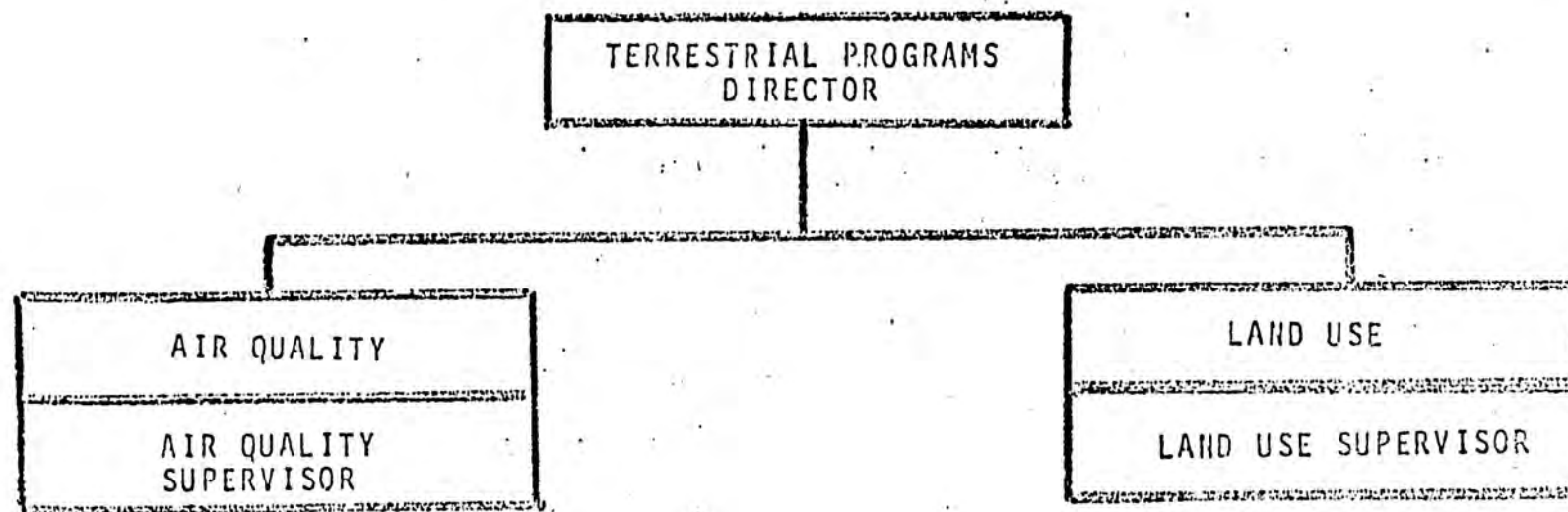


HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2638

4/10/75



-219-

APPROVED: *Franklin M. Muel*
COMMISSIONER OF ENVIRONMENTAL CONSERVATION

APPROVED: *Don Shew*
COMMISSIONER OF ADMINISTRATION

EFFECTIVE DATE: January 27, 1975

STATE OF ALASKA
DEPARTMENT OF ENVIRONMENTAL CONSERVATION

4/10/75

TECHNICAL SERVICES
SUPERVISOR

SYSTEMS ANALYSIS

LABORATORY SERVICES

DRAFTING SUPPORT

DATA REDUCTION

SYSTEMS ANALYST I

CHEMIST III

CARTOGRAPHER III

STATISTICAL TECH. II

-220-

APPROVED:

Emilio Nuell
COMMISSIONER OF ENVIRONMENTAL CONSERVATION

APPROVED:

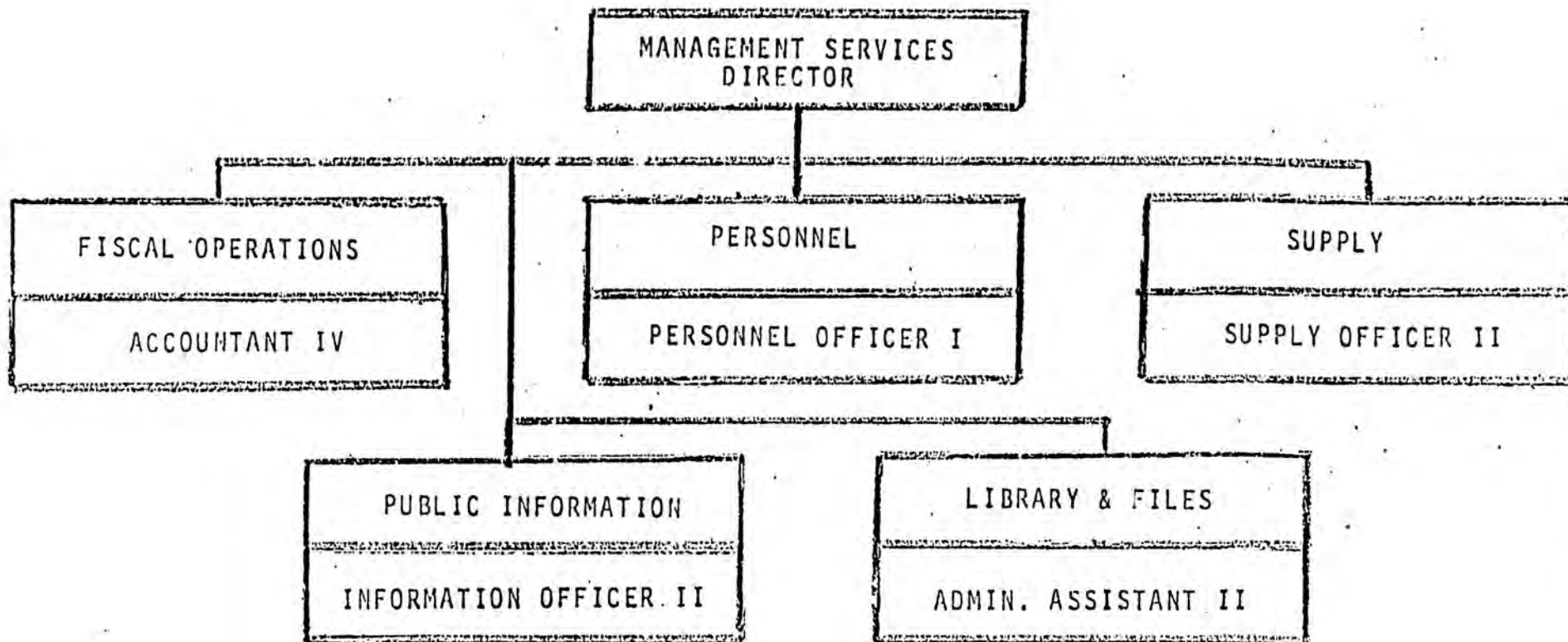
Don Stewart
COMMISSIONER OF ADMINISTRATION

EFFECTIVE DATE:

January 27, 1975

STATE OF ALASKA
DEPARTMENT OF ENVIRONMENTAL CONSERVATION

4/10/75



-221-

APPROVED: *Ernest A. Muelke*
COMMISSIONER OF ENVIRONMENTAL CONSERVATION

APPROVED: *Quincy Shaw*
COMMISSIONER OF ADMINISTRATION

EFFECTIVE DATE: January 27, 1975

4/10/75

DEPUTY COMMISSIONER
ENVIRONMENTAL CONSERVATION

PIPELINE MONITORING

SOUTHCENTRAL REGION

NORTHERN REGION

SOUTHEAST REGION

PIPELINE ENVIRONMENTAL
SUPERVISOR

REGIONAL ENVIRONMENTAL
SUPERVISOR

REGIONAL ENVIRONMENTAL
SUPERVISOR

REGIONAL ENVIRONMENTAL
SUPERVISOR

-222-

APPROVED:

James W. Meehan
COMMISSIONER OF ENVIRONMENTAL CONSERVATION

APPROVED:

Deborah
COMMISSIONER OF ADMINISTRATION

EFFECTIVE DATE: January 27, 1975

SENATE FINANCE COMMITTEE
Monday, April 14, 1975
1:30 p.m.

Sub-committee for Education, S.O.S. members present:
Sen. Ray, Sen. Butrovich, Sen. Sackett, Sen. Hohman,
and Sen. Chance. Also in attendance were Mr. George
White and Mr. Ron Westley of S.O.S.; Dick Emerman, B & M.

PRESENT

EDUCATION
S.O.S.

Sen. Ray opened the meeting brought up for discussion
the budget on Rural Schools. There were no questions on
the figures read from Sen. Ray's Budget book. The reason
given for the maintenance budget was that there was a drop
in the number of students enrolled. It was also noted that
the BIA now expects the State to pay tuition for non-BIA
students now enrolled in BIA schools. Sen. Sackett questioned
which schools these were. Mr. White answered that the schools
were all over. They are wherever the teachers have children.
Sen. Ray mentioned that the Governor did not allow the 874
funds. However, 244.2 for students was allowed.

S.O.S.
Rural Schs

Tuition

The Committee went to Pupil Transportation. Mr. White said
that the Division's original request was 641.2. He did not
know the reason for the reduction in the request. Sen.
Ray told him that the additional \$10,000 was not equivalent.
The request was 653.2, that is the Governor's allowance.
There is 651.2 plus \$1,000. The 653.2 was the total request.
The original request was maintenance level. Mr. White
responded that the difference of \$2,000 was due to Anderson
Village transportation in lieu of buses.

Pupil
Transp.

Sen. Sackett asked about PL 874 funding this year. Is this
in the General Fund? Mr. White answered that PL 874 was
reflected as Federal receipts for FY 75. FY 76 PL 874
receipts is an individual line item. There was a statement
that PL 874 receipts are estimated and would simply offset
the General Fund. Sen. Ray mentioned that 547 was last
year's General Fund. The 874 reimbursement is a general
reimbursement. Last year the program element was filled
later in the booklet. The receipts are simply pro rated to
the General Fund. Sen. Sackett asked it didn't
show up through Inter-Agency receipts. Mr. White responded
no, it is Federal receipts. Sen. Sackett said that he was
referring to last year. Mr. White answered no, the total
874 funds would have had to be pro rated to individual
programs. They pro rate the amount of the original estimate.
It is all correlated between the General Fund and PL 874.
Inter-Agency receipts to State operated schools refers to
those receipts flowing through another agency, for example,

the Department of Education. He went on to say that after they use up PL 874 funds they pick up General Fund monies to complete their program.

The Committee took up Basic Instruction, K - 12. Under contractual services, Mr. White stated that the primary increase was for the student evaluation program. Basic Instr.

Sen. Ray noted that there was a change in funding from the original request. Mr. Westley said the PL 874 portion is shown as an individual line item. Sen. Ray said you deleted General Funds in the original request and put it all in Federal funds. It was noted that the original request contains a pro-ration of PL 874 to programs; there was no difference between General Funding and PL 874. Sen. Ray went on to say that in 1975, there was 11,815 authorized which was revised to 121.6 General Fund monies. That was also included in the current program. You eliminated this and put them all into General Funds. Sen. Butrovich asked why the 17,045.1 request in Federal receipts and then the Governor shows 400,000 opposite that on the short form? Mr. White answered that it was an attempt by the Governor to try to delineate this item and put PL 874 on a separate line. Dick Emerman explained further that this is the National Marine Fisheries Grant that is remaining from PL 874.

Sen. Sackett asked Mr. White, on the request they had made and the Governor's recommendation, what would be cut? Mr. White answered that the primary difference is the 13 BIA elementary schools.

Food Services was considered next. There were no questions.

Food
Serv.

Building Maintenance was brought up by the Committee. Sen. Ray mentioned to Mr. White that under the travel category, it wasn't too late to change the wording of estimated deficiency to supplemental. Sen. Sackett asked if they did in fact have a 95,695 deficiency this year under contractual services. Mr. Westley said that the estimate of deficiency that they used is for the unlimited need in maintenance, all types of maintenance. They are in the process now of setting up a procedure of documenting individual work orders. The estimate of \$95,000 is based on information that they have. It is not quantified information nor is it pulled together. Sen. Sackett asked about the additional \$50,000 that the Governor gave. It was answered that this is transferred from the Central Office BRU to the Maintenance BRU for in-service training for maintenance personnel and custodial personnel. Mr. White went further to explain that the maintenance requested is what is needed to keep

Bldg.
Main-
tenance

the buildings fully functional. It is also for preventive measures. (This is in reference to the supplemental requests as opposed to deficiencies.) Sen. Ray pointed out the way it appears you are asking for a deficiency in FY 75. You are going to have a short-fall in 1975. The difference is that you should have indicated that this request was just to bring the buildings up to par.

Building Operations was considered by the Committee. Mr. Westley stated that the 6,975.1 maintenance figure in General Fund, the requested 7,585.8 includes the 13 BIA schools. Sen. Ray asked if this was the reason for the additional 180 in commodities. The answer was yes; also the additional 305 in contractual.

Building
Oper.

Sen. Hohman asked what happened to the 13 schools. Mr. Westley answered that the 13 schools were taken out of the budget and the intent is that any money taken from the S.O.S. funds would be going to the Department of Education. Mr. White further explained that the BIA schools are being absorbed into the State system, that was last fall. This is in phases. These 13 schools are Federal schools.

Sen. Ray asked why the original 3,507.3 in Federal funds were eliminated and placed in General funds. Dick Emerman answered that these are PL 874 funds that he is talking about. Sen. Ray asked Dick Emerman to provide a full breakdown in writing on the reasons for sliding the funds back and forth.

Sen. Sackett asked about the subsidized rents for teachers and whether or not rent increase was being considered. Mr. White answered that there would be rent increases. They have just completed a formula for increasing the rent. There would be an approximate increase of 20%. This will also make the subsidy more equitable. With the housing formula some rents could go down. The formula works on footage and other things. He will send the committee a copy of the formula. Sen. Sackett expressed his concern that they should be able to get more money from the teachers for the rental units.

The Committee took up Administration and Support. It was explained that the reason for the requested increase in travel was a result of the increase in schools because of the anticipated BIA transfers. The Regional Superintendents will have more travel.

Regional
Adm. &
Support

Sen. Ray noted that \$5,000 was not accounted for in their budget.

It was explained that under contractual, the State operated schools were attempting to regionalize support in curriculum to schools under their supervision.

The Committee went to Bilingual Education. Sen. Hohman asked about the 270 for the training program. Mr. Westley answered that the training program will be a program which instructors are to attend at the University for specialized training in connection with the Indian economic program.

Bilingual
Education

[Sen. Butrovich left the meeting]

There were no questions on Supplemental Programs.

Supple-
mental
Programs

Exceptional Children was taken up. Sen. Chance asked what the 10.2 was for. Mr. Westley answered that he did not have the information; however, he could get the detailed information to the Committee. It is in connection with PL 213 which is based on funds from the Federal Government. He mentioned that a lot of the budget was an estimation.

Exception-
al Child-
ren

Sen. Sackett asked that they explain the funds from HB 592. Mr. Westley explained that this was passed in the last session and the funding was to the Department of Education in FY 75. His Division is requesting their portion of the amount. Sen. Sackett asked, the \$156,000 is to the Department of Education? The answer was no, we are requesting this ourselves. Approximately \$75,000 was received last year. Sen. Sackett asked why are they coming directly to the legislature this year instead of going to the Department of Education like they did last year. Dick Emerman answered that the funds were not made in a lump sum to the Department of Education for FY 76 for distribution. There will be foundation monies; however, S.O.S. isn't under the program.

Sen. Sackett asked what the \$156,000 cut was. Mr. Emerman answered that there was a \$138,000 reduction in contractual. Justification was lacking. It was probably cut because Budget and Management did not know what the request was for. This resulted in the disallowance.

Sen. Sackett wanted the exact amount S.O.S. should be requesting as a result of the Public Foundation Act for exceptional children. He wants this in writing from Mr. Emerman.

[Sen. Chance left the meeting - 3 p.m.]

Adult Education was discussed by the Committee. Sen. Ray asked why they did not use Indian Education Funds. It was answered that these monies were granted by the Federal Govern-

Adult
Education

ment to allow the communities to make decisions concerning education; to give additional education to their children. The money could be used if the communities requested this. They may not ask for adult information. State operated schools are lacking in this area. Many people need to get certificates through this program, and training, etc.

Sen. Ray asked why not coordinate this with the regular State program? About 75% of these are predominately native people. Mr. White answered that they have been coordinated to a degree. We feel that there is a need to develop some of their own programs. Sen. Ray pointed out that this certainly is not an Indian training program. Mr. White said that the other Departments do not have the background to get into some of these areas. Sen. Ray noted that their Div. had a request in under Commodities for experimental and new materials design.

The Committee took up Correspondence Study. In keeping with the feeling of the Department of Education, S.O.S. is going to develop decentralization. They are going to give this responsibility to the school districts and they are requesting funds to pick it up. They agree to decentralize, not centralize.

Corresp.
Study

Sen. Sackett remarked that their request went from 279 up to 800. Mr. Westley answered that last year was the first year in which they requested a direct appropriation to S.O.S. for Correspondence programs. The data on which the FY 75 request was based is old. This year they have identified and updated the information. The number of students they have identified is in excess of the 1975 request.

Sen. Sackett asked what the maintenance request was. Mr. Westley responded that the maintenance request is 820; 250 was transferred to the Department of Education under their request.

A five minute recess was called at 3:10 p.m.

AFTER RECESS
3:20 p.m.

The Committee took up Military Schools--Tuition. In response to Senator Sackett, Mr. White informed the Committee that this BRU will change considerably as a result of the passage of HB-188 dealing with contracting military schools to adjacent school districts. The military BRU for schools will be eliminated in FY 76. With four schools contracted

On Base
Schs.
Tuition

and with the Boroughs being funded through tuition and various branches of the Department of Education, this will leave them with two schools in Adak; and these will be transferred over to the Borough. After a general discussion the Committee decided to return the budget to Budget and Management for additional information. Since the passage of HB-188 the budget information in the hands of the Committee was obsolete. Mr. Emerman told the Committee that they would handle this as a revision to the Governor's budget and they would submit the revision to the Committee with more information.

The meeting adjourned at 3:40 p.m.

ADJOURN

SENATE FINANCE COMMITTEE

April 10, 1975

9:10 A.M.

All members.

Present

Sen. Ray called the meeting to order and brought
SENATE BILL NO. 266 (An Act transferring those functions
of the Department of Revenue relating to motor vehicles
to the Department of Public Safety; and providing for an
effective date) before the committee. Sen. Ray moved
and asked unanimous consent to report SB 266 from committee
with a "do pass" recommendation. No objection, so ordered. SB 266

Sen. Rader moved and asked unanimous consent to report
SENATE BILL NO. 285 (An Act making a supplemental appro-
priation to the Department of Health & Social Services,
Alaska Retarded Citizens Association work activities
center; and providing for an effective date) from committee
with a "do pass" recommendation. No objection, so ordered. SB 285

Sen. Chance reported on the hearings held on SENATE BILL
NO. 188 (An Act relating to mentally retarded persons;
and providing for an effective date) and said the depart-
ment was requesting far too much funding. About \$129,000
was requested for the sheltered workshop program, and
Sen. Chance noted the Department of Health & Social Services
had submitted a fiscal note for \$252,700, which included
addition of two positions and travel for them. SB 188

Sen. Hohman moved and asked unanimous consent to report
SENATE BILL NO. 228 (An Act relating to the membership of
the state bond committee) from committee with a "do pass"
recommendation. He explained the committee substitute
offered by the State Affairs Committee was drawn since the
original bill granted too much power to the legislature.
The committee discussed the differences between SB 228 and
CSSB 228, and decided the committee substitute was prefer-
able. Four members voted in favor of recommending CSSB 228. SB 228

Sen. Chance brought SENATE BILL NO. 173 (An Act relating
to the Alaska industrial incentive taxes and tax credits;
and providing for an effective date) before the committee
and said she was waiting for an opinion from the Attorney
General as to the effect of this legislation on Champion
and Marathon. Sen. Chance read the fiscal note, and then
noted a memo stating the fiscal note was incorrect.
Legislative Audit has been conducting an audit which should
be completed this week; however, results of the audit would
not be published for another month. The committee agreed
that a decision on SB 173 should wait for the Attorney
General's opinion as to the effect of the bill. SB 173

4/10/75

SENATE BILL NO. 171 (An Act terminating the Alaska State Mortgage Association) was brought before the committee by Sen. Sackett, who said this was suggested by the Budget & Audit Committee. Sen. Hohman moved and asked unanimous consent to report SB 171 from committee with a "do pass" recommendation. No objection, so ordered.

SB 171

Sen. Ray asked if the committee had reached a determination on SENATE BILL NO. 76 (An Act making a supplemental appropriation to the University of Alaska; and providing for an effective date). Sen. Rader thought the committee should wait until a decision was made on the balance of the negotiating bills. Sen. Ray suggested the committee fund a salary increase and an area cost-of-living adjustment for a total of \$486,000. SB 76 was returned to the file.

SB 76

HOUSE BILL NO. 166 (An Act making a supplemental appropriation to the Department of Environmental Conservation for a photographic history of the trans-Alaska pipeline construction; and providing for an effective date) was brought before the committee. After discussion of the project, the committee decided to return for further information from Ken Roberts, the photographer in charge of the photographic history.

HB 166

The meeting recessed at 9:55 A.M.

Recess

AFTER RECESS
11:15 A.M.

All members. Ken Roberts, photographer

Present

Sen. Ray called the meeting to order and asked Mr. Roberts for his presentation supporting HB 166.

HB 166

Mr. Roberts stated funding for the project was allocated by the Free Conference Committee on the budget last year, and an amount of \$35,000 was received from the state. Additional funding was expected from the Bicentennial Commission; however, no money has been received. Mr. Roberts had economized in order to stay within the \$35,000 and no money was owed to anyone in connection with the project, with one man in Fairbanks working for nothing, another in Anchorage working for \$600/month, and rental costs of \$200/month on a small office. Photography supplies have increased in price tremendously, partly due to the oil shortage and partly due to inflation. As a result, there was nothing left to pay Ken Roberts, and he said he would like to get paid.

4/10/75

Mr. Roberts then showed a series of slides, and explained where and why they were taken.

Sen. Hohman asked who would be in charge of the photographic history when it was completed, to which Mr. Roberts replied it would be stored in the Division of Libraries. A book could be made of the final result, which would show the pipeline effect on Alaska.

The meeting adjourned at 11:55 A.M.

Adjourn

SENATE FINANCE COMMITTEE
Friday, April 11, 1975
9:10 a.m.

Present: Senators Ray, Butrovich, Poland, Chance, Hohman and Rader (arrived at 9:30).

Also Present: Superior Court Judge Peter Kalamarides, Anchorage.

Chairman Ray called the meeting to order and asked that the committee consider Senate Bill 310 that was discussed earlier in the week.

SB 310

SB 310: An Act relating to leaves of absence for auxiliary members of armed forces.

Senator Ray called attention to the committee substitute draft that had been prepared by Jay Hogan at Senator Ray's request. The language drafted for the committee substitute is designed to provide that an employee on military leave would not get double pay, but would receive only that which is higher--i.e., either the military pay or his regular employment pay.

The sentence added for the proposed committee substitute read: "The State or political subdivision shall supplement the military pay received to the extent required to maintain the employee's normal rate of pay."

Senator Ray questioned whether this language accomplishes what we wanted it to.

Senator Chance thought a provision should be added to the effect that if no military pay is paid, then the political subdivision would supplement it--i.e., pay the normal employment salary.

Jay Hogan was called in by Senator Ray to answer this question about the bill. After reading the bill, Mr. Hogan agreed that a provision could be added to clarify this point. To read "If there is military pay the State shall supplement it (to the extent of normal employment pay) and if there is no military pay, then the State shall pay the normal rate of pay."

Senator Hohman requested that the comma after the word subdivision in line 12 be dropped as it seems to confuse the meaning of the sentence by referring back to the state, when it should refer to the political subdivision.

Jay Hogan was instructed to draft new language for the bill in line with these proposed changes.

Senator Ray told the committee that he would appreciate it if they could review Senate Bill 297 (Alaska Lease Bonus Permanent Fund) over the weekend, so they could begin some preliminary discussions on this next week.

SB 297

Mr. Hogan returned to the meeting and presented the revised draft of Senate Bill 310. The only change from the original draft was the addition of a sentence at the end of the bill which read as follows:

"If an employee receives no military pay the State or political subdivision shall pay the employee at the normal rate of pay."

Senator Butrovich moved that Committee Substitute for Senate Bill 310 be reported out of committee with individual recommendations. A poll of the members showed that all were in favor of a "do pass" recommendation, so CSSB (Fin) was reported out of committee with a "do pass" recommendation.

Next bill to be considered was House Bill No. 166.

HB 166: Supplemental appropriation to the Department of Environmental Conservation (\$35,000) for a photographic history of the trans-Alaska pipeline construction.

HB 166

Senator Chance moved that HB 166 be reported from committee with individual recommendations.

Senator Hohman made a remark that what we are actually doing is appropriating \$140,000 on the basis of 15 minutes of slide shows. Senator Ray replied that his intent is to pay the supplemental since he thinks we have an obligation to do so, and we can worry about the other at a later time.

Senator Hohman then moved and asked unanimous that House Bill 166 be reported out of committee with individual recommendations. A poll showed that four members were in favor of a "do pass" recommendation, so HB 166 was reported out with a "do pass" recommendation. (Senator Poland signing "no recommendation")

Senator Chance stated that she will be prepared to report on Senate Bills 164 and 212 on Monday.

9:30 -- Senator Rader arrived at the meeting at this point.

Senator Ray then announced that the committee will start review of the Education budget next week, reviewing State Operated Schools on Monday and then Department of Education.

The meeting recessed at 9:37 a.m.

RECESS

SENATE FINANCE COMMITTEE
Friday, April 11, 1975
2:00 p.m.

Present: Senators Ray, Butrovich and Sackett.

PRESENT

Also Present: Willie Hensley, Chairman, Capital Site Selection Committee; Bill Corbus, member, and Leonard D. Lane, Executive Director.

Chairman Ray called the meeting to order and asked Mr. Lane to proceed to give any testimony he wanted.

Capital
Site
Selection
Committee

Willie Hensley called attention to House Bill 279 which is a supplemental appropriation for the Capital Site Selection for \$496,000 to pay its expenses for the fiscal year ending June 30, 1975. This bill is now in the House Finance Committee. Mr. Hensley said they will respond to any questions from the committee.

HB 279

Mr. Hensley reported that they have now selected the prime consultant and an engineering firm, Dames & Moore, to do the engineering work. They have also selected an individual to do a public opinion survey, which he believes is being implemented right now.

Senator Ray told Mr. Hensley that some of the members of the Senate Finance Committee question whether this expanded project is worthwhile because they don't believe the capital will ever move, and if it does move, that there will not be any money to construct a new capital. Senator Ray said he disagrees with that trend of thinking; however, these members need to be convinced.

Mr. Hensley replied that his response to those who say we are asking for too much money is that when it comes to eventual costs, "this is hors d'oeuvres."

Senator Ray remarked that the Anchorage Times has made some depreciating remarks to the effect that it should not take too much intelligence to pick out towns and then related Fairbanks, Nome and Anchorage as examples. The point Senator Ray wished to make is that we don't want another disaster because of a lack of planning.

Continuing with his presentation, Mr. Hensley stated that if we are going to create a new city there is a substantial amount of work to be done. He said when the people go to the polls to vote on the site, they want them to have some idea about the estimated cost of construction at that time. The committee also thought there should be some impact studies, particularly if some of the potential sites are located near existing communities.'

Nr, Kabe stressed the fact that they are in the middle of doing "pre-planning" for a new town and they want to do it right.

Senator Butrovich wanted to know a little about Dames & Moore. Mr. Lane explained that they are a major engineering firm with worldwide offices.

Dames and Moore have an office in Anchorage. They will be doing the engineering, geo-technical and environmental studies.

Senator Butrovich commented that most of the studies we have had in the past, in his opinion, haven't been worth the paper they're printed on. The consultants tend to compile information that is already available here. Is this what these consultants are going to do? To this Mr. Lane replied that they have put together a scientific resource team, composed of Alaskan individuals who are experts in certain areas--climatologists, U of A people, U.S.G.S. people, etc. who are helping us to develop criteria, and this group agrees that the data we already have can only go so far, and they will help us with that insofar as they can. However, these experts have advised the course of action they are now taking.

Responding to Senator Butrovich's doubts about the studies, Senator Ray said he felt these studies were necessary so we can be certain that we are picking the best possible site for the capital. Adding to this, Mr. Corbus referred to the Snettisham power project in Juneau as an example of poor planning or no planning at all--it ended up costing much more in the end.

Mr. Lane pointed out that the town of North Bonneville in Washington state is being moved--it is a model for new town planning. He said they have made studies very much like the ones we are proposing to do.

Senator Sackett stated that we have already appropriated \$250,000 to the Committee and now they want \$496,000 more. He asked how far they have committed themselves. Mr. Lane replied that they have expended about \$50,000 plus some reimbursement costs for CCC/HOK. Dames & Moore just started on their project last week. He reported that the committee has expended, through March 1, \$35,000 and through the first of April, should have expended about another \$14,000. The breakdown is about \$49,000 in committee costs and \$50,000 in consultant costs, which is about \$100,000 through April 1.

Senator Sackett wanted to know when they will run out of the original \$250,000 appropriation. Mr. Lane's response to this was that if they do not commit the consulting monies, it will last through the end of this fiscal year. If they commit to the consultant, they will be out of money in about three weeks. He added that because of their tight time frame, the longer they wait to commit the money, the more it might cost. For instance, the consultant will have to put more people on to accomplish the work in the allotted time frame.

At this point, Senator Sackett asked if the committee has analyzed their budget for the next two years in terms of possible alternatives. What if we don't appropriate \$1.4 million? Senator Ray noted that the Joint State Affairs Committee will have hearings in Fairbanks, Anchorage and Juneau this weekend relative to the proposed amendments to the initiative. If there was some support to remove the 30 mile barrier, the committee would have to re-evaluate what they are doing. Mr. Hensley acknowledged that that would have a substantial impact on their proposed budget.

Mr. Hensley added that Boeing put a lot of time into their projected budget that was transmitted to Rep. Fink. He said Boeing had indicated that if there was a delay beyond mid-February, overtime and costs would increase, and they would add \$10,000 to the cost of consultant fees per week.

Mr. Lane remarked that in "crash programs" things tend to get overlooked. He said they need to get the consultant started in April.

Senator Sackett said he would like to have a breakdown of the committee's goals. Mr. Lane replied that these are set out in the 1976 budget request.

Senator Ray said he is prepared to fund 75% of the committee's budget request since he thinks it is in the ballpark, but he is only one member of the committee.

Mr. Hensley said Hugh Malone has indicated that the House Finance Committee may move the supplemental request out of committee tomorrow.

The meeting was recessed at 2:45 p.m.

RECESS

SENATE FINANCE COMMITTEE
Monday, April 14, 1975
9:05 a.m.

Present: Senators Ray, Butrovich, Sackett, Chance, Poland, Rader (arrived 9:13 a.m.), Hohman (arrived 9:45 a.m.)

PRESENT

Senator Ray called the meeting to order and announced the following bill assignments:

SB 225	Ray
HB 67	Butrovich
HB 128	Poland
HB 145	Ray
HB 184	Butrovich
HB 250	Chance
HB 252	Chance
HB 253	Chance
HB 324	Ray
HB 345	Ray
HCR 23	Poland
HCR 24	Sackett

Reporting on Senate Bill 164, Senator Chance stated that this is really a reallocation to the Department of Fish and Game from the Fish and Game Fund in order to provide the 25% state matching funds for programs that are ongoing.

SB 164

SB 164: Supplemental Appropriation to Dept. of Fish and Game (\$117,600) allocated to Game Division (\$109,400) and Sport Fish Division (\$8,200)

Senator Rader arrived at the meeting.

Senator Chance further explained that this does not require an additional appropriation or change the appropriation level. After a brief discussion, Senator Ray acknowledged that this was something they did every year..

Senator Chance moved and asked unanimous consent that Senate Bill 164 be reported out of committee with a "do pass" recommendation. There being no objection, it was so ordered.

Chairman Ray then assigned SB 195 to Senator Sackett.

SB No. 114 was next to be considered (Special Appropriation to the Department of Revenue, disaster relief fund -- \$400,000)

SB 114

Senator Poland remarked that according to the fiscal note the State committed this after the Bering sea storm. Senator Ray commented that he thought we had given them \$380,000 for a new generator.

Senate Bill 114 was returned to the file.

Senator Ray asked Senator Chance what she had found about the industrial incentive bill. She replied that she still has not received a memo from the Attorney General's office; in addition, Alison Farnan is going to check with the Department of Economic Development on this.

There was a very brief recess while Chairman Ray left the room to contact the Attorney General's office and the Department of Public Works concerning SB 226.

SB 226 (supplemental appropriation to Department of Public Works - \$430,000, SB 226 \$400,000 of this to be allocated to the Division of Aviation for cost overruns on the Ketchikan Airport)

Senator Ray returned to the meeting and asked for the sub-committee's conclusion of Senate Bill No. 2. Senator Sackett reported that he found it to be "slightly expensive."

Senator Sackett moved and asked unanimous consent that he be allowed to research further and wait for the other bill. (There is another bill before the Legislature which is suppose to take care of any impact this bill might have)

SB 2

(SB 2 is an act relating to the definition of peace officer and fireman for the purposes of the Public Employees Retirement System)

SB 7 (An Act making a special appropriation to the Department of Natural Resources, cold weather botanist positions - \$80,000)

SB 7

Senator Sackett reported that he will make a recommendation that this be put into the budget.

SB 8 (Special Appropriation to the Department of Highways for design of a bridge from Ketchikan airport on Gravine Island to Revillagigideo Island - \$500,000).

SB 8

Senator Poland said she is still researching SB 8.

There was no report from Senator Butrovich on Senate Bill 20 at this time.

SB 24 (An Act relating to community mental health services)

SB 24

Senator Chance reported that the mental health people want this act adopted even without an appropriation because it gives them authorization to operate community health centers and go after federal funds. She said Alaska is one of the few states in the union that do not have the authorization. She stated that the committee could pass the bill out with a letter of intent that they will be receiving no state monies.

Chairman Ray clarified the committee's understanding as to a letter of intent--i.e., that the committee intends that this bill is to merely implement the community mental health services act and enable the state to seek federal funding, and that we are not taking up any state funds other than those that will be provided in the budget.

Senator Sackett moved that Senate Bill 24 be reported out of committee with a "do pass" recommendation.

Budget Analyst Milt Barker entered the meeting and was asked to prepare a committee report in line with the committee's intent.

Senator Butrovich then moved that SB 24 be reported out with individual recommendations. A majority of the members were in favor of "do pass" so SB 24 was reported out with a "do pass" recommendation.

Robert G. Dwyre, Deputy Commissioner of the Department of Public Works and Dickerson Regan, Assistant Attorney General, arrived at the meeting.

Senator Ray told Mr. Dwyre that the committee did not understand why on the Ketchikan Phase 3 contract finalization additional funds are required to close this project's overexpenditures of \$400,000 incurred for a contractor's claim (\$325,000) and existing engineering costs because "the project was finished a year later than anticipated." (this relates to SB 226)

SB 226

SB 226 (supplemental appropriation to Dept. of Public Works in amount of \$430,000 - \$400,000 of which relates to cost overruns on the Ketchikan Airport)

Mr. Dwyre explained that what took place was that the contractor made a number of allegations as to their responsibilities in adding to the work within the specified time frame. After discussing this with the Attorney General's office, they were advised that they were "vulnerable" in that they were getting into a position of "acceleration" requiring the contractor to do more work in the same timeframe. Also, because of a number of factors, they did not feel they were really damaged to a great degree, since the paving work was getting done late in the fall and the airport could not be used fully before next spring because of other work that had to be done. He summed it up by saying that they were vulnerable so they settled with the contractor rather than going to court and possibly losing more.

Senator Ray noted that they are asking to pay back \$255,000 to the 1972 general obligation bond fund, and he didn't agree with that. He asked why we were doing that. Mr. Dwyre said he couldn't answer that. Jay Hogan looked at the session laws and said that money probably came out of the trunk and secondary airport bond funds.

Senator Ray argued against paying back \$255,000 to a \$24 million bond fund that hasn't been used yet.

Senator Sackett thought that the Ketchikan airport bond funds were probably from the 1966 bond issue. He suggested that we look at the 1972 bond issue

to see where this \$255,000 was taken from.

Senator Hohman arrived at the meeting.

Jay Hogan pointed out to Senator Ray that there is \$10,850,000 remaining in the 1972 bond fund for airports at this time.

Senator Sackett pointed out that the 1972 funds are still committed and he has a breakout in his office.

Senator Butrovich asked if it was possible to get this money from anyplace else.

Chairman Ray instructed Mr. Dwyre to get some determination from his department on this question, and to please expedite this information.

Senator Ray then announced that the committee will commence review of the State Operated Schools budget at 1:30 today.

The meeting adjourned at 9:50 a.m.

ADJOURN

SENATE FINANCE COMMITTEE
Tuesday, April 15, 1975
9:00 a.m.

Members of the Committee present: Senator Poland,
Senator Ray, Senator Butrovich, Senator Rader, Senator
Sackett, and Senator Chance.

PRESENT

The following bill was brought up for consideration:

SB-149 An Act making a supplemental appropri-
 ation to the Office of the Governor;
 and providing for an effective date.

SB-149

Sen. Ray moved that the Committee adopt the following
amendment:

Motion

On page one, line 10,

DELETE: \$500,000

INSERT: \$1,000,000

There was no objection, it was so ordered. Sen. Rader
moved that SB-149 be passed out of Committee as amended
with individual recommendations. The motion passed.

Motion

Sen. Ray brought the following bills up for discussion:

SB-226 An Act making a supplemental appropri-
 ation to the Dept. of Public Works;
 and providing for an effective date.

SB-226

He mentioned that perhaps the bill should be reduced by
\$200,000 and passed out of Committee. Sen. Sackett
had discussed this with Bob Dwyre, Deputy Commissioner
of Public Works, and was informed that the amount was set
at this figure because a portion of this was to be used
for the Juneau Municipal Airport. The bill was set aside.

SB-173 An Act exempting persons of age 65 and
 over from the school tax; and providing
 for an effective date.

SB-173

Sen. Chance informed the Committee members that the new
information requested from the Attorney General's Office
was not yet received. The Department of Economic Develop-
ment would not have a completed list of people with out-
standing certificates until noon, Thursday.

The meeting adjourned at 9:15 a.m.

ADJOURN

4/15/75

SENATE FINANCE COMMITTEE
Wednesday, April 16, 1975
9:05 a.m.

Members of the Committee present: Senator Ray, Senator Butrovich, Senator Chance, Senator Rader, Senator Sackett. Elaine Mitchell of the Alaska Radio was also present.

PRESENT

Sen. Ray brought the meeting to order and the following bill was brought up for consideration:

SB-226 An Act making a supplemental appropriation to the Dept. of Public Works; and providing for an effective date.

SB-226

Sen. Ray mentioned that there was still \$500,000 in 1972 General Obligation Bonds. In June 1978 there will be \$225,000 and it does not have to be paid back. Mr. Dwyer of Public Safety has informed him that they would take care of this.

Sen. Chance asked, they have bond monies to cover the amount? Sen. Ray answered yes.

*Sen. Sackett moved that the Committee adopt an amendment to SB-226 reducing the cost overruns for the Ketchikan airport from \$400,000 to \$175,000 giving a total appropriation of \$205,000. There were no objections, the motion passed.

Motion

Sen. Chance moved that SB-226 be passed out of Committee as amended with individual recommendations. The motion carried.

Motion

The following bill was brought up for consideration:

CSHB-145 An Act making a supplemental appropriation to the Department of Public Works, marine transportation; and providing for an effective date.

CSHB-145

Sen. Butrovich moved that the Committee adopt an amendment to CSHB-145 reducing the amount of the appropriation by \$400,000 giving a total appropriation of \$5,922,000. The motion carried. (The reduction was taken from the proposed expansion of the customs office in Prince Rupert, Canada.)

Motion

Sen. Ray mentioned to the Committee that according to Rep. Malone, Chairman of the House Finance Committee this amendment would pose no problem.

Sen. Rader moved that CSHB-145 be passed out of Committee as amended with individual recommendations. The motion passed.

The meeting adjourned at 9:30 a.m.

ADJOURN

*NOTE: The figures for the amendment to SB-226 were based on wrong calculations. The amendment was subsequently changed to read "reducing the cost overruns for the Ketchikan airport from \$400,000 to \$145,000 giving a total appropriation of \$175,000."

SB-226

SENATE FINANCE COMMITTEE

April 21, 1975

9:15 A.M.

All members present, with the exception of Sen. Rader.

Present

Sen. Ray called the meeting to order.

Sen. Poland brought HOUSE BILL NO. 82 (An Act making a special appropriation to the Department of Administration; and providing for an effective date) before the committee. A copy of the judgment by the court was in each member's file, and the committee felt they had no alternative but to pay the retroactive wages due. Sen. Poland moved and asked unanimous consent to report HB 82 from committee with individual recommendations. No objection, so ordered, and the majority of the committee signed the committee report with a do pass recommendation.

HB 82

SENATE BILL 225 (An Act relating to governmental reorganization; and providing for an effective date) was brought before the committee. The committee discussed the difference between the original bill and the committee substitute offered by the State Affairs Committee. Sen. Chance moved and asked unanimous consent to report CSSB 225 from committee with a do pass recommendation. No objection, so ordered.

SB 225

Sen. Ray assigned the following bills:

Senate Bill	118	Sackett
	128	Ray
	131	Hohman
	222	Ray
	241	Butrovich
	288	Poland
	289	Poland
	341	Chance
	352	Sackett
House Concurrent Resolution	20	Butrovich
	30	Chance
House Bill	170	Ray
	234	Ray

The meeting adjourned at 9:40 A.M.

Adjourn

SENATE FINANCE COMMITTEE
Tuesday, April 22, 1975
9:00 a.m.

Members of the Finance Committee present: Senator Ray,
Senator Rader, Senator Hohman, Senator Sackett, Senator
Poland, Senator Butrovich (arr. 9:35 a.m.)

PRESENT

Senator Ray brought the meeting and made the following bill
assignments:

BILL
ASSIGNMENT
SB-317
SB-363

SB-317 Senator Sackett
SB-363 Senator Sackett

The Committee brought the following bills up for consideration:

SB-131 An Act relating to the board of fisheries
and game; and providing for an effective
date. SB-131

Sen. Hohman informed the Committee that he was not prepared
to carry this bill and suggested that it be reassigned to
Sen. Poland who was better informed on it. It was reassigned.
Sen. Poland moved that the Committee pass SB-131 out with
individual recommendations, the motion failed. Sen. Ray
moved that the Committee report SB-131 back without recom-
mendation, the motion carried.

Motion

SB-279 An Act relating to competitive bids. SB-279

Sen. Sackett mentioned to the Committee that State Affairs
added on a new section, by Committee Substitute, awarding
a bid to the lowest bidder except to an Alaska bidder if his
bid is not more than 10 per cent higher than the lowest non-
resident bidder's. He thought the percentage was a little
high.

Sen. Ray moved that the original SB-279 be amended as follows: Motion

Amend page 1, line 10 DELETE: \$3,000
INSERT: \$2,500

Amend page 1, line 22 DELETE: \$3,000
INSERT: \$2,500

The Committee adopted the amendment. Sen. Sackett moved
that the Committee pass out SB-279 as amended with individual
recommendations. The motion carried.

Motion

The following bills were brought up for discussion:

SB-76 An Act making a supplemental appropriation
to the University of Alaska; and providing
for an effective date.

SB-76

Sen. Sackett informed the committee that there has been some discussion on writing up another bill increasing the salary of Supervisory and non-union employees putting the University, including the community colleges, in the same bill. This might be another alternative to a separate bill for the community colleges.

Sen. Ray expressed the opinion that these people organized improperly. There is a constitutional mandate to preserve the school system. If the State is to observe that mandate and a teacher's strike, it would be at the mercy of the teachers at all times. He suggested that the legislature might fund the pay raise and 75% differential and forget the rest.

Sen. Chance did not think the same level of increases should be given to the senior college level as is given to the community college level. In the past the senior college level instructors received preferential treatment. Some equity should be developed between the colleges.

Sen. Sackett said he would like to see the percentage terms more in line with those of other State employees.

SB-118 An Act relating to the relationship between
the borough school district and the borough;
and providing for an effective date.

SB-118

Sen. Chance stated this will provide the school money. They have separate accounts. The interest earned from investments would go back to the school district account instead of going to the General Fund.

Sen. Ray was of the opinion that more research should be done on the amendment of AS 14.14.060. The bill was put aside.

SB-128 An Act relating to the transfer of federal
agency schools; and providing for an
effective date.

SB-128

Sen. Chance informed the Committee that the problem was the last line. Federal service is at a different level than the school districts. Sen. Ray suggested an amendment to read "the first day of service a teacher transferred from

a Federal Agency shall be allowed actual number days of sick leave the teachers earn while working in Alaska". He also said he would not like them locked into the same salary schedule. The bill was put aside.

HB-184 An Act making a supplemental appropriation
to the Office of the Governor, Human Rights
Commission, to enforce minority and resident
hire, pay deficit, and correct current under-
funding; and providing for an effective date.

HB-184

Sen. Butrovich mentioned that the \$75,000 to be amended upward was already taken care of by the Administration. Sen. Ray said he did not think the Committee was prepared to consider the bill at this time.

The meeting adjourned at 9:45 a.m.

ADJOURN

SENATE FINANCE COMMITTEE
Wednesday, April 23, 1975
9:15 a.m.

All members of the Committee were present.

PRESENT

The following bill was brought up for discussion by Sen. Sackett:

SB-363 An Act making a supplemental appropriation
 to the Department of Administration; and providing
 for an effective date.

SB-363

Sen. Sackett mentioned that he thought all FY 75 pay adjustments should be made in this bill if necessary and include the FY 76 adjustments for the community college.

Sen. Sackett brought the following bill up for consideration:

SB-317 An Act making a supplemental appropriation to the Department
 of Public Works; and providing for an effective date.

SB-317

This is a \$164,000 appropriation to the Department of Public Works. When the State sold the Wickersham, they sold it for less than anticipated and the Columbia was built for more than was anticipated. A memo in the bill file dated March 5, 1975 gave a further explanation.

Jay Hogan explained that four years ago when the State started construction of the Columbia, a General Fund loan was taken out to be paid from proceeds of the Wickersham when the Columbia came on stream. Other funds were needed the Columbia cost an additional \$1,200,000. There was a cost overrun of \$3+ million which was negotiated between the shipyard and the State. Other sources were gone to to pick up the funds, among them Trunk and Secondary Airports.

Sen. Sackett moved and asked that SB-317 be passed out of Committee with a DO PASS recommendation. The motion passed.

Motion

Sen. Hohman brought the following bill up for consideration:

HB-76 An Act making a supplemental appropriation for international
 airports; and providing for an effective date.

HB-76

Jay Hogan suggested that the Committee refer to their SB-311 file which relates to HB-76. Last year Budget and Audit appropriated \$3,600,000. Also last year the legislature gave authorization to the Bond Committee to sell \$3.6 million in revenue bonds for the Anchorage and Fairbanks airports. The Department of Law decided that the bill was improperly written, it did not appropriate any funds. HB-76 was written to make the appropriation.

SB-311 which was introduced on the Senate side wiped out the whole sale. An appropriation of \$3.6 million is needed to complete the revolving loan fund. This is to amortize the bonds. Public Works still has the authority to construct the projects out of revenues if we adopt the Governor's budget. He recommended the bill be amended in order to keep the control in the Legislature.

Sen. Hohman moved that the Committee amend HB-76 and replace it with a Committee Substitute. The motion passed. Motion

Sen. Hohman moved and asked that the Committee Substitute for HB-76 be passed out of Committee with a DO PASS recommendation. The motion passed. Motion

Sen. Rader brought the following Resolution up for consideration:

SCR-5 Relating to a revision of AS 11, the substantive criminal law of the state. SCR-5

Sen. Rader moved and asked that the Committee Substitute for SCR-5 be passed out with a DO PASS recommendation. The motion carried. Motion

The meeting adjourned at 9:35 a.m. ADJOURN

SENATE FINANCE COMMITTEE

April 24, 1975

9:15 A.M.

All members present, with the exception of Senators Hohman and Rader.

Present

Sen. Ray called the meeting to order.

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 184 (An Act making a supplemental appropriation to the Office of the Governor, Human Rights Commission, to enforce minority and resident hire, pay deficit, and correct current underfunding; and providing for an effective date) was brought before the committee. The committee examined the fiscal note and discussed funding. Sen. Butrovich moved and asked unanimous consent to report CSSSHB 184 from committee with individual recommendations. A majority of the committee voted to recommend it do pass, and CSSSHB 184 was reported from committee with a do pass recommendation.

CSSS
HB 184

Sen. Hohman and Sen. Rader joined the meeting at 9:20 A.M. and signed the committee report for CSSSHB 184.

Sen. Poland brought HOUSE BILL NO. 128 (An Act requiring that coverage for newly born children be included in individual or group health and disability plans) before the committee. She noted passage of HB 128 would not cost the state any money. Sen. Hohman moved and asked unanimous consent to report H.B. 128 from committee with a do pass recommendation. Sen. Ray objected, and amended the motion to report H.B. 128 from committee without recommendation; however, a majority of the committee voted in favor of a do pass recommendation.

HB 128

HOUSE BILL NO. 345 (An Act making a supplemental appropriation to the Legislative Affairs Agency; and providing for an effective date) was brought before the committee. The fiscal note was examined and an appropriation of \$50,000 to cover the cost of hiring personnel prior to the beginning of the fiscal year was questioned by Sen. Ray. Sen. Chance replied this amount was requested by Legislative Affairs to pay consultants on taxes or other matters which may be required this fiscal year. Sen. Ray moved to amend the bill to fund temporary employee costs through May 7, in the amount of \$211,015, with the understanding that employees no longer needed after May 7 would be terminated. The balance of the funds requested would be considered on the next supplemental request by the Legislative Affairs Agency. There was no objection to Sen. Ray's motion and the majority of the committee voted to pass H.B. 345 if amended.

HB 345

4/24/75

Sen. Ray brought CS FOR HOUSE BILL NO. 234 (An Act making a special appropriation to the Legislative Budget & Audit Committee for a study of the feasibility of a marine maintenance facility in Alaska) before the committee. After brief discussion, the committee decided to return CSHB 234 to the file.

CSHB 234

Sen. Hohman brought SENATE BILL NO. 91 (An Act authorizing the Governor to make funds available to match federal funds under the Disaster Relief Act of 1974) before the committee. Sen. Hohman moved to report SB 91 from committee with individual recommendations. Two members voted in favor of the motion, and SB 91 was returned to the file.

SB 91

The meeting adjourned at 9:40 A.M.

Adjourn

4/24/75

SENATE FINANCE COMMITTEE
Friday, April 25, 1975
9:00 a.m.

All members of the Committee were present.

PRESENT
BILL ASSIGNMENTS:

Sen. Ray brought the meeting to order and made the following bill assignment:

HB-320 - Senator Rader

HB-320

He mentioned that he would like this bill brought up before the committee rapidly.

Committee Substitute for House Bill No. 234 (An Act making a special appropriation to the Legislative Budget & Audit Committee for a study of the feasibility of a marine maintenance facility in Alaska; and providing for an effective date) was brought up for the Committee's consideration. CSHB 234

Sen. Chance moved that this bill be passed out of Committee with Individual Recommendations. Senators Ray, Chance, Butrovich voted yes. The remaining members voted against. The motion did not pass. Motion

The meeting adjourned to a Budget Meeting.

ADJOURN

SENATE FINANCE COMMITTEE
Monday, April 28, 1975
9:40 a.m.

Members present: Senator Ray, Senator Sackett, Senator Rader,
Senator Hohman, Senator Chance, Senator Poland

PRESENT

Senator Ray made the following bill assignments:

BILL ASSIGN-
MENTS:

SB-12	Senator Ray	SB-12
SB-13	Senator Ray	SB-13
HB-25	Senator Sackett	HB-25
HB-251	Senator Sackett	HB-251
HB-389	Senator Sackett	HB-389
SB-196	Senator Hohman	SB-196
SB-275	Senator Rader	SB-275
HB-133	Senator Ray	HB-133

Senator Ray asked that HB-25 be brought up before the full Committee within a few days. He would like HB-251 brought up shortly also.

HB-25
HB-251

Sen. Rader brought up for consideration House Bill No. 320 (An Act relating to withholding tax; and providing for an effective date). Sen. Rader stated that the Alaska State Withholding Tax is 20.5% of the Federal Withholding Tax. The Department of Revenue wants to set up a stable rate instead of fluxuating with the Federal Government. Sen. Ray asked if this would increase the Alaska tax. Sen. Rader replied that the Department could increase the tax.

HB-320

Sen. Rader moved that House Bill No. 320 be passed out of Committee with a DO PASS recommendation. The motion passed.

Motion

Sen. Ray brought up for consideration Senate Bill No. 352 (An Act relating to community schools; and providing for an effective date). Sen. Sackett moved that Senate Bill No. 352 be passed out of Committee with a DO PASS recommendation. The motion carried.

SB-352

Motion

Sen. Ray brought up for consideration Committee Substitute for House Bill No. 234 (An Act making a special appropriation to the Legislative Budget and Audit Committee for a study of the feasibility of a marine maintenance facility in Alaska; and providing for an effective date). He moved that the Committee report CSHB234 back with individual recommendations. The motion carried.

CSHB-234

Motion

The meeting adjourned at 10:00 a.m.

ADJOURN

4/28/75

SENATE FINANCE COMMITTEE

April 29, 1975

9:05 A.M.

All members present with the exception of Senators Poland and Butrovich. Present

Sen. Ray called the meeting to order and brought HOUSE BILL NO. 389 (An Act making a special appropriation to the Department of Community & Regional Affairs; and providing for an effective date) before the committee. Sen. Hohman moved to report HB 389 from committee with individual recommendations. No objection, so ordered. HB 389

SENATE BILL NO. 76 (An Act making a supplemental appropriation to the University of Alaska; and providing for an effective date) was brought before the committee. Sen. Ray recommended reporting a committee substitute for SB 76 from committee which would pay the salary increase and area cost-of-living differential only. SB 76

Senators Butrovich and Poland joined the meeting at 9:15 A.M.

The committee discussed the various figures presented by the University, the union, and by the Division of Budget & Management. Sen. Chance suggested taking the union's figure. The committee decided the committee substitute would appropriate \$434,500 for the salary increase and \$111,600 for the area differential, for a total of \$546,100. Sen. Sackett moved the committee substitute be reported from committee with individual recommendations, and this motion was approved.

Sen. Hohman moved and asked unanimous consent to report SENATE BILL NO. 309 (An Act relating to the legal maximum amount of assistance to families under Aid to Families with Dependent Children) from committee with a do pass recommendation and approval of the HESS committee amendment. No objection, so ordered. SB 309

CS FOR HOUSE BILL NO. 131 (An Act relating to the public school foundation program; and providing for an effective date) was brought before the committee. Sen. Ray referred to a letter from Rep. Hugh Malone which suggested an amendment to CSHB 131 as follows: Section 14.17.051 is amended by adding (D) If a school district is entitled to less than twenty five instructional units, the school district shall receive no less than 107.50% of the base instructional allotment. Sen. Hohman moved and asked unanimous consent to report CSHB 131 as amended from committee with a do pass recommendation. No objection, so ordered. CSHB 131

HOUSE BILL NO. 210 (An Act relating to the Alaska business license tax; and providing for an effective date) was brought before the committee and assigned to Sen. Butrovich. Sen. Butrovich moved and asked unanimous consent to report HB 210 from committee with a do pass recommendation. No objection, so ordered.

HB 210

The meeting recessed at 9:45 A.M.

Recess

SENATE FINANCE COMMITTEE
Tuesday, April 29, 1975
2:25 a.m.

Members present: Sen. Butrovich, Sen. Sackett, Sen. Ray, Sen. Hohman, Sen. PRESENT
Chance, Sen. Rader.

Sen. Ray brought the following items up for consideration:

CSHB 279 am.	An Act making a supplemental appropriation to the Department of Administration for the Capital Site Selection Committee; and providing for an effective date.	CSHB-279
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It was moved that CSHB 279 am. be passed out of Committee with individual
recommendations. Senators Butrovich, Chance, Hohman, and Ray voted
yes. The motion carried.

SCR-17	Relating to peace officer training programs related to treatment of rape victims.	SCR-17
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Sen. Ray asked if this was being appropriated into Legislative Affairs.
Sen. Chance answered no, it is not appropriating anything. Sen. Chance
moved that Committee Substitute for SCR-17 replace SCR 17 and that
Committee Substitute for SCR-17 be passed out of Committee with individual
recommendations. The motion passed.

		Motion CSSCR-17
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SCR-19	Relating to special investigative units for cases involving sexual offenses.	SCR-19
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Sen. Chance moved that Committee Substitute for SCR-19 replace SCR-19 and
that Committee Substitute for SCR-19 be passed out of Committee with
individual recommendations. The motion passed.

		Motion CSSCR-19
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The meeting adjourned at 2:35 a.m.	ADJOURN
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SENATE FINANCE COMMITTEE
Wednesday, April 30, 1975
9:00 a.m.

Present: All members

Present

Chairman Ray called the meeting to order and announced that the committee will consider a number of bills which are now in committee.

CSHB 251: Supplemental appropriation of \$7,653.6
to Department of Health & Social Services.

CSHB 251

Senator Sackett advised the committee that the allocation of this appropriation as spelled out in the bill. The supplemental appropriation was needed because the funds the legislature appropriated last year were insufficient. He said he has gone through the backup material and looked at the present budget in relation to the number of recipients that had been served, and it all comes out correctly.

Senator Ray asked if we have made the changes on the General Relief Medical. Senator Sackett told him that that has been taken care of.

Senator Sackett moved that CSHB 251 be reported out of committee with individual recommendations. However, a vote showed that all members present were in favor of "do pass".

CSHB 251 was reported out of committee with a "do pass" recommendation.

SB 195: An Act relating to the coverage of correctional officers under the Public Employee's Retirement System."

SB 195

Senator Sackett reported that the cost is \$280.0 (FY '76) according to the Department of Administration. This bill will allow correctional officers to be included for employee retirement benefits for peace officers and firemen.

Senator Sackett moved that SB 195 be reported out of committee with individual recommendations:

Members voted as follows:

"Do Pass" Ray, Sackett, Butrovich, Chance

"No Rec" Hohman

(Senators Rader and Poland had not yet arrived at the meeting).

When the committee report for SB 195 was passed around, all members signed "do pass".

SB 181: "An Act relating to loans for the construction of hatchery facilities" SB 181

Senator Butrovich called attention to a proposed Finance Committee substitute to this bill. He said the last fiscal note indicates it will cost \$100.0 in FY 76 to implement this bill. Since the bill is really just enabling legislation, he wanted to know if it is Senator Ray's intention that this amount be a line item in the appropriation. Senator Ray said it was.

Senator Sackett wanted to know why we couldn't put this into the existing Fishermen's Fund in the Department of Commerce. Senator Ray said he thought that fund was just to purchase boats. Senator Sackett suggested changing the enabling legislation. There was no further discussion.

Senator Ray called for a vote on reporting out CSSB 181, with the following result:

"Do Pass" Senators Ray, Butrovich

"Do Not Pass" Senator Chance

"No Recommendation" Senators Sackett, Hohman

CSSH 181 was passed out of committee with individual recommendations.

(Senators Poland and Rader arrived at the meeting)

The three bills that were reported out of committee were given to Senators Poland and Rader for signature.

There being no further business to come before the committee, the meeting was adjourned at 9:25 a.m.

Adjourn

SENATE FINANCE COMMITTEE
Thursday, May 1, 1975
9:05 a.m.

Members present: Senator Butrovich, Senator Chance, Senator Sackett, Senator Hohman, Senator Poland, Senator Ray. PRESENT

Sen. Ray called the meeting to order and brought up the following two bills for consideration:

CSSB-46 An Act relating to the teachers' retirement system; and providing for an effective date. CSSB-46

Sen. Poland mentioned that according to a letter she received from one of her constituents who is 55 years of age, the passage of this bill would mean she would have to work three additional years before she could retire.

Sen. Ray moved that the Committee pass CSSB-46 out with a DO PASS recommendation. The motion carried. Motion

SB-35 An Act relating to public education in the unorganized borough; and providing for an effective date. SB-35

Sen. Sackett moved that the Committee pass SB-35 out with Individual Recommendations. The motion carried. Motion

Sen. Chance informed the Committee that she intended to present the following amendment to SB-35 on the Senate Floor:

- 2) An additional amount not to exceed one and one-half percent of basic need for all regional attendance area schools may be appropriated by the Legislature to the Department of Education for distribution to the regional attendance areas. In distributing these funds, the Commissioner shall take into account the following: a) the amount of funds that would be available to the regional educational attendance areas under a(1) of this section; b) identification of the categorical non-supplementary federal funds available to the regional educational attendance areas; c) the amount of funds that would be necessary to fund special programs or activities that either are not under the general scope of programs that are provided by school districts utilizing foundation funds or that have unique cost factors which do not lend themselves to formula. Such cost factors include but are not limited to electrical rates, water & sewer rates and food service expenditures. The Department of Education shall adopt regulations for the determination and distribution of funds under this provision.

Sen. Ray made the following bill assignments:

SB-315 - Sen. Hohman	SB-382 - Sen. Butrovich
SB-316 - Sen. Hohman	HB-302 - Sen. Ray
SB-372 - Sen. Butrovich	

The meeting adjourned at 9:20 a.m.

BILL ASSIGNMENTS:
SB-315
SB-316
SB-372
SB-382
HB-302
ADJOURN

SENATE FINANCE COMMITTEE
Friday, May 2, 1975
9:00 p.m.

Present: Senators Ray, Sackett, Rader, Chance, Hohman, Poland, PRESENT
Butrovich.

Chairman Ray called the meeting to order. First bill to be considered was CSHB 173.

CSHB 173

CSHB 173: "An Act providing for indemnification in the event of a decrease in property values within the City and Borough of Juneau resulting from enactment of the capital relocation initiative; and providing for an effective date."

Senator Ray stated that the House Finance Committee put a letter of intent on this bill when they reported it out to the effect that the fund would be \$231.8 for contracted services rather than the original amount of \$274.0. This cost represents the amount it will take to assess all of the property. Juneau will pay one-half and the State will pay one-half.

Senator Hohman moved and asked unanimous consent that CSHB 173 be reported out with individual recommendations.

Members voted as follows:

"Do Pass"

Senators Ray and Rader

"Individual Recommendations"

Hohman, Chance

Senator Sackett did not vote. Senators Poland and Butrovich had not yet arrived at the meeting.

Members signed the Committee Report as follows:

"Do Pass"

Senators Ray, Rader, Sackett,
Poland and Butrovich

"No Recommendation"

Senators Chance and Hohman

And so, CSHB 173 was reported out with a "do pass" recommendation.

Senator Ray appointed Senator Rader to carry this bill on the floor.

Senator Ray stated that at the request of the Council on the Arts the committee will consider CSHB 133.

CSHB 133

CSHB 133: "An Act relating to art works for public buildings and facilities."

This bill declares it to be a state policy that a portion of appropriations for capital expenditures be set aside for the acquisition of works of art to be used for state buildings and other public facilities.

Senator Ray then read the following paragraphs to the committee so they could get an idea of what the bill provided:

"(a) Plans for public buildings and facilities constructed after June 30, 1975 and for remodeling or renovation after June 30, 1975 where the total cost of the remodeling or renovation exceeds \$250,000 shall contain provisions for the inclusion of works of art including but not limited to sculptures, paintings, murals, or objects relating to Native art.

(b) The department, before preparing plans and specifications for public works and facilities, shall consult with the Alaska State Council on the Arts regarding the desirability of inclusion of works of art."

Senator Chance noted that the fiscal note calls for an expenditure of \$500.0 for next year.

Senator Ray read a portion of the House State Affairs committee report which stated that the Committee takes exception to the fiscal note prepared by the Department of Public Works and that the intent of the bill, from the committee's standpoint, is that the cost of the acquisition of works of art be included in the original appropriation for capital expenditures, and not be a separate and additional appropriation.

Senator Chance said she concurred with the Senate State Affairs report.

Senator Sackett moved that CSHB 133 be reported out of committee with individual recommendations.

Senator Ray suggested that we add a letter of intent that we intend this to relate to exterior architectural designs and not to wall hangings, murals, etc. For instance, things similar to the exterior design of the State Museum in Juneau where the outside panels are sculptured.

Senator Chance suggested intent that this would cover only items that are included in the original plans.

The committee discussed this briefly. The question voted on is:

"Shall CSHB 133 be reported out of committee with intent stated by Senator Ray -- that the committee intends this to relate to exterior architectural designs, and that we do not intend to spend any money on it other than what is included in the original plans.

Members voted as follows: (CSHB 133)

"Do Pass" Senators Sackett, Rader, Hohman,
Chance

"No Recommendation" Senator Ray

(Senators Poland and Butrovich had not yet arrived at the meeting)

Members signed the committee report as follows:

"Do Pass" Senators Sackett, Rader, Hohman,
Chance

"No recommendation" Senators Ray, Poland, Butrovich

Fiscal Analyst Rich Guthrie was instructed by Senator Ray to prepare a committee report in line with the committee's intent.

Next bill to be considered by the committee was SB 128. However, the actual bill being discussed was CSSB 128 (HESS).

*

CSSB 128: "An Act relating to the transfer of federal agency schools." CSSB 128

Senator Ray called attention to a change to this bill being proposed by NEA. On page 1, paragraph (c) of the committee substitute now reads:

"(c) On the first day of service in the absorbing school district, a teacher transferred from a federal agency school shall be allowed nine days of accumulated sick leave for each year that the teacher has taught in Alaska..."

The association proposes to change the bill to delete the reference to nine days of sick leave for each year and insert:

"the actual number of days of accumulated sick leave that the teacher has earned while teaching in Alaska."

*(Senator Poland arrived at the meeting)

Senator Chance noted that under the amendment teachers would only be allowed to accumulate 60 days of sick leave so the amendment would be better than what is proposed in the committee substitute now.

Senator Chance moved that the committee adopt the amendment.

Senator Chance pointed out that the bill provides that the arrangement for transfer of sick leave must be mutually agreeable to both the teacher and the school district to which he is transferring. If the school district does not want to transfer the sick leave, they don't have to hire the teacher.

*

Senator Rader felt that we should amend the bill to provide that this be individually negotiable. The way the bill reads now, he pointed out, is that if the district wanted to hire a teacher, they would be obligated to allow the entire amount of the sick leave as set out in the bill. He thought we should provide for the amount of transferrable sick leave to be negotiable, i.e., the school district and the teacher could mutually agree to transfer of a portion of the leave.

Senator Ray suggested that we might enlarge this to make other items, such as salary, negotiable.

After a short discussion, Senator Ray suggested that Senator Rader do some work on the bill along these lines and the committee will consider it again.

There being no further business to come before the committee, the meeting was adjourned at 9:30 a.m.

Adjourn

*[Senator Butrovich arrived at the meeting]

SENATE FINANCE COMMITTEE

Monday, May 5, 1975

9:00 a.m.

Members present: Sen. Hohman, Sen. Poland, Sen. Sackett, Sen. Chance, Sen. Ray, Sen. Butrovich.

PRESENT

Sen. Ray opened the meeting and brought the following items up for discussion.

SB-51 An Act relating to health education.

SB-51

Sen. Ray had an objection to the bill. He said there was upwards of \$100 million in the public school foundation program. He thinks the Legislature would be foolish to come out with an additional \$50,000 for health education. If they are able to provide programs in various skills and crafts that are not essential, then they should be able to start a health education program. Sen. Ray mentioned that maybe a resolution should be passed directing the initiation of such a program. He mentioned also that it was his understanding that another \$200,000 Federal money would be picked up if this bill was passed.

Sen. Ray referred the Committee to a memorandum addressed to Sen. John Rader dated April 2, 1975 from Milt Barker. According to the memo, there are five full-time and one part-time position in the Department of Health and Social Services that could handle such a program. The School Health Education Specialist and Clerk Typist part-time are being transferred to the Department of Education. The Senator stated that he did not believe the State needed to hire more people for this program.

Sen. Butrovich arrived at this point (9:07 a.m.).

The Committee instructed Rich Guthrie to contact Marshall Lind and his counterpart in H&SS for verification of the two positions.

Sen. Ray made the following bill assignments:

BILL
ASSIGNMENTS

SCR-46 Sen. Butrovich (Sen. Ray asked that this be brought up promptly.)
SB-404 Sen. Sackett
SB-418 Sen. Poland

SCR-46
SB-404
SB-418

Sen. Hohman mentioned that SB-418 was a special appropriation of \$25,000 to the Regional Development Council. He would like the life of the planning agency extended one more year and to utilize unexpended funds.

HB-179 Sen. Sackett
SB-240 Sen. Ray
SB-367 Sen. Sackett
SB-391 Sen. Butrovich
SB-380 Sen. Ray

HB-179
SB-240
SB-367
SB-391
SB-380

Sen. Ray asked Sen. Sackett to be ready to bring SB-404 up before the full Committee tomorrow.

SB-404

Sen. Ray asked if it was the intent of the Committee to put a letter of intent in TRANSPORTATION budget category, Marine Transportation, Administration and Support, for Contractual Services, to allocate \$15,000 for the pilot program of the Industrial Alcoholism Program. This is to run through all Departments of the State. The Committee agreed with Sen. Sackett stating that he did not understand the program and Sen. Butrovich stating they have enough.

BUDGET -
TRANSPOR-
TATION

Sen. Ray brought up the following bill for discussion:

SB-128 An Act relating to the transfer of attendance areas or federal agency schools; and providing for an effective date.

SB-128

Since Sen. Rader was working on this bill and he was not present, the Committee asked Rich Guthrie to provide the Committee with pertinent information at a latter date.

The meeting adjourned at 9:25 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

May 6, 1975

9:15 A.M.

Senators Ray, Poland, Hohman, Sackett.

Present

Senator Ray called the meeting to order.

CS FOR HOUSE BILL NO. 25 (An Act establishing the Alaska Fire Fighter Training Center Commission; and providing for an effective date) was brought before the committee. Senator Sackett moved and asked unanimous consent to report CSHB 25 from committee with individual recommendations. No objection, so ordered; however, the committee members signed the committee report "do pass."

CSHB 25

Sen. Sackett moved to report HOUSE BILL NO. 265 (An Act creating the Community Legal Assistance Grant Program) and HOUSE BILL NO. 266 (An Act making a special appropriation to the Department of Community & Regional Affairs for the Community Legal Assistance Grant Fund; and providing for an effective date) from committee with individual recommendations. The committee members voted to report HB 265 and HB 266 from committee with a "do pass" recommendation.

HB 265

HB 266

SENATE BILL NO. 367 (An Act relating to correspondence study; and providing for an effective date) was brought before the committee. A letter from Margaret Justice, Education Administrator, had suggested the wording in House Bill 443, also relating to correspondence study, was clearer and preferred by the correspondence study administration. The committee voted to draft a committee substitute, using the language from HB 443, and report the Finance committee substitute from committee with individual recommendations.

SB 367

CS FOR HOUSE BILL 179 (Finance) (An Act relating to community schools; and providing for an effective date) was brought before the committee. Sen. Sackett moved and asked unanimous consent to report CSHB 179 from committee with a "do pass" recommendation. No objection, so ordered.

CSHB 179

Sen. Butrovich joined the meeting at 9:35 A.M. and signed the committee reports for the above bills.

The committee discussed HOUSE BILL NO. 302 am (An Act relating to revenue sharing for road maintenance), and Sen. Ray asked Sen. Sackett to draft a committee substitute based on a formula of 70%.

HB 302 am

5/6/75

SENATE BILL NO. 404 (An Act relating to the compensation of judicial officers, legislators, and public officers; and providing for an effective date) was discussed by the committee. Copies of a letter from Patrick L. Hunt, Director, Division of Personnel, were distributed to the committee for review.

SB 404

The meeting recessed at 9:50 A.M.

Recess

SENATE FINANCE COMMITTEE
Wednesday, May 7, 1975
9:05 a.m.

Members of the Committee present: Senator Butrovich,
Senator Hohman, Senator Poland, Senator Sackett, Senator
Chance. Mr. Robert Van Houte, representing S.O.S.

PRESENT

Sen. Ray brought the meeting to order and brought up for
consideration the following bills.

HB-296 An Act relating to teachers' retirement
benefits; and providing for an effective
date.

HB-296

Sen. Ray mentioned that this bill has no fiscal impact.
The beneficiaries pay both the employees and the employer's
share. Sen. Hohman moved for unanimous consent that
HB-296 be passed out of Committee with a "do pass" recom-
mendation. The motion passed.

Motion

CSHB-250 An Act making a supplemental appropriation
to the Office of the Governor; and providing
for an effective date.

CSHB-250

Sen. Hohman moved for unanimous consent that CSHB-250 be
passed out of Committee with a "do pass" recommendation.
The motion passed.

Motion

SB-380 An Act relating to teacher retirement
fractional credit and medical coverage.

SB-380

Sen. Ray moved that the Committee adopt a Committee Substi-
tute to SB-380 incorporating the proposed amendment made
by the Senate Hess Committee. The motion passed.

Motion

Amendment: Page 1, Line 7 - after "credit" delete
"and medical coverage."

Page 1 - 3 - beginning with line 23,
page 1, delete entire Section 2

Sen. Hohman moved and asked unanimous consent that SB-380
be replaced with Committee Substitute for SB-380 and that
Committee Substitute for SB-380 be moved out of Committee
with a "do pass" recommendation. The motion carried.

Motion

TYPOON
(HB 211?)

HB-212 An Act relating to the Alaska income tax;
and providing for an effective date.

HB-212

Sen. Ray read a letter addressed to House Speaker Mike Bradner from Governor Jay Hammond under date of February 25, 1975 which explained the bill. Sen. Sackett inquired if the bill would raise taxes for Alaskan residents. Sen. Ray answered that according to the letter, it would not. Sen. Chance asked if this would have any bearing on another bill that was passed out in connection with deductions from people working on the pipeline. Sen. Ray answered that this bill had nothing to do with the pipeline bill. Sen. Poland moved and asked unanimous consent that HB-212 be passed out of Committee with a "do pass" recommendation. The motion carried.

CSSB-7 An Act making a special appropriation to the Department of Natural Resources, cold weather botanist positions; and providing for an effective date.

CSSB-7

Sen. Sackett explained to the Committee that Alaska has never known anything about agriculture of cold weather grains. If the State is ever to go into agriculture on any scale, a study was necessary to find out what other cold climate countries were doing, namely the Scandanavian countries. Sen. Sackett moved that this bill be passed out of Committee with a "do pass" recommendation. The motion passed with the following vote:

Motion

Members signing the Majority report:

Sen. Butrovich Sen. Hohman
Sen. Poland
Sen. Sackett

Members not concurring:

Sen. Ray Sen. Chance

SB-128 An Act relating to the transfer of federal agency schools; and providing for an effective date.

SB-128

Sen. Ray moved that the Committee adopt the Committee Substitute for SB-128 proposed by the Health Education and Social Services Committee amended as follows:

Amendment: Page 1, Lines 23 - 24

DELETE: "nine days of accumulated sick leave for each year that the teacher has taught"

INSERT: "the actual number of days of accumulated sick leave that the teacher has earned while teaching"

There was no objection, the motion carried.

Sen. Chance moved and asked unanimous consent that SB-128 be replaced with Committee Substitute for SB-128 and that the Committee Substitute for SB-128 as amended be passed out of Committee with a "do pass" recommendation. There was no objection, so ordered.

Motion

The meeting adjourned at 9:40 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

Thursday, May 8, 1975

9:05 a.m.

Present: Senators Ray, Sackett, Chance, Butrovich, Poland
(arrived 9:10 a.m.), Hohman (arrived 9:25 p.m.).

Present

Senator Ray called the meeting to order. He then assigned CSHB 72 am and CSHB 73 to Senator Butrovich and asked him to report on these bills tomorrow. (These are the Municipal Bond Bank bills)

CSHB 72 am
CSHB 73

CSHB 81: "An Act making a supplemental appropriation to the Department of Law;"

CSHB 81

Senator Ray explained that this bill appropriates \$96,300 for two major pending law suits: \$83.9 for the Cook Inlet Price Case and \$12.4 for the Lower Cook Inlet case.

Senator Sackett moved that CSHB 81 be reported out of committee with individual recommendations.

Senator Ray commented that the Department of Law wanted \$120.0 but the House cut them back to \$96.3. Senator Sackett felt we should put the amount back up to \$120.0; however, Senator Ray explained that this act will provide continuing funding for more than one year and is not subject to the lapse provisions.

A vote was taken and all members voted in favor of reporting CSHB 81 out with a "do pass" recommendation.

[Senator Poland arrived at the meeting]

SB 289: "An Act enlarging the purposes and powers of the Alaska Housing Finance Corporation;"

SB 289

Senator Ray told the committee that he talked with Mr. Motley and told him that we are not interested in putting any money into this bill, and Mr. Motley indicated to him that this would be no problem. (SB 288 is the companion bill which appropriates money to the mortgage ins. fund of AHFC).

There being no objection, SB 289 was reported out of committee with a "do pass" recommendation.

SB 344: "An Act making a special appropriation (\$100.0) to the Department of Health and Social Services for a residential facility for the mentally retarded;"

SB 344

Senator Ray passed around a copy of a committee substitute so the members could review it. Senator Ray recommended that the committee substitute be reported out.

CSSB 344
(Fin.)

A vote was taken and all members voted in favor of a "do pass" recommendation for CSSB 344.

SB 412: "An Act making a special appropriation to Carl Samber for the loss of his boat (\$1,137)

SB 412

All members voted to report SB 412 out of committee with a "do pass" recommendation.

Robert Van Houte, representing NEA-Alaska, Inc. arrived at the meeting. He said he was here concerning HB 67 (An Act relating to the computation of state aid under the public school foundation program)

HB 67

Senator Ray looked at the bill and declined to have the committee take any action on it at this time.

SB 404: "An Act relating to the compensation of judicial officers, legislators, and public officers;"

SB 404

The committee briefly discussed the cost of this bill. Senator Sackett said he calculated the annual cost at \$517,000; however, the fiscal note is not in agreement with this.

Senator Sackett suggested taking this bill up tomorrow, and he will be prepared to report on it at that time. No objection, the bill was returned to the file.

[Senator Hohman arrived at the meeting - 9:25]

HB 302 am: "An Act relating to revenue sharing for road maintenance."

HB 302 am

Senator Sackett proposed the following amendment to this bill:

Line 22: Delete the words "under this section"

Line 22: Insert after the word "payments": "of \$900 per mile"

Senator Sackett moved that HB 302 am be reported out of committee with this amendment. All members voted in favor of reporting it out with a "do pass" recommendation.

5/8/75

CSHB 10: "An Act relating to the compensation of election officers."

CSHB 10

Senator Ray noted that this bill had been assigned to Senator Butrovich, and that if he understood correctly Senator Butrovich has indicated that since this was not an election year it was not absolutely necessary to pass it this year. Senator Butrovich acknowledged that it really isn't needed this year, but he would not be opposed to reporting it out today.

A vote was taken, and all members voted in favor of reporting out CSHB 10 with a "do pass" recommendation.

EXECUTIVE SESSION: At this point Senator Ray asked for a very short executive session, and so the staff left the meeting.

The meeting was adjourned at 9:45 a.m.

Adjourn

SENATE FINANCE COMMITTEE

Friday, May 9, 1975

9:05 a.m.

Present: Senators Ray, Butrovich, Sackett, Chance, Poland

Present

Senator Ray called the meeting to order.

Senator Chance requested that the committee take up HB 253.

HB 253: "An Act relating to the disaster relief program."

HB 253

This bill repeals Section AS 44.19.173 which states that "funds appropriated by the legislature to the disaster relief fund in any one fiscal year may not exceed the amount of money collected in the preceding fiscal year from the disaster relief taxes levied under AS 43.43...."

Senator Chance explained that this section is being repealed because it is useless since the disaster relief taxes have been repealed.

Senator Chance moved that HB 253 be reported out of committee with a "do pass" recommendation. No objection, so ordered.

CSHB 72 am and CSHB 73 am. Senator Ray asked Senator Butrovich to report on these bills: CSHB 72

CSHB 73

CSHB 72 am: An Act creating the Alaska Municipal Bond Bank Authority and prescribing its organization, powers and duties.

CSHB 73 am: An Act making a special appropriation to the reserve fund of the Alaska Municipal Bond Bank Authority.

Senator Butrovich reported that CSHB 72 am is the enabling legislation for the municipal bond bank authority. What it does is sets up a municipal bond bank which calls for a fund to be set aside to be used to back up the bonds of communities that don't have bonding authority.

Answering Senator Ray as to how much the appropriation bill will cost, Senator Butrovich stated that they wanted \$4 million. The original bill was for \$2,665.0; however the House Finance Committee cut it to \$1 million. It is the House Finance Committee version of the bill that is now before Senate Finance.

Senator Ray suggested allowing \$3 million for CSHB 73 am.

Senator Butrovich suggested \$4 million since that is what the administration is asking for. Senator Butrovich read a letter from the Governor which stated that the State will not

pledge its own credit to the payment of the bonds of the Municipal Bond Bank Authority, but will take up a "moral obligation". Senator Butrovich said he had questioned how binding a "moral obligation" might be, but he was advised by the bond bank people that they were satisfied with this.

After a short discussion, the committee voted unanimously to amend CSHB 73 am to provide \$3 million, and report it out with a "do pass" recommendation.

SB 404: An Act relating to the compensation of judicial officers, legislators, and public officers.

SB 404

Referring to the fiscal note of May 8, 1975, Senator Sackett reported that the annual cost for this will be \$954,928 assuming that HB 450 passes (HB 450 is the new state employee pay schedule). If HB 450 does not pass, the annual cost will be \$609,220.

The committee voted to report SB 404 out of committee with individuals recommendations, as follows:

"Do Pass"

Senators Ray, Sackett, Poland

"No recommendation"

Senators Butrovich, Chance

Adjourn: The meeting adjourned at 9:17 a.m.

Adjourn

SENATE FINANCE COMMITTEE
Monday, May 12, 1975
9:00 a.m.

Members present: Sen. Ray, Sen. Sackett, Sen. Chance, Sen. Poland,
Sen. Butrovich.

PRESENT

Sen. Chance reported on HB-252.

HB-252 An Act making a supplemental appropriation to the Department of HB-252
Administration; and providing for an effective date.

Sen. Chance mentioned that the one thing she questions in the appropriation is the additional request of money for Archives and Records. The Department flatly overspent their appropriation here. She stated further that she did not like the idea of cutting out microfilm and paper supplies, etc. The Department has given an estimate of \$300 as the monthly cost of general office supplies and equipment repairs. Sen. Chance indicated that she wouldn't be against deleting the Archives portion. Sen. Ray objected to the Division of Finance's portion of the appropriation.

After leaving the meeting to discuss the bill with Commissioner Warwick on the telephone, Sen. Ray returned and proposed the following amendment to HB 252:

On Line 10, Page 1: DELETE - \$719,100
 INSERT - \$639,100

On Line 13, Page 1: DELETE - \$420,000
 INSERT - \$340,000

On Line 17, Page 1: DELETE - \$719,100
 INSERT - \$639,100

Amendment

Sen. Chance moved for unanimous consent that the proposed amendment to HB-252 be adopted by the Committee. No objection, the motion passed. Sen. Chance moved that HB-252 as amended be passed out of Committee with a "Do Pass" recommendation. No objection, motion passed.

Motion

Sen. Ray assigned HB-208 to Sen. Sackett and asked that it be reported on tomorrow, May 13. CSHB-429 was assigned to Sen. Rader. He was asked to look into the possibility of opting out municipalities.

BILL
ASSIGNMEN
HB-208
CSHB-429
ADJOURN

The meeting adjourned at 9:30 a.m.

SENATE FINANCE COMMITTEE
Tuesday, May 13, 1975
9:00 a.m.

Members present: Sen. Butrovich, Sen. Rader, Sen. Hohman, Sen. Poland, Sen. Ray, Sen. Sackett, Sen. Chance.

PRESENT

Mr. Richard W. Freer, Deputy Commissioner, Department of Administration and Mr. Bill Mullins, Director, Division of Finance were also in attendance.

Sen. Ray had asked Messrs. Freer and Mullins to appear before the Committee to explain who authorized retroactive pay increases to Judges and Justices under Chapter No. 23 of the 1974 Session Laws of Alaska. Chapter No. 47 of the 1974 Session Laws was discussed also in relation to this issue.

SB-450 and
H (1974)

FCCS
HCCSB 449
(1974)

Chapter No. 23 An Act relating to retroactive pay for state
(SB 450 am H) employees; and providing for an effective date.

Chapter No. 47 An Act relating to compensation, benefits and
(FCCS HCCSB 449) allowances for state employees; and providing
for an effective date.

Mr. Mullins stated that the Division of Finance is responsible for writing the State of Alaska paychecks, and that it is his responsibility. Sen. Ray asked him why the legislature was not consulted as to the intent of the bill. Mr. Mullins responded that before the bill became law, it was discussed in the Department of Administration. A month before the bill passed, the Division advised all agencies how they proposed to select personnel for the 6% retroactive pay increase. The Finance Committees were not informed. Checks for General Government employees were issued April 6 or 7, as soon as the appropriation bill was enacted. When Chapter 23 became effective, checks were issued to all employees who were not members of a collective bargaining organization, such as Judges and Justices.

The Division of Finance, Division of Personnel, and Division of Budget and Management did get together to discuss the eligibility of Judges, Justices, and Commissioners, etc. for retroactive pay increases under this bill. He also recalled making a phone call to the Attorney General's Office to ask if the language in Chapter 23 would include Judges and Justices in the retroactive pay increases. He believed the attorney consulted was Don Pegues.

Sen. Ray reading the intents given in Chapters No. 47 and 23, stated that retroactive pay increases for Judges and Justices clearly was not the intent of Finance. Deputy Commissioner Freer stated there were specific exclusions given; Judges and Justices were not excluded.

Mr. Mullin stated that at the time the decision was made, Pat Hunt was Commissioner; however, the matter was never discussed with him. Sen. Ray asked if, then, the decision hung on the Attorney General's Office's opinion. Mr. Mullin answered no; his Division read the bill when it was first

passed out and they made selections of personnel based on their understanding of it. The selections were revised when the amendment came through.

Sen. Rader asked how much money was involved. Mr. Mullins replied there was \$38,000 for Judges and Justices, this includes the Magistrates, and \$15,000 for Commissioners.

Deputy Commissioner Freer and Mr. Mullins left the meeting at this point.

Sen. Ray asked Jay Hogan what his interpretation of the amendment was and whether or not a member of the Administration contacted him prior to taking action on the pay increases. Mr. Hogan said he interpreted the amendment to exclude Justices and Judges. Also, no one had contacted Legislative Finance concerning the bills, although it was the practice in the past for the Department of Law, especially, to do so.

Sen. Ray brought up the following bill for discussion:

SB-414 An Act making a supplemental appropriation to the Department
 of Administration for salary increases required by statute
 or agreed to in recent labor negotiations with state employees;
 and providing for an effective date.

SB-414

After a brief discussion, the Committee asked Jay Hogan to invite Ron Lind to appear before the Committee at 11 a.m. to explain the bill and backup material further.

The meeting recessed at 9:35 a.m.

ADJOURN

AFTER RECESS

SENATE FINANCE COMMITTEE
Tuesday, May 13, 1975
11:00 a.m.

Present: All members

Also Present: Ron Lind, Deputy Director, Division of Budget & Management; J. H. Hogan, Director, Legislative Finance Division; Rich Guthrie, Fiscal Analyst, Legislative Finance.

Chairman Ray called the meeting to order and told Mr. Lind that he did not understand how some of the figures were arrived at in the backup material concerning the Supervisors Adjustments for Cost of Living increases. This relates to Senate Bill 414:

"An Act making a supplemental appropriation to the Department of Administration for salary increases required by statute or agreed to in recent labor negotiations with state employees."

SB 414

Mr. Lind explained that the way it was done was they took the monthly cost of \$1,204.3 (this was the figure before the 2/16/75 COLA was added on). They then added 15% for the negotiated contract and added the increase they got 2/16/75. This adds up to what their adjusted earnings would be starting FY 1976.

Senator Ray wanted to know if it was safe to assume that we could cut this COLA increase and take it up when the Legislature is in session again. Mr. Lind replied that the current reading they have from the Department of Law is that if language was deleted that says "plus amounts necessary to pay cost of living adjustments", they would be unable to pay it. Senator Ray said he felt there must be a way to word this so this Legislature could pay up to a certain point, and let someone else consider the other part later.

Mr. Lind stated that their purpose is to attempt to get the Legislature to give them a reading as to whether they consider the COLA ratified in the contract.

Senator Ray asked how many people on the state payroll get an increase of 3.75% under the merit system. Is 90% a fair estimate? Mr. Lind said he did not think that was an unreasonable estimate.

Senator Ray questioned whether the cost is \$50,000 per month in the Supervisors unit if the committee took away the 3.75% for merit increases. Mr. Lind said that is the monthly cost. He stated that in their budgetary estimates they estimated the total cost of a position goes up 1-1/2% because of merit increases throughout the year.

Answering a question from Senator Ray, Mr. Lind stated that the contract negotiated with the general government group contains a provision that those employees in Fairbanks and Valdez will be given a (?) differential to make up for the excessively high living costs experienced during the last year. It is based on the assumption that 15% of state employees in this unit are located in Valdez and Fairbanks.

Senator Ray asked what the average vacancy percentage is. Mr. Lind replied that the vacancy percentage of permanent fulltime positions averages around 6% for the operating budget. However, there is a considerable lag where there is a temporary employee who is hired to fill the vacancy or an overlap when someone is hired to train for a position before it is actually vacant. He estimated (personal opinion) it would "net down to 2%."

Senator Ray said he thought it would be closer to 5%.

Referring to page 8 of the backup, Senator Ray noted that Article II, Section 2, requires that temporary employees receive pay for holidays. Is this something new? Mr. Lind replied that it is something new in the contract that was negotiated. In the past, temporary employees were only paid for those hours actually worked.

Senator Ray asked if Mr. Lind had figured out, percentage wise, on a 100 base, what the combined total salary and benefits are for employees. Mr. Lind said he does not have the figures with him, but he believes it is over 30%. Senator Ray said he thought it is about 136%, and he's not sure if that includes retirement.

Senator Ray then cited figures on percentage of benefits (in ratio to salary) enjoyed by marine transportation employees. He said in Southeast Shore facilities, it is 160%; on vessels, it is 177.1% in Southeast and 213.18% in Southwest. Senator Ray stated that in the Southwest system there are 63 full-time employees, and it cost \$2,496,800 for their salaries and benefits--this is \$39,631 for each person.

Senator Ray then read a statement from a letter the Governor wrote which states that the Governor believed the administration has done a good job in negotiating these contracts. Senator Ray disagreed with that statement.

Senator Ray questioned what would happen if we took a 5% vacancy and 3.75% in-grade merit increases and subtracted them from the percentage they got. How does 3.75% for merit increases figure in on the negotiations?

Mr. Lind replied that there is no requirement that we use the current definition of merit increases -- this could be changed to say (for instance) that "no more than 50%" of the employees would receive merit increases.

Senator Ray questioned why we should give anybody a merit increase--why not let the negotiators negotiate that for them. Senator Ray commented that almost every employee gets a merit increase, whether or not he is a good employee.

Mr. Lind stated that before he would say that we could simply unfund merit increases in the future, he would have to talk to someone concerning that--they might take the view that a particular contract is negotiated based on things continuing as they have in the past.

Senator Ray pointed out that the Legislature has the power to fund at any level they want. He didn't see why the Legislature could not fund at a certain level, and direct the administration to make it fit, whether or not they have to lay off people to do it.

Senator Butrovich pointed out that we might get lawsuits from people who were laid off because they are under the merit system. He said he'd like to read the particular contract before he does something like this.

Senator Chance said she saw no problem at all in firing an employee if they have an appropriate evaluation in the record; however, in her opinion, supervisors are "too chicken to do it." Senator Ray disagreed with her. He said he has sat on personnel boards, and it's almost impossible to fire a state employee.

Mr. Lind stated that if the Legislature took the view and stated: "Here is an amount of money, make it fit--we consider the contract ratified", he believed they would be within their rights.

Rich Guthrie asked if any of these contracts have the same type of provision as the community college contract that says "in the event there is not enough money, the contract will be re-negotiated." Mr. Lind said he did not believe so.

Senator Ray then questioned Mr. Lind as to whether he had any knowledge about how Mr. Mullin gave the judges, etc. retroactive pay increases last year. Mr. Lind said he recalled that the bill had specific exclusions as to people who would not be paid retroactive increases--he believed it stated that persons excluded were "elected officials". Mr. Lind explained that judges must stand for confirmation before the voters; however, they are not chosen by the people, but are appointed. Mr. Lind said he did not remember who made the interpretation referred to by Senator Ray, but he thought it was pretty much unanimous by everyone who read it.

Senator Ray mentioned that no one asked him to clarify the intent, and he could not really understand why not, since he or the committee has been asked to clarify intent many times in the past.

Mr. Lind then stated that he thought this was determined "between the Commissioner and the Department of Law."

Mr. Lind then told the committee that they should be aware that negotiations have not been completed with Tri Trades and their contract expired on January 1. He said there is a separate piece of legislation being introduced that has wording in it similar to this bill, to the effect that it includes amounts required to make payments for agreed increases. He stated that the amount specified will not be the state's "top offer" since they would not want to make that public. He said they will come back next session to figure out what the final settlement costs are. However, at this point, without legislative ratification in advance, they cannot start paying these employees their pay. It requires a supplemental for FY 75.

Senator Ray thanked Mr. Lind for coming over to testify. Senator Ray told the committee to be prepared to act on SB 414 tomorrow.

Adjournment: The meeting adjourned at 11:35 a.m.

Adjourn

SENATE FINANCE COMMITTEE
Wednesday, May 14, 1975
9:40 a.m.

Members present: Senator Sackett, Senator Butrovich, Senator Ray, Senator Poland, Senator Chance.

PRESENT

Sen. Ray called the meeting to order and brought the following bills up for consideration:

CSHB-147 An Act making a supplemental appropriation to the
Department of Natural Resources, fire protection and suppression; and providing for an effective date.

CSHB-147

Sen. Butrovich moved that the Committee pass out CSHB-147 with individual recommendations. The Committee members signed a "DO PASS" recommendation on the Committee Report.

SB-388 An Act relating to the school hot lunch program; and
providing for an effective date.

SB-388

Sen. Chance moved that the Committee report SB-388 out with a "DO PASS" recommendation. There was no objection, the motion passed.

The meeting adjourned at 9:55 a.m.

ADJOURN

SENATE FINANCE COMMITTEE
Wednesday, May 14, 1975
11:20 a.m.

Present: All members

Also Present: Waco Shelley, Shell Oil Company; Administrative Assistant Jim Fennel.

Senator Ray called the meeting to order.

Senator Sackett moved for executive session so the committee could discuss personalities. No objection, so ordered. The staff and Mr. Shelley left the meeting.

Three minutes later the open portion of the meeting was reconvened.

Capital Improvement Budget: Senator Ray said the committee will consider the capital improvement budget, starting on page 10, under the Education portion.

Senator Sackett moved that the capital project "Nome Beltz School Roof Replacement" (p. 10) be funded for \$238.2.

Senator Chance moved that it be deleted. Motion to delete failed.

At this point the committee decided to defer consideration of the capital budget since it had not yet received copies of the appropriation bill.

The committee then took up HB 297: "An Act relating to the oil and gas reserves ad valorem tax and its relationship to other oil and gas taxation."

Senator Ray's Administrative Assistant Jim Fennel distributed copies of a letter from Robert A. Paschall to Senator Huber dated 5/11/75 concerning provisions in HB 297.

HB 297

Senator Ray pointed out that there are four pages of amendments proposed for the version of the bill that is before the committee (CSSSHB 297 (Rules)). Three of these pages (referred to as Amendment #1) are proposed by the administration, and the other amendment (#2) is known as the "Sohio Amendment" and involves including a new section entitled "Payment in Lieu of Taxes".

Senator Hohman recommended that our committee have hearings on the bill such as the Senate Resources Committee held. He said he did not understand the Sohio amendment and would like some explanation on it.

The committee discussed this bill very briefly, and decided to have the Commissioner of Revenue and someone from the Attorney General's office testify on the bill at 1:30 this afternoon.

Recess: The meeting recessed at 11:45 a.m.

Recess

SENATE FINANCE COMMITTEE
Wednesday, May 14, 1975
1:35 p.m.

Present: All members

Also Present: Representative Mike Bradner, Norman Gorsuch, Fred Boetsch, Deputy Commissioner, Department of Revenue, John Messenger, Attorney General's Office; Ken Humphries, Legislative Affairs Agency; Jay Hogan (present toward end of meeting).

Senator Ray called the meeting to order and stated that the committee will consider CS for Sponsor Substitute for House Bill 297 (Rules):

"An Act relating to the oil and gas reserves ad valorem tax and its relationship to other oil and gas taxation; and providing for an effective date."

HB 297

Senator Ray stated that Mr. Boetsch is here to explain portions of this bill to the committee. Senator Ray asked Mr. Boetsch to comment on the amendments proposed by the Senate Resources Committee (see attachments).

Mr. Boetsch testified that the amendment proposed to page 1, lines 15-19, i.e.: "Delete subsections (b) and (c) and insert the following in its place:

(b) The legislature shall annually determine by law the rate of the levy before April 1.

(c) If on April 1 the legislature has not determined the rate of levy, the rate of levy shall be zero for that year. The rate of levy may not exceed 20 mills"

is a policy consideration. It is the administration's feeling on the setting of a mill levy that the tax fits into our various options on how to meet the "crunch" as a stand-by measure to be made available and ready to use if some of the other options do not materialize or do not bring in enough money to meet the crunch. He said their proposal is to set the mill levy at zero right now, and the Legislature can set a mill levy rate next year to the extent it is deemed necessary.

Mr. Boetsch said the other amendments are of a technical nature which they felt would be necessary to prevent any legal and/or interpretation problems.

Senator Hohman asked "what is the reason for the April 1 deadline?" Mr. Boetsch said this date was picked because it gives the administration enough time to get the bills out to the taxpayers.

Also, it gives the Legislature time to consider other options and the financial situation at that time and determine if it's necessary to set a mill rate.

Senator Hohman asked if other dates would pose a problem; for instance, May 1, or at the "end of the Legislatuare." Mr. Boetsch responded that the end of the Legislative session is always indeterminate, adding that their bills must be sent out by June 15, since they have to be paid by June 30. Senator Hohman remarked that his concern is that for some reason it may be difficult for the legislature to make the determination by April 1, and it would then mean there would be no tax.

Senator Chance suggested avoiding this problem by changing the language to the effect that "if by April 1 the legislature has not set a mill levy rate, it will be 20 mills for that year, but will not exceed 20 mills." Mr. Boetsch acknowledged that that is an alternative that hasn't been considered yet. He said it is their position that it is not necessary to implement the tax right now, but the law should be on the books if it becomes necessary.

[Senator Sackett arrived at the meeting]

Mr. Boetsch said May 1 would be an acceptable date also; in fact, June 1 would probably be o.k. Senator Rader pointed out that he thought it might involve a week-end's work for a couple of clerks.

The committee discussed the deadline date further.

Senator Ray suggested merely stating that the Legislature shall annually determine the levy before a certain date and provide in the event they don't, that the mill levy will not exceed 20 mills. Mr. Boetsch said he can't see any problem with that. The only thing is if a levy has not been set by April 1, the committee might want to add language saying specifically that the mill rate will be zero. Senator Ray asked "why should it revert from 20 mills to zero?" Mr. Messenger replied that the point here is that the administration feels that they just want this bill as backup--if they don't need the tax, they don't want a mill levy at all next year. Senator Ray replied that we would not have any. In other words, if we provide that the Legislature may annually determine the levy before a certain date, next year if they want to change it, they could change it.

No further discussion on the mill levy date.

Next proposed Amendment: P. 1, line 26. After the word "abandonment" insert: "whichever occurs first".

Mr. Boetsch said as these are technical, legal amendments, he would defer to Mr. Messenger from the Attorney General's office.

Mr. Messenger reported that the amendment to page 1, line 26 is made for clarification purposes. He said the way the bill is now worded it could be ambiguous as to the running of the five year period.

Mr. Messenger said the next two amendments are also proposed to clarify items they thought were ambiguous in the Rules Committee version. Senator Sackett asked for an explanation of the ambiguities. Mr. Messenger replied that there is a multitude of different permits, certificates, etc. issued by various agencies at various stages of construction. What they have done in the amendment is put a list of the various type of permits and put a standard in to show when the exemptions would commence and stop.

Also, he said the bill talks about a facility to transport oil and gas from the wells to market. The way it is written it could be construed (without the proposed amendment) to include all facilities from the well, such as getting all the way from a pipeline to the tanker to whatever pipelines may be built in California to the midwest. The language in the amendment clarifies that it would be just the first stage of the transportation facilities.

Referring to the amendment to paragraph 3(A), Senator Chance asked if what Mr. Messenger is saying is that they have to have all permits before it becomes exempt rather than just the first permits. Mr. Boetsch replied that as it reads now there could be a number of facilities involved between the well and the market and the amendment limits it to the initial facilities. Mr. Messenger added that they are exempt until they have all the various permits. The language in the house version of the bill just talked about "a" permit--there are several permits that may be issued as to any kind of transmission facility, so there would have been a question as to whether it would be taxable or exempt.

Referring to the amendment to page 2, lines 1-16 (4), Mr. Messenger says this talks about "there will be an exemption if issuance of a permit is enjoined by the court or administration or regulatory agency. Again, they have tied it into the same definition so they are referring to just the first stage of transportation. Also, there was a question as to what would happen if there was an injunction that was later lifted--would there still be an exemption from the tax? So, in order to clear up these questions, they put in a clarification to the effect that there is only an exemption for that one year if on January 1 there is an exemption against the construction of the facility.

Amendment, Page 7, between lines 16 and 17:

Mr. Messenger said this proposed amendment to add a new paragraph (2) is their definition of an "initial transmission facility". He said it clarifies what transportation facilities we are talking about.

Senator Poland pointed out that if this amendment is adopted, the paragraphs will have to be renumbered.

Proposed Amendment to page 4, Line 2: Mr. Messenger explained that they suggest taking out the words "for a trial de novo". He stated that under the house bill the taxpayer would have a hearing in the department of revenue and he would have the option to also bring the matter to court. The words "trial de novo" means the court would have the right to retry the whole thing.

Senator Sackett asked if Mr. Messenger considered deletion of these words to be a technical amendment or a substantive change. Mr. Messenger replied "depending on your viewpoint." He said it is a question of how the court will hear it--whether they are retrying the whole thing again. He said they think it should be heard like administrative appeals, i.e., the record would be reviewed by the court to determine if the department made errors.

Senator Ray said he understands that this change is being made since the administration does not want to get tangled up in a full hearing in court--they just want an "appeal and review" process. The party would have a right to appeal a decision to the court. To this, Mr. Messenger added that "it would provide for a more protracted trial if we allowed the words "for a trial de novo".

Proposed Amendment, Page 8, lines 15-16. This amendment proposes to delete the words "if it is economically feasible to market it in the future under reasonably foreseeable conditions" and insert in its place "in the future under prevailing economic conditions and technology".

Mr. Messenger testified that this amendment changes the definition of proven reserves back to some original versions of that definition including the version that was in the Governor's bill. He said, for administrative purposes, they need a definition of proven reserves which is "more defensible." The definition in the amendment is "more defensible" and comes closest to the standard engineering definition of proven reserves.

Senator Sackett asked if Mr. Messenger sees this as a technical amendment or a substantive change. Mr. Messenger stated that this is a technical change.

Proposed Amendment, Page 8, Line 17: After the word "in" insert: "or the right to produce or recover".

Mr. Messenger said this is another technical amendment they have made in the definition of taxable property. He said during some of the hearings held on these various bills some industry officials testified that under certain property market concepts a leasehold interest in oil and gas properties does not give an ownership interest but merely gives a right to produce the oil. Another property law concept is whether this is a real or personal property interest. Mr. Messenger said regardless of which way you view it, this is a valuable property right and can be taxed. To prevent that type

of challenge, we are proposing to insert the words "or the right to produce or recover".

Proposed Amendment, Page 9, Lines 11-13. Mr. Messenger said this is to clarify language concerning the credit which would be allowed for the ad valorem tax that would be paid. He said some of the industry people felt they would be uncomfortable with the language in the original bill and this language clarifies that they will get the entire credit and it will be applied up to 50% of their severance tax each month. It merely clarifies the intent with respect to the credit.

Letter from Robert H. Paschall. In answer to Senator Rader, Mr. Messenger said he has seen the letter dated 5/11/75 from Mr. Paschall. Commenting on it, Mr. Messenger said the point Mr. Paschall makes is that HB 297 incorporates a problem that he thinks exists in the severance tax provision in Sec. 43.55.10(b) on page 8, Sec. 2. Mr. Paschall's comment was that the language in Sec. (2) "Producing oil and gas leases" contradicts the very thrust of this tax. Mr. Messenger said he agrees with him on that point; however, they have already taken care of that in the present bill.

Proposed Amendment -"SOHIO AMENDMENT". This is an amendment to Page 6, lines 5 and 6, which would insert a new section entitled "Payment in lieu of Taxes".

Senator Ray asked "whose amendment is this?"

Mr. Messenger said Commissioner Gallagher is the one who testified on it, but he will attempt to explain it. He said he did not think the administration particularly is advocating or supporting this amendment. Basically it provides that a particular taxpayer could elect to make a payment in lieu of the tax which would in effect be an advance payment on royalties and a credit against future royalty payments to the extent of the credit they would get under the severance tax. Mr. Messenger said he thinks members of the oil industry could explain it in more detail.

Answering Senator Sackett, Mr. Messenger said the amendment did not come from the administration.

Senator Rader said he understood from the Commissioner that the administration supports the amendment. Mr. Boetsch said they have no problems with it particularly--we are neutral on it. He said it apparently would help out one or two of the oil companies.

Senator Rader asked if it damages the state's interest in any way. Mr. Boetsch replied that he does not think it damages any interests but it limits the alternatives with respect to use of some of the royalty oil. For instance, if the state wished to take all of their royalty oil in-kind, it would limit its ability to do so. He thought it would be around 18% of the royalty oil we anticipate during the first few years of production.

Senator Rader asked if we wanted all of our royalty oil, would we have the right to get it? Mr. Boetsch replied that we would have to come up with the cash to do that.

Senator Ray said the only problem he sees in this amendment is the fact that AS 38.05.182 would not be applicable here. Does this bar any intervention by the Legislature? Mr. Messenger replied that the thrust is that their election to make this payment in lieu of taxes would not be subject to approval of the advisory committee, or the legislature, but a subsequent decision of the state to re-purchase the oil would be subject to the decision by the Commissioner of Natural Resources, the advisory committee, and the Legislature.

Senator Ray asked if we adopt the Ohio amendment at this time is there a set fee per barrel? How do we make the determination of the amount when we want to repay it? How do we determine right now what our revenues would be and what we will be getting from Ohio? Is there the possibility if we get it for \$1.00 per barrel now, in order to buy it back we might have to pay \$1.50 per barrel?

Senator Rader said we are not really irrevocably committing this oil to anybody. We can exercise options to buy it back. However, if we were selling it to Tesoro (for instance), it would be different.

Senator Ray encouraged Senator Rader to make a motion to delete the sentence that says "AS 38.05.182, 38.05.183 and AS 38.06 shall not be applicable to this advance payment of royalties." if Senator Rader believed the State's interests were protected. Senator Rader said he would like to hear from people as to whether or not this would affect the State's interests, although he did not really think it would. He asked Mr. Messenger for his opinion. Mr. Messenger said he thought it probably would not make any difference, but he is not absolutely sure that is the case.

Senator Ray moved that the proposed Sohio Amendment be amended to delete the sentence: "AS 38.05.182 and 38.05.183 and AS 38.06 shall not be applicable to this advance payment of royalties." Motion

The result of the vote to delete the sentence was:

Yes - 5 - Senators Ray, Sackett, Hohman, Chance, Poland

No - 2 - Senators Butrovich, Rader

And so the amendment was adopted.

Senator Chance said she would like to know which language would assure us that when we buy the oil back we are buying it back at the amount we sold it for. Senator Rader told her that we are not selling "so many barrels of oil". This is a credit against oil. There is no loss or gain to the State.

Senator Poland said her understanding is that it is dollars that have to be paid.

Ken Humphries, Legislative Affairs, in an attempt to explain how it works, told the committee that we can look at it as a loan or a sale. What this gives the operator is an option to opt for the royalty sale instead of the tax. This is a royalty sale, except it has an option to re-purchase in it. The way it operates is that it would give us "x" amount of dollars right now and the right to purchase some oil in the future. It would not entitle "them" to a certain number of barrels of oil, but "x" dollars of oil at the time of production." How much that would be will be determined by the prevailing price of oil at that time.

Senator Ray asked "What are we giving them for them to give us any money?" Mr. Humphries replied: "A promise to repay them that amount of money in the form of a credit." He said all the oil companies would be entitled to this option.

Proposed Amendment: Senator Poland said if the Ohio amendment is adopted, she thought we should add language in it that the state "its assigns or designees" shall have the right to purchase at the time of production, upon six months prior written notice, etc... She said this would insure that the State could buy it back and sell it to a third party.

No objection to this amendment, it was included.

At this point, Senator Ray called for a vote on all the amendments discussed.

First question voted on:

Page 1, Lines 15-19: Delete subsections (b) and (c) and insert the following in its place:

"(b) The legislature shall annually determine by law the rate of the levy before June 1.

(c) The rate of levy may not exceed 20 mills."

Page 1, Line 26: After the word "abandonment" insert the following: "whichever occurs first".

These amendments were adopted.

Next question voted on:

Delete paragraphs (A) and (B) and (4) and insert the following in its place:

"(A) the issuance, upon application, of right of way permits, leases, and title and other rights in lands, and other approvals, permits, licenses and certifies by federal and state agencies that a reasonable and prudent person would consider adequate to commence construction of an initial transmission facility to transport oil or gas to be produced or recovered from the lease or property in the expectation that all other approvals, permits, licenses and certificates necessary for the completion of the facility will be obtained; or

(B) the commencement of construction of an initial transmission facility to transport oil or gas to be produced or recovered from the lease or property.

(4) any interest in the proven reserves of a lease or property for any year in which on January 1 the commencement of construction of an initial transmission facility to transport oil or gas to be produced or recovered from the lease or property is enjoined, either temporarily or permanently by an order, judgment, decree, determination or award of a federal, state or local court or administrative or regulatory agency."

Senator Sackett objected to this amendment, saying he would prefer to leave it as set out in the sponsor substitute of the Rules Committee.

A vote was taken, and Senator Sackett's objection was sustained, so this proposed amendment was not adopted.

Proposed Amendment: Page 7, between lines 16 and 17. Insert:

"(2) 'initial transmission facility' means the first facility or integrated system of facilities which, by itself or as the first part of a sequence or series of facilities or systems is to be utilized to transport in good and merchantable condition oil or gas produced or recovered from the lease or property, including but not limited to transmission pipelines, common carriers, trucks, barges, and other facilities, but does not include field gatherine lines nor other facilities utilized before the oil or gas is in good and merchantable condition."

Senator Sackett moved that this amendment not be included. Senator Sackett's motion was adopted, the the amendment was not included.

Proposed Amendment: Page 4, Line 2: After the word "court" delete the following: "for a trial de novo". The committee adopted this amendment.

Proposed Amendment: Page 8, Lines 15-16: After the word "recoverable" delete the following: "if it is economically feasible to market it in the future under reasonably foreseeable conditions" and insert the following in its place: "in the future under prevailing economic conditions and technology".

Senators Sackett and Chance objected to adopting this amendment. Senator Sackett explained that his objection relates to the fact that an attorney who worked on this is coming up from Dallas and Senator Sackett would like to speak to him about the consequences of the amendment.

A vote was taken on the question:

"Shall the amendment to page 8, lines 15-16 be adopted?"

Senator Butrovich voted in favor of the motion and the other members voted to omit it, and so the amendment was not included.

Proposed Amendment: Page 8, Line 17: After the word "in" insert the following: "or the right to produce or recover". The committee voted to include this amendment.

Proposed Amendment: Page 9, lines 11-13: Delete the following: "In no event may the credit allowed for a lease or property exceed 50 per cent of the taxes levied under this chapter for that lease or property.

(b) the credit shall be allowed on a monthly basis"

and Insert the following in its place:

"The credit shall be allowed on a monthly basis but in no event may the credit exceed 50 per cent on the taxes levied each month under this chapter for that lease or property. The credit shall be allowed until the entire early development incentive credit for the lease or property has been exhausted."

There being no objection, this amendment was adopted.

Proposed Amendment: (The "Sohio" Amendment) (see attachment)

The following question was voted on:

"Shall Amendment No. 2, known as the "Sohio" amendment, as amended, be included in the bill before the committee?"

The results of the vote on the question were:

"Yes" - 3 - Rader, Hohman, Butrovich

"No" - 4 - Ray, Sackett, Chance, Poland

And so, the amendment was defeated and not included.

Senator Sackett moved and asked unanimous consent that the committee report out a committee substitute with the amendments adopted, with individual recommendations.

Senators Chance, Ray and Sackett voted for "do pass"

Senators Butrovich, Rader, Hohman and Poland voted "no recommendation".

And so, the committee substitute for the bill before the committee was reported out with individual recommendations.

Senator Ray directed Legislative Finance Director J. H. Hogan to have this committee substitute prepared and presented to the committee tomorrow morning for review.

Recess: Chairman Ray then called a 15 minute recess. The meeting recessed at 2:45 p.m.

Recess

Accepted

A M E N D M E N T

OFFERED IN THE SENATE

BY: *Lawrence*

TO: HOUSE BILL NO. 297

PAGE 1, LINES 15-19

Delete subsections (b) and (c) and insert the following in its place:

(b) The legislature shall annually determine by law the rate of the levy before April 1. *June 1*

(c) If on April 1 the legislature has not determined the rate of levy, the rate of levy shall be zero for that year. The rate of levy may not exceed 20 mills.

PAGE 1, LINE 26

After the word abandonment insert the following "whichever occurs first".

PAGE 2, LINES 1-16

Delete paragraphs (A) and (B) and (4) and insert the following in its place:

(A) the issuance, upon application, of right of way permits, leases, and title and other rights in lands, and other approvals, permits, licenses and certificates by federal and state agencies that a reasonable and prudent person would consider adequate to commence construction of an initial transmission facility to transport oil or gas to be produced or recovered from the lease or property in the expectation that all other approvals, permits, licenses and certificates necessary for the completion of the facility will be obtained; or

(B) the commencement of construction of an initial transmission facility to transport oil or gas to be produced or recovered from the lease or property.

(4) any interest in the proven reserves of a lease or property for any year in which on January 1 the commencement of construction of an initial transmission facility to transport oil or gas to be produced or recovered from the lease or property is enjoined, either temporarily or permanently by an order, judgment, decree, determination or award of a federal, state or local court or administrative or regulatory agency.

PAGE 7, BETWEEN LINES 16 and 17

Insert the following:

(2) "initial transmission facility" means the first facility or integrated system of facilities which, by itself or as the first part of a sequence or series of facilities or systems is to be utilized to transport in good and merchantable condition oil or gas produced or recovered from the lease or property, including but not limited to transmission pipelines, common carriers, trucks, barges and other facilities, but does not include field gathering lines nor other facilities utilized before the oil or gas is in good and merchantable condition.

PAGE 4, LINE 2

After the word "court" delete the following "for a trial de novo".

PAGE 8, LINES 15-16

After the word "recoverable" delete the following "if it is economically feasible to market it in the future under reasonably foreseeable conditions" and insert the following in its place "in the future under prevailing economic conditions and technology".

PAGE 8, LINE 17

After the word "in" insert the following "or the right to produce or recover".

Delete the following "In no event may the credit allowed for a lease or property exceed 50 per cent of the taxes levied under this chapter for that lease or property.

(b) The credit shall be allowed on a monthly basis" and insert the following in its place:

"The credit shall be allowed on a monthly basis but in no event may the credit exceed 50 per cent of the taxes levied each month under this chapter for that lease or property. The credit shall be allowed until the entire early development incentive credit for the lease or property has been exhausted."

"SOHIO"
Amendment

#2

San
Resources

Page 6, between lines 5 and 6: insert new section to read:

Sec. 43.58.115. PAYMENTS IN LIEU OF TAX. The operator may each year, at its option, in lieu of paying the tax provided for in this chapter, make an advance payment of royalties due to the state under the lease or property to which the tax pertains in the same manner, amount and at the same time as the tax, penalty and interest otherwise payable under this chapter. This election shall be effective for all purposes of law and of the lease or property upon (1) the filing with the commissioner of revenue and the commissioner of natural resources, on or before February 1 of each year, a written notice of election by or on behalf of the operator to pay that amount as advance payment of royalties and (2) payment to the commissioner of revenue of that amount. AS 38.05.182 and 38.05.183 and AS 38.06 shall not be applicable to this advance payment of royalties. If the operator elects this option, the advance payment of royalties in lieu of the tax shall be allowed as a credit against future royalty payments due from the lease or property. In no event may the credit against royalty payments under the lease or property allowed in any year exceed the amount of the credit allowed under AS 43.55.018 for the lease or property. As a condition of this election by the operator, the state shall have the right to purchase at the time of production, upon six months prior written notice to the operator by the commissioner of natural resources, and at the field market price or value at the well as determined under the terms of the lease or property, any part or all of the royalty oil or gas represented by the advance payment of royalties. Any such purchase by the state shall be made after the commissioner of natural resources determines, with the prior written approval of the Alaska Royalty Oil and Gas Development Advisory Board, that the best interest of the state requires the purchase, and AS 38.05.182 and 38.05.183 and AS 38.06 shall be applicable to any oil and gas purchased in this manner by the state.