. Alaska should avoid the situation which has occurred in other states, where some clinics get "a corner on the market" to receive state and federal aid. Mr. McGinnis concluded by saying he believed 263 to be the better bill, and 236 would create as many problems as it would solve.

Rep. Hartig asked if there could be included enough money in 263 to cover 236. Mr. McGinnis added he would hate to see the regular state program be disrupted or substituted by these bills, but did not urge that the Governor's recommended budget be increased.

Rep. Hartig requested a letter of intent included with the legislation to monitor what is being done to the people taking treatment, and the courts and police should understand the program. The committee discussed how applicants are contacted and what would constitute "voluntary" treatment. Mr. McGinnis said he was concerned with the federal viewpoint of voluntary, and if they would consider this program as such. Federal regulations are quite specific as to who can conduct a methodone maintenance program, how licenses should be issued, and who is eligible for licensing. The Supreme Court has ruled a person cannot be convicted for addiction, and it is unconstitutional for the state to punish a person strictly for addiction. Rep. Ferguson asked if further statutory powers are needed, to which Mr. McGinnis replied no, they have sufficient statutory authority now.

Rep. Beirne stated that after hearings, the Health, Education & Social Services committee found HB 263 to be the better bill, and HB 236 could be scrapped. There was still a question as to whether methodone, by name, should be mentioned as treatment.

The committee discussed whether methodone maintenance should be left in the bill, and it was decided to leave the language in HB 263. Rep. Beirne concluded by saying \$500,000 could take care of many programs.

Rep. Ferguson assured Mr. McGinnis that this legislation was in addition to the regular budget request for a drug program, and the Department of Health & Social Services budget will not be changed.

Adjourned: The meeting adjourned at 5:10 P.M., to resume at 2:00 P.M. on Tuesday, March 13.

AFTER RECESS

The committee had been discussing capital outlays (see budget minutes).

HCR 18 The committee considered HOUSE CONCURRENT RESOLUTION 18 (relating to state ferry service between Southcentral Alaska and the continental United States, with intermediate stops in Southeast Alaska). Mr. Specking moved and asked unanimous consent that HCR 18 pass from committee with individual recommendations. After a brief discussion, HCR 18 passed from committee with 5 "do pass" recommendations and 2 "do not pass" recommendations.

Mr. Ferguson then gave a review of the progress made by his subcommittee on drugs. He said that he felt a study should be continued through the interim.

Adjourn: After a brief discussion, the meeting adjourned at 9:20 p.m.

HOUSE FINANCE COMMITTEE

March 14, 1973

8:40 A.M.

Chairman Hillstrand called the meeting to order and noted for the record that a quorum was present.

- SB 114 am Rep. Warwick moved and asked unanimous consent to report SENATE BILL NO. 114 am (An Act relating to state school building aid; and providing for an effective date) from committee with individual recommendations. Rep. Barber objected and asked for an explanation of the bill. Mr. Warwick said the state would pick up 50% of the debt service on schools, but the original bill was worded incorrectly and resulted in double deductions of the cigarette tax receipts. This bill will rectify the situation. Mr. Warwick then outlined the different possibilities on the blackboard, showing how the school districts could actually wind up owing the state money if the original legislation was not corrected by this bill. SB 114 am was reported from the finance committee with a "do pass" recommendation."
- HB 342 Rep. Hillstrand brought HOUSE BILL NO. 342 (An Act making a supplemental appropriation to the scholarship revolving loan fund in the Department of Education; and providing for an effective date) before the committee. He moved and asked unanimous consent to report the bill from committee with a "do pass" recommendation. No objection, so ordered.
- HB 139 HOUSE BILL NO. 139 (An Act appropriating for miscellaneous claims; and providing for an effective date) was returned to the finance committee due to additions which had just been received. Rep. Hillstrand moved and asked unanimous consent to prepare a committee substitute including the additions and report the committee substitute out with a "do pass" recommendation. No objection, so ordered.
- HB 227 HOUSE BILL NO. 227 (An Act making a supplemental appropriation for elections; and providing for an effective date) was brought before the committee. Rep. Specking explained there was a residual amount in the reapportionment fund of \$11,600, and as chairman of the sub-committee on HB 227 it was his recommendation to delete this amount from the \$95,000 request. The Audit Report on the Office of the Governor was discussed by the committee, and it was noted there were considerable travel expenses by the Lt. Governor. Rep. Specking moved and asked unanimous consent to report HB 227 from committee with individual recommendations and an amendment changing the amount from \$95,000 to \$83,400. No objection, so ordered.

The committee discussed priority measures still to be taken up and it was noted the subjects were drug abuse, state employees' salary increase, education, fish enhancement and limited entry.

HB 34 HOUSE BILL NO. 34 (An Act relating to abandoned motor vehicles) was brought before the committee and Rep. Specking explained the committee substitute. Rep. Freeman objected strongly to the prohibitions this legislation would place on home rule cities and the committee discussed the ways abandoned motor vehicles were treated in various cities. Rep. Hillstrand questioned whether the committee substitute was better than the original bill, to which Rep. Specking replied it was. Rep. Hillstrand asked if the bill would be acceptable if home rule cities were deleted from the legislation, and the committee agreed this would take care of the problem. It was decided to defer action on HB 34 until later in the session.

HB 180 HOUSE BILL NO. 180 (An Act creating the Alaska Commission on Postsecondary Education; and providing for an effective date) was brought before the committee. Rep. Ose read the fiscal note and the committee discussed the expenses involved. Rep. Warwick requested testimony be heard from Rep. Beirne, and Rep. Barber suggested the committee should hear from Josh Wright also. Rep. Hillstrand scheduled a meeting for Friday, March 16, at 7:30 P.M. with the above-mentioned witnesses present to testify before the committee.

Recess: The meeting recessed at 10:35 A.M.

AFTER RECESS
2:10 P.M.

Chairman Hillstrand called the meeting to order and noted for the record that a quorum was present. Also present to testify were Rep. Robert Hartig; Frederick P. McGinnis, Commissioner, Department of Health & Social Services; Mary Beth Hilborn, Acting Coordinator, Office of Drug Abuse; Paul Fuhs and Chip Thoma.

HB 176
HB 236
HB 263

Rep. Ferguson conducted the meeting for further testimony on the drug abuse program, covered by HOUSE BILL NO. 176 (An Act making a special appropriation to the Dept. of Public Safety for the establishment of a unit of narcotics and dangerous drugs enforcement), HOUSE BILL NO. 236 (An Act making a special appropriation to the Dept. of Health & Social Services, office of drug abuse), and HOUSE BILL NO. 263 (An Act making a special appropriation to the Dept. of Health & Social Services, office of drug abuse, for drug treatment and rehabilitation). Rep. Ferguson noted that previous testimony had indicated HB 236 could be dropped from the program.

Rep. Hartig stated HB 175 provided for a special State Trooper unit to combat the influx of hard drugs into Alaska, and HB 176 funds the measure. \$350,000 should be a sufficient amount, and the Senate had passed a similar measure with this amount of funding. By setting up the special unit for control of hard drugs, the federal government will then make a greater effort to control drug traffic at the military bases and through the mail. Rep. Hartig urged support from the committee for this measure and said he has received strong indication from the people that they want this program. The Court System, police, and the Chamber of Commerce have attempted to solve the drug problem, and Rep. Hartig felt these measures to be a step in the right direction. Enforcement is needed, but also rehabilitation, and Rep. Hartig believed good legislation will result from the passage of HB 263, HB 175, and HB 176.

Clarifying one statement for Rep. Warwick, Rep. Hartig said the federal government can check the mail by using dogs to sniff packages, checking anything suspicious, and then issuing a search warrant to inspect the packages. The main effort of the legislation is toward control of hard drugs, not the occasional marijuana user.

Rep. Hillstrand asked if \$350,000 would be adequate. Rep. Hartig replied it would be, and referred to the fiscal note listing one supervisor and additional troopers assigned to this program. He will monitor the program through the year and hopefully the results will warrant additional funding next year.

Funding of similar drug programs in the budget was questioned, and Rep. Hartig said only rehabilitation is covered under Health & Social Services, and nothing similar to the proposed enforcement legislation. Replying to further questions, Rep. Hartig said he did not believe it was possible to combine the enforcement legislation with the current programs in the Department of Health & Social Services.

Mr. McGinnis stated the Department of Health & Social Services has been granted \$384,000 in the Governor's recommended budget for the Office of Drug Abuse, and he was not requesting any additional funding. However, the legislature has indicated a strong interest in the program, and he was present to give his opinion on the legislation. HB 263 was recommended as the better bill, and this was not just because of the additional funding compared to HB 236. The preference for HB 263 came more because of its broad concepts and flexibility, continued Mr. McGinnis, and it does not grant an excessive amount of money. The Anchorage Borough alone indicated they need \$300,000, and there is still the rest of the state to consider, although the problem is not on the same scale as it is in Anchorage and Fairbanks.

In a previous meeting, the subject of federal regulations pertaining to methadone maintenance were questioned, and Mr. McGinnis distributed copies of these regulations to the committee. It was Mr. McGinnis's opinion that federal funds may be increased in this program, but he did not want to rely on this source until more information is received. If federal funds are not received, state money granted to the drug program could be lapsed, similar to the immediate action the department took when Title IV funds were withdrawn.

Rep. Hillstrand asked what had been done by the Department of Health & Social Services in the drug abuse problem, to which Mr. McGinnis replied the Office of Drug Abuse was set up last year, and a commission was appointed in the last couple of months. This commission will consider all programs requesting state assistance, which, up to this time, has been done by the staff of the department. It is hoped to approach the problem on a broad basis, prevention and education as well as dealing with the problem after it has developed, continued Mr. McGinnis. There are so many aspects of the problem, and at least six or eight components within the program. \$126,000 was used this year to fund the Langdon Clinic in Anchorage, and work is being done to aid in securing a license for a clinic in Fairbanks under the methadone maintenance aspect. The Langdon Clinic has been in operation since August, with 53 patients. Federal regulations were issued in December, 1972, and the state is guided by them.

Rep. Hillstrand questioned the cost of the drug problem to the citizens, and Mr. McGinnis said addiction can cost from \$50 to \$200 per day. He believed the cost to society was enormous.

Mary Beth Hilborn said this was the first year the Office of Drug Abuse received any state funds. Federal funds are received under various programs, and used by the state for whatever programs are funded. Treatment and rehabilitation are not the only programs, as education is funded, and Ms. Hilborn said she would prefer to see the need for the drugs worked on rather than just the control of drug traffic. Control of drug traffic is difficult, as they can be brought in through home-canning units such as the ones sold by Sears, which cannot be detected by dogs sniffing packages sent through the mail. Considerable work should be done through education and "what is the cause for self-destructive behavior." Family House is similar to this idea, but Ms. Hilborn said she would prefer to see the problem attacked before the self-destructive behavior begins. The Office of Drug Abuse covers the Open Door Clinic and has about \$40,000 for grants throughout the state. \$90,000 of federal money are obligated funds to use for a particular program in education, and Ms. Hilborn said she would send a report on this program to the committee.

Referring to the budget request, Ms. Hilborn noted SOS had requested \$50,000 but had no specific plan for its use. The Office of Drug Abuse had a program to train teachers in two week-long seminars this summer, and the \$50,000 was recommended for this division rather than SOS. The program is estimated to cost 43¢ per child per day, and the teachers need to be trained. All materials are distributed at no cost to the schools, but funds are needed for training and early intervention.

Chip Thoma and Paul Fuhs gave their presentation on drug abuse, and distributed copies of their presentation and their recommendations to the committee (see bill file).

Recess: The witnesses were thanked and excused from the meeting, and a recess was called at 3:30 P.M.

AFTER RECESS
3:50 P.M.

Chairman Hillstrand called the meeting to order and noted for the record that a quorum was present.

HB 126

Rep. Haugen conducted the meeting for the purpose of hearing testimony on HOUSE BILL NO. 126 (An Act relating to the regulation of entry into Alaska commercial fisheries) from the following witnesses:

Phil Daniels, Executive Secretary, U. F. A.	
Knute A. Johnson	Cordova
Jim Beaton	Juneau
Floyd Blosson	Ninilchik
Tony Guggenbickler	Wrangell
John Clauson	Pelican
Michael Kelley	Hoonah
Russell Bartoo	Juneau
Fred Holtiner, Jr.	Petersburg
Mike Rose	Sitka
Jay Stevens	Yakutat
Clancy Henkins	Douglas
James E. Graham	Homer

Recess: The meeting recessed at 5:00 P.M.

AFTER RECESS
7:10 P.M.

Chairman Hillstrand called the meeting to order and noted for the record that a quorum was present.

After a discussion of various program categories in the budget (see budget minutes), bills pertaining to the drug abuse program were brought before the committee by Rep. Ferguson.

CSHB 176

Rep. Ferguson moved and asked unanimous consent to report COMMITTEE SUBSTITUTE HOUSE BILL NO. 176 (An Act making a special appropriation to the Department of Public Safety for the establishment of a unit of narcotics and dangerous drugs enforcement) from committee with a "do pass" recommendation. Five members voted in favor of the motion, two members signed the bill "do not pass" and one member signed "no recommendation."

HB 263

Rep. Ferguson moved and asked unanimous consent to report HOUSE BILL NO. 263 (An Act making a special appropriation to the Department of Health & Social Services, office of drug abuse, for drug treatment and rehabilitation) from committee with individual recommendations. Rep. Haugen objected and moved the funding be changed to \$250,000. Rep. Ferguson and Rep. Warwick objected. After discussion, five members voted to report HB 263 from committee without recommendation, and three members signed the committee report "do not pass."

Rep. Warwick moved and asked unanimous consent to amend both bills to read that if federal funds are obtained, the state funds will be reduced by the amount of the federal funds obtained. Rep. Ferguson objected to the amendment. After discussion, the committee voted to amend both bills in accordance with the motion made by Rep. Warwick.

The committee resumed discussion on the budget document (see budget minutes).

HOUSE FINANCE COMMITTEE

March 15, 1973

9:40 a.m.

Present: A quorum was present. Chairman Hillstrand called the meeting to order and said the committee would consider
CSHB 29 COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 29 (Finance) (an Act relating to the public school foundation program; and providing for an effective date). The committee had requested that a committee substitute be prepared which raised the base instruction unit to \$20.0. After a brief discussion, Mr. Freeman moved and asked that CSHB 29 (Finance) be passed from committee with a "do pass" recommendation. No objection. All members signed "do pass."

CSHB 42 The committee then considered COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 42 (Finance) (an Act relating to revenue sharing with local governments for hospitals and health facilities; and providing for an effective date). The committee had requested that a committee substitute be prepared and Mr. Warwick explained this bill. He said this does not increase the amount of money going to the detoxification centers. Under the bill the revenue would go directly to the hospital -- not to the boroughs. Discussion followed. Mr. Warwick moved and asked unanimous consent that CSHB 42 (Finance) pass from committee with a "do pass" recommendation. Mr. Hillstrand objected. The bill passed from committee with 6 "do pass" and 1 "do not pass" recommendation.

Recess: The committee went into the Capital Projects budget at 10:00 a.m.

HOUSE FINANCE COMMITTEE
AFTER RECESS
5:00 p.m.

Chairman Hillstrand called the meeting to order and noted for the record that a quorum was present.

CSHB 180 Representative Ose moved and asked unanimous consent that CSHB 180 ("An Act creating the Alaska Commission on Post-secondary Education; and providing for an effective date") be passed from committee with a "do pass" recommendation. There being no objections, it was so ordered.

HOUSE FINANCE COMMITTEE

March 19, 1973

8:30 A.M.

Chairman Hillstrand called the meeting to order and noted for the record that a quorum was present.

HB 259 HOUSE BILL NO. 259 (An Act relating to the advisory board on drug abuse) was brought before the committee by Rep. Ferguson. Rep. Ferguson moved and asked unanimous consent to report HB 259 from committee with a "do pass" recommendation. Rep. Specking objected and asked for an explanation of the bill. Rep. Ferguson explained the bill and Rep. Specking removed his objection. HB 259 was reported out of committee with a "do pass" recommendation.

HCR 56 HOUSE CONCURRENT RESOLUTION NO. 56 (Relating to development of Alaska's reindeer industry) was brought before the committee by Rep. Ferguson. Rep. Ferguson moved and asked unanimous consent to report HCR 56 from committee with a "do pass" recommendation. No objection, so ordered.

The committee discussed the budget (see budget minutes).

AFTER RECESS
2:55 P.M.

Chairman Hillstrand called the meeting to order and noted a quorum was present.

HB 63

HOUSE BILL NO. 63 (An Act making a supplemental appropriation to the Department of Administration for the teachers' retirement system) was brought before the committee by Rep. Ose. Rep. Ose explained the bill and the fiscal note, and moved and asked unanimous consent to report HB 63 from committee with a "do pass" recommendation. Rep. Hillstrand objected, and asked for time to review the information. The committee discussed the proposed legislation and Rep. Hillstrand removed his objection. HB 63 was reported out of the finance committee with a "do pass" recommendation.

It was called to the committee's attention that a committee substitute had been drafted for HB 63 earlier in the session, but the committee decided to report out the original bill and the committee substitute remained in the file.

Mr. Hogan referred to the short-form budget workbooks, and said Budget & Management had requested copies. The committee approved the request, and added the short-forms may be given to anyone who requested a copy.

Adjourn: The meeting adjourned at 3:20 P.M.

HOUSE FINANCE COMMITTEE

March 20, 1973

9:15 A.M.

Chairman Hillstrand called the meeting to order. All members were present.

- HB 64 HOUSE BILL NO. 64 (An Act making a supplemental appropriation to the University of Alaska) was brought before the committee. Mr. Hillstrand noted a finance committee substitute had been drafted, along with a finance committee report explaining the revisions. (See bill file.) Rep. Warwick questioned the \$486,000 deletion for 1972 over-expenditure by Southcentral region, and Mr. Guthrie was called into the meeting to give the background of this request. After discussion, Rep. Saylor moved and asked unanimous consent to report CSHB 64 from committee with a "do pass" recommendation. Rep. Ferguson objected. The committee voted 6 to 3 to report CSHB 64 from committee with a "do pass" recommendation.
- HB 130 HOUSE BILL NO. 130 (An Act establishing a working capital reserve fund for the University of Alaska) was brought before the committee. Rep. Hillstrand explained the finance committee substitute which had been drafted and read the finance committee report to the committee. Rep. Saylor moved and asked unanimous consent to report CSHB 130 from committee with a "do pass" recommendation. Rep. Barber objected, but removed his objection after a brief discussion. No other objections, so ordered.
- HB 131 HOUSE BILL NO. 131 (An Act appropriating to the University of Alaska working capital reserve fund) was brought before the committee. Rep. Ose moved and asked unanimous consent to report HB 131 from committee with a "do pass" recommendation. Rep. Ferguson objected. The committee voted 7 to 2 to pass HB 131 from committee.
- SB 131 SB 131 (An Act relating to identification cards) was brought before the committee. Rep. Ferguson explained the bill and the fiscal note, and moved and asked unanimous consent to report HCS SB 131 from committee with individual recommendations. Five members signed the committee report "without recommendation," four members signed "do pass."
- HB 11 Rep. Barber moved and asked unanimous consent to bring HOUSE BILL NO. 11 (An Act relating to revenue sharing with local governments for providing certain mass transit facilities or services) before the committee. Objections were heard. The committee voted: 2 in favor of the motion, 7 opposed. HB 11 was returned to the file.

The committee discussed the proposed amendments to the budget bill.

The meeting recessed at 10:00 A.M.

AFTER RECESS

2:05 p.m.

Present: All members. Representative McGill, Representative Tillion and persons interested in testifying on the limited entry fishing bill were also present.

HB 126 Chairman Hillstrand called the meeting to order and said the committee would consider HOUSE BILL NO. 126 (an Act relating to the regulation of entry into Alaska commercial fisheries; and providing for an effective date).

Representative Tillion spoke in favor of the bill. He said that the basic purpose behind the bill is because of the influx of gear in Alaska. He said this has caused the curtailing of seasons and the limiting of effectiveness to the point the United States, and in particular Alaska, is no longer competitive anywhere in the world.

Representative Tillion explained that Canada went to a limited entry four years ago and gave the background on how this had worked. Discussion followed.

In answer to Mr. Warwick, Representative Tillion said that one of the things limited entry has done is to cut down on the need for enforcement. A fisherman will be more willing to participate in a rehabilitation program.

Mr. Frank Flavin, an attorney representing the village of Naknek appeared before the committee. He said his concern was with section 250. He suggested the commission study the present alternatives for free transferability. The commission could then report back to the legislature with this study. He said they are afraid the permits will migrate to non-resident members in some areas. Discussion followed.

Representative McGill spoke in favor of the bill. He did not feel that this could be called a "free" transferability.

Recess: The meeting recessed at 3:04 p.m.