

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2585

additional 379 square feet. This would provide one classroom and one study area. The bid was \$131 per square foot. Originally the bid was \$68 per square foot.

Rep. Naughton asked what firm had bid \$433,000. Mr. King answered that it was R & K Construction in Ketchikan. There were eight bidders. (tape changed to H76-34)

Rep. Osterback said this had been passed out of HESS Committee. Rep. Anderson asked what the escalation of construction price was attributable to. Was it pipeline impact. Mr. Burgess said that every time bids were asked for they were higher. There's a risk factor in small communities. Most things have to be shipped in. The bigger contractors are more interested in the pipeline than they are construction of schools.

There was discussion of the fact that outside contractors cannot be hired with Alaska dollars even if their bids are lower.

The next topic of discussion was HB 619 and HB 620, both of which are G.O. bond bills. Dick Holden of Public Works offered to speak on the issue.

HB 619, HB 620

Mr. Holden explained which schools were waiting for '76 bond money, which ones had amounts provided for them in the '74 bond issue and which were new construction not previously funded. He explained that the figures were based on a round number. There was no data base currently on which to base estimates. He said that the bidding of schools without the availability of planning funds meant that the bid was let at the wrong time of the year. There's no mechanism now that allows for a grant to an independent school.

HOLDEN TESTIMONY

Rep. Gruening asked if there was any way of cutting down the cost per square foot on these buildings. He also asked if there were any outfits in Alaska with pre-fab capabilities. Mr. Holden explained that there weren't any in Alaska. They face no steady cash flow. The state has not created a market for modular housing. There's no reason the state couldn't develop such an economy.

Rep. Gruening asked if on HB 619 does it help if money is appropriated to an REAA. Mr. Holden said that it was a better idea for local people to list their priorities.

Rep. Buchholdt asked how many schools hadn't gone to bid from the previous bond issue. Mr. Holden said there were five from the '72 and '74 bond issues. He said the bond issue did a better job this time than last time. Rep. Buchholdt asked how many schools weren't completed because they are short of funds. Mr. Holden said there were none in '74 issue. In order to build within a bond issue, we cut things down to the basic building. In more than half of the cases the villages thought they were going to get something quite different than what they got.

On HB 620 Mr. Holden said there was no adequate maintenance practice. There are miscellaneous repairs needed in all schools built. Rep. Cowper asked if there was no policy on maintenance on both state-owned or ASHA buildings. Mr. Holden said this was true.

Rep. Buchholdt asked about the public facility planning fund. Mr. Holden answered that the planning fund has \$575,000 recommended in it. That fund will provide both a planning agency and building agency with funds with which to do program planning, site selection, and preliminary design.

Rep. Ostrosky asked for an explanation of coordination between DOE and what's happening in schools. Mr. Holden answered that there's no process that requires working together. In the future ('77-'78) we will start programs work in January of each year instead of July. Each village will come out with its needs in May. There will be a three-month period following that for DPDP to see that impacts of one area are reflected in another's request. By August things can be restructured so they are integrated with one another.

Rep. Osterback said that if they could get started on projects in May or June the work would be cheaper. Mr. Holden said that they could save 25% of the cost.

Rep. Gruening asked if Mr. Holden saw REAAs having control over planning money. Mr. Holden said the planning fund is held by the division of Budget and

Management . If an REAA gets a grant, they need someone who knows about planning.

Mr. Thomsen said that DOE would work with REAAs just as they work with city and borough school districts. Responsibility for planning would lie with the superintendent of schools. DOE TESTIMONY

Mr. Thomsen introduced Chris Roust, DOE, to speak on the bills. Mr. Roust said that the major problem that the DOE and Public Works found when we went to bid is that they didn't realize inflation factor when they went to bid. There was an anticipated increase per year of 15%, but suddenly it was much more. The architect was asked to design the facilities needed at the location. We realized we couldn't go ahead and complete the project, but we thought we could get a price from contractors. On the Prince of Wales project the money in this bill was our estimate of what it would take to complete the project during the bidding period. The Hydaburg contractor will hold on his price, but at Prince of Wales he will not. If a larger amount could be awarded on a project, the price per square foot would go down. This bill mentions that act would take effect July 1. If that could be changed to an immediate effective date, we could save considerably.

Rep. Buchholdt asked Mr. Roust to comment on Hydaburg. Mr. Roust said he recommended that the effective date be changed to immediate effectiveness on this one too. The Hydaburg contractor said he would hold alternate bid price to no more than 5% inflation for 60 days. If money is appropriated by that time the present square foot cost could be dropped to \$90 per square foot.

On HB 619 Mr. Thomsen said that it would provide facilities in those locations that do not have a resident secondary program or facility to conduct that program in areas where there are 30 or more secondary students. The amount is based on a planning estimate of approximately \$30,000 per student. The estimated planning cost statewide is \$200 per square foot. Included in that cost is providing utilities. We figure that it takes 150 square feet per student. Rep. Gruening asked if cost estimates had been worked up for extending educational facilities to 10-20 students. Mr. Thomsen said that for those particular locations there would have to be a 2,100 square foot facility that could be used for community activities. Rep. Gruening asked how many villages were in that category. Mr. Thomsen responded that there were 36. There is

an estimate of \$450,000 per facility for these 36 sites.

Rep. Gruening asked what the total request was for local schools. Mr. Thomsen said it was somewhere in the neighborhood of \$54-56 million. Teacher housing was deleted from that list. The total request for rural schools would be approximately \$90 million for all categories. The total elementary request was about \$18 million. The secondary request was about \$50 million. In HB 619 they are all secondary facilities of 30 or more secondary students.

Rep. Naughton asked what the difference in the relationship of the state to on-base schools and BIA schools. Mr. Thomsen said that the on-base buildings are owned by HEW of the Federal government and we have a use permit for those facilities. We must keep the buildings in good repair. What's happened with the on-base schools is that they are caught between state and federal government. No one takes the responsibility for repairs. Those schools will eventually go to the state. This past summer a survey was made to see what was needed.

Rep. Naughton again asked what the relationship was between state and BIA schools. Mr. Thomsen said that the state has no responsibility for BIA schools.

Rep. Osterback asked who would have the say on what is needed in REAA schools. Mr. Thomsen answered that the superintendent does the program planning in conjunction with his staff. Whatever they plan is subject to the approval of the board.

Rep. Nels Anderson asked to comment on the four bills. He said he would support the requests for assistance by Craig and Klawock as well as Hydaburg. The conditions under which those kids are studying is pretty pathetic. They don't have the environment for a quality education. HB 619 and HB 620 don't go far enough. The cuts that were made were not responsible cuts. Rural Alaska has a right to education. With the bond proposals rural Alaska has been given a dream that hasn't materialized. We have to get these facilities constructed, equipped, and upgraded so that children will be prepared for the future.

REP. ANDERSON
TESTIMONY

The meeting was adjourned at 1:25.

Tape H76-33
Beg. 2506
Tape H76-34
End 2383

HOUSE FINANCE COMMITTEE
Monday, March 1, 1976
9:10 a.m.

All members were present except Rep. Naughton. Others present were Rep. Terry Gardiner; Ed Buthoon, American Bar Association; and John Havalock.

PRESENT

Chairman Malone called the meeting to order and said the committee had had a request from the Judiciary Committee to discuss HB 694. It has not been referred to Finance. It relates to the Criminal Code Revision Task Force. There's no fiscal note but there's a proposed budget.

HB 694

Rep. Gardiner said there was a resolution passed calling for Legislative Council to appoint a Blue Ribbon Committee composed of various people in the criminal justice field to draw up a proposed draft of legislation. The idea was that the interim committee would go into the summer and come back to the legislature with a revised criminal code. It turned out that it wasn't possible and the original time schedule was not adequate. The commission has kept on meeting since the legislature started, so this request is to continue the commission to formalize the portion of the report that has been completed. This budget request would continue the commission through to next year and the submission of the final report. In the back of the report that the committee has there's an actual work schedule that shows the meetings that will be held. This gives an idea of the amount of work to be done.

GARDINER
TESTIMONY

Mr. Ed Buthoon from Arkansas was introduced to explain the criminal code revision that was taking place in his state. He said the revision was started in Arkansas in '71. It's just been completed--it was a five-year project. The ABA hired him to go to various states and tell them what was learned in Arkansas. In the last year he visited North Carolina, South Carolina, Kansas, Texas, Mississippi, California, and now Alaska. Alaska has recently had a revision of procedural law, so the substancy code only has to be brought up to date. It's amazing that Alaska has been able to do this much in this period of time. They have done an excellent job, but they need more time. It's necessary to get house in order now in order to keep up with changes in the criminal code.

BUTHOON
TESTIMONY
ON ARKANSAS
REVISION

Mr. John Havalock began his testimony. No one has looked at the entire code comprehensively. As far as the procedural court goes, so many revisions aren't necessary. If all of title 11 is changed there are bound to be ramifications that change title 12. There's a lot of work that hasn't been done on the procedural side, particularly in the area of corrections and pre-trial and pre-arraignment procedures. There will be a report out around February of next year and it will be easier to identify the procedural changes needed.

HAVALOCK
TESTIMONY

Mr. Buthoon said it was difficult for a police officer to know what's expected of him in terms of search and seizure.

Rep. Gardiner said that there was nothing on aggravated assault. Lots of types of conduct are left out.

Chairman Malone asked what was contained in the \$140,000 for personal services. Mr. Havalock replied that the budget was a 15-month budget which assumes there will be an interest in going on for a fiscal year. The 12-month budget would be \$157,000. The personal services covers quarter-time for a project director, and full time for a project coordinator, quarter time for another person, and two secretaries. Mr. Buthoon said there had been five full time people assigned to the Arkansas project.

PERSONAL
SERVICES

Rep. Cowper asked if this couldn't be funded through the criminal justice planning grants--LEAA grants. Mr. Havalock explained that they have under \$1,000,000 in their budget for this year. They have written a plan for this year which doesn't include covering this. If they did cover it they would have to cut out more of their budget. Rep. Gardiner said it would certainly be all right if they would fund it. There was no preference for general fund money over LEAA money.

Rep. Itta asked if funds were being received from other sources. Mr. Havalock said no, but spaces and utilities are contributed. There's a hidden budget which is contributed time of members of the commission which would amount to a lot of money per year. Members of the Bar Association are contributing their time. There's no other appropriation source.

Chairman Malone asked Mr. Havalock if LEAA, in addition to normal grants, wouldn't have discretionary funds. Mr. Havalock said they do. Some of the original changes were made with these funds. Five years ago they were for criminal code revisions. Now they are funding corrections projects.

The meeting was adjourned at 9:55.

Tape H76-35
Beg. 2383
End 2925

HOUSE FINANCE COMMITTEE
Wednesday, March 3, 1976
8:50 a.m.

All members were present except Reps. Naughton, Buchholdt, PRESENT and Itta. Others present were Rep. Al Ose; Robert Risley, Matanuska-Susitna Borough Planning Commission; and Glen Vernon, Fiscal Analyst, Legislative Finance.

Chairman Malone introduced Rep. Ose who gave a background of HB 664. He then introduced Mr. Risley to comment on the bill. HB 664

Mr. Risley read his printed testimony, a copy of which is in the bill file.

Rep. Guy asked how large an area this was. Mr. Risley answered that there were 480,000 acres. Chairman Malone asked if that was 670 square miles. Mr. Risley said that was approximately right. Chairman Malone asked for a map, and Mr. Risley pointed out the areas referred to.

Rep. Guy asked if this was all state-owned land. Mr. Risley said it mostly was, but there were some private homes. Rep. Cowper asked how the private homeowners felt about this. Mr. Risley said there hadn't been any controversy so far.

Rep. Itta joined the meeting at 9:10.

The next item on the agenda was HB 601, the governor's bill relating to the foundation program. Chairman Malone asked Rep. Gruening, who had reviewed the bill, to comment on it and give his recommendation. HB 601

Rep. Gruening said that the bill would raise for FY 77 the minimum level of state support to 95% from 93%. The governor has used a amount of \$25,000 for FY 77. Section 3 of the bill is really not changed. This was the amount set for FY 77. What the bill does is change the minimum level of state support. There's a senate bill which would raise it to \$26,000 instead of \$25,000. SB 610 is in Senate Finance now. That bill has much more fiscal impact than the original bill. All of the districts would be better off increasing from \$25,000 to \$26,000 and forgetting about the state support of 95%. This bill could be sent out now, but in terms of the total picture it's probably not as significant as the senate bill that is now

being discussed. Rep. Gruening suggested waiting until SB 610 came into committee so that it would be possible to look at both of them at once.

Chairman Malone left the meeting. In his absence Rep. Gruening took the chair. Ken Grieser, Deputy Director of Field Services, Dept. of Education, joined the meeting at 9:30.

Rep. Gruening asked Mr. Grieser to explain the fiscal impact of the bill. Mr. Grieser distributed charts (copies in bill file) and outlined their significance. There was discussion of the fact that the governor is proposing charging for the use of the media center and he is proposing decreasing mini 874.

MEDIA CENTER
CHARGE

Rep. Gruening said the fiscal impact of HB 601 was \$2,157,000.

Rep. Duncan asked for an explanation of the \$3 media charge. He had received letters saying that if there was a charge for media center use some of the smaller districts might have to drop out. Mr. Vernon said that if the smaller districts dropped out, the cost for the rest would increase.

The meeting was adjourned at 10:00.

Tape H76-37
Beg. 0010
End 1623

HOUSE FINANCE COMMITTEE

Friday, March 5, 1976

8:55 a.m.

All members were present except Reps. Gruening and Itta. PRESENT
Others present were Walter B. Parker, Commissioner of
Highways; R. D. Shumway, State Highway Engineer; and
Lt. Col. Ray Horton, National Guard.

The first item on the agenda was HB 788. Chairman HB 788
Malone said he had met last night with Mr. Murphy of
the Alaska Teacher Training Program. The conclusion
was reached that the best thing to do would be to
report the bill out.

Rep. Buchholdt moved and asked unanimous consent that DO PASS
HB 788 be reported out of committee. There was RECOMMENDATION
no objection so the motion was adopted. The committee
report was circulated with the majority signing "do
pass" recommendation. So, HB 788 was reported out with
a "do pass" recommendation.

The next item on the agenda was HB 695, a supplemental HB 695
appropriation to Highways. Chairman Malone introduced
Mr. Parker and Mr. Shumway to speak on the bill.

Mr. Parker said that if this could be put out to PARKER
the contractors early so they would have time to respond, TESTIMONY
it would be possible to get better bids. Chairman
Malone said that early in the discussions on the
legislation the committee examined the relationship
of the Highway program to the appropriations and the
conclusion was that the relationship was somewhat
mystical.

Mr. Parker said that they were now at the point where
there are \$45,000,000 in federal funds which are
available now and June 30. If there is no state
matching, they will not be spent during that period
and there can be no construction during that period.
If state construction is begun on July 1 that will
wipe out one construction season. If the state does
not match federal highway funds it will be impossible
for anyone from administration to make a case to a
congressional committee for Alaska to receive help
of any kind. If the last bond issue had estimated
federal revenues that would be available more correctly,
we wouldn't be in this spot. It is impossible for
the department to outguess what Congress will do until

congressional legislation is passed.

Rep. Naughton left the meeting at 9:05.

Mr. Parker went on to say that this would have a severe effect on all programs because Marine Highways is partially funded from our department. They will also need money in the coming years just to keep them afloat and to modernize. Chairman Malone asked if the federal funds noted in the bill would be for the Highway program through FY 76 or would some of those monies extend beyond that time. Mr. Parker answered that the federal funds are through June 30. Funding for FY 77 is incorporated into the capital budget submitted with this year's budget. The state match is intended to match anticipated federal revenues throughout the bond season this year.

MARINE
HIGHWAYS

Mr. Parker added that if the House of Representatives acts kindly on the \$70,000,000 in Congress and we get what is anticipated in regular highway authorization, we will be facing the largest construction season we have ever had. The department will be stretched very thin and the only way to maximize efficiency is to start early.

FEDERAL
MONEY

Mr. Shumway said that now was the prime time to advertise projects. We opened three bids last Thursday and received more interest and better unit prices than we have in the last nine months. If we wait until Spring when contractors are busy with other work our cost will be higher.

Chairman Malone asked if the \$11,700,000 would be basically looked at as a loan from the general fund which would be reimbursed. Mr. Parker said this was true. Chairman Malone said that none of the funds would be expended in areas that were not in connection with the Federal highway program. Mr. Parker said this was true except for the off-system roads. Mr. Shumway cited an example of an off-system road--the Plack Road in Fairbanks.

Chairman Malone said he would like to examine the other legislation on Highways, but he would like to report out this bill. Rep. Cowper said that there were a couple of things he would like to check out on the bill. They could be checked within a day or two. Chairman Malone asked at what point we would be in a serious

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problem if we didn't have legislation. Mr. Parker answered that as of March 1 we are down to \$10,000,000 so we are in a holding pattern until we have additional funding. Mr. Shumway added that within two weeks there could be no more projects.

Chairman Malone asked Rep. Cowper if he could have this checked out by Monday. Rep. Cowper said he could. Mr. Parker explained to the committee that Monday or Tuesday would be the last days that he could report to the committee as Commissioner of Highways.

Rep. Haugen asked how Alaska stood in the national configuration of highway fuel tax. Mr. Parker said that Alaska was at 8¢ which is in the lower ranges of fuel tax. A 2¢ increase would put us in the middle. A 4¢ increase would put us near the top. Rep. Haugen asked how much a 1¢ increase yielded. Mr. Parker answered that it was between \$3,000,000 and \$4,000,000.

HIGHWAY
FUEL TAX

Rep. Gruening joined the meeting at 9:25. Mr. Parker and Mr. Shumway left the meeting.

Discussion moved to the subject of rural schools. Chairman Malone asked the committee if it had questions of Rep. Gruening.

RURAL SCHOOLS

Chairman Malone explained that under the teacher certification program in the rural areas, a person that is a high school graduate could enter the program and over a period of time qualify for a teaching certificate to teach certain courses in the state system. The idea is to provide the teacher resources in the outlying areas. They have had a pretty good success rate. Rep. Gruening added that if you look at it on an FTE basis it costs less than it costs to go to the university. Chairman Malone said the university was not too happy with the program because they wouldn't have enough control over it or at least not as much as they do over their other programs. Rep. Gruening said it was logical that it should be under the university. Chairman Malone said the fear was that it would become too highly institutionalized.

The next items on the agenda were HB 659, which is the Governor's bill relating to the National Guard, and HB 663, which relates to educational assistance for the same agency.

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Lt. Col. Ray Horton gave a history of the bill (HB 659). He said the re-enlistment bonus program has been effective, but it needs updating. When the law was written in '71 we didn't have females in the National Guard. Now we have 120-130 females. The law the way it was originally written precludes females from the re-enlistment bonus, so that has to be changed. The way the law is written now there are unfairnesses. This bill also contains words to the effect that in order to be eligible you must perform. We are operating that way but we want to firm it up by statute. The total fiscal impact for FY 77 would be \$201,000. The Guard program is an inexpensive program for the state considering the federal-state ratio. The federal government pays for most of it. There's about a 92:7 federal-state funding ratio. With the all volunteer environment it is necessary to offer incentives for re-enlistment. A re-enlistment bonus is a recognized motivator for re-enlistment and has been historically.

HORTON
TESTIMONY

FEDERAL-STATE
RATIO

The committee discovered that the fiscal note for HB 659 was wrong, so a revised fiscal note was requested.

Chairman Malone asked the wishes of the committee. Rep. Gruening moved and asked unanimous consent that HB 659 be reported out. There was no objection, so the motion was adopted. The committee report was circulated with the majority signing "do pass" recommendation. So, HB 659 was reported out with a "do pass" recommendation.

HB 659
REPORTED OUT
DO PASS
RECOMMENDATION

Lt. Col. Horton then gave testimony on HB 663. He explained that in '71 we passed the first educational assistance bill. This provides a recruitment incentive. Two-hundred participants are estimated for this program.

HB 663

Rep. Rholdt asked about the participation of Eskimoes in re-enlistment bonus program and the education assistance program. Lt. Col. Horton answered that 80% of the recipients of the re-enlistment bonus are Eskimoes. Most of the Eskimoes are already enrolled in other educational assistance programs.

ESKIMO
PARTICIPATION

The committee discussed suggested changes in wording for the bill. It should read, "To the extent funds are available, the Adjutant General shall authorize ..."

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Chairman Malone moved that the words be included. There was no objection, so the amendment was adopted. Rep. Gruening moved and asked unanimous consent to report out Finance committee substitute for HB 663. There was no objection, so the motion was adopted. The committee report was circulated with the majority signing "do pass" recommendation. So, Finance committee substitute for HB 663 was reported out with a "do pass" recommendation.

CSHB 663
REPORTED OUT
DO PASS
RECOMMENDATION

The meeting was adjourned at 10:05.

Tape H76-40
Beg. 0001
End 1595

HOUSE FINANCE COMMITTEE
March 5, 1976
2:00 p.m.

Present: Chairman, Malone; Members Duncan, Itta, Cowper, Guy,
Haugen

Representative Malone called the meeting to order at 2:00 p.m.
for the purpose of considering:

HRJ No. 57: Requesting full Congressional
funding of Section 107, Rivers and Harbors
Act projects and an increase in the authorized
monetary limitation under that Act.

HJR 57

Representative Haugen moved that HJR 57 be reported out of
committee with a "DO PASS" recommendation. All members
presented voted in favor of the motion, and so HJR 57 was
reported out of Committee with a DO PASS recommendation.

Adjournment: Representative Malone adjourned the meeting
at 2:02 p.m.

Tape 76-40
Beginning Log 1610
Ending Log 1677

3/5/76

HOUSE FINANCE COMMITTEE
Saturday, March 6, 1976
9:00 a.m.

Chairman Malone called the meeting to order. All members were present. Sterling Gallagher, Commissioner of Revenue and Larry Eppenbach, deputy commissioner were present. Others who testified will be identified throughout this set of minutes as they arrived during the length of the day-long meeting, and as they spoke.

CALLED TO
ORDER

A hearing was held on SS HJR 39, an amendment proposed to the Alaska Constitution to establish a permanent fund for proceeds from non-renewable resources. It carried a fiscal note of 185.0. The fund was described, how much it would be, how it works, and the possible impact on the available general funds. In general, state operations in the future were related to the central theme of the discussion -- how much flexibility or not to place upon setting up of these funds.

SS HJR 39
AK. CONSTI-
TUTION CHANGE
FOR ESTABLISH-
MENT OF
PERMANENT FUND

Gallagher said by 1978 there will be a 13% to 14% growth if you put 25% into the fund. Discussion concerning the pipeline being seven months late caused him to do a new thrupt which forecast a 1.6 to 1.7 revenue growth pattern. Projections of the legislature and that of the Dept. of Revenue varied, and this was discussed. Oilhead prices and net cost was outlined. Malone said that based on a letter he had referring to tanker charges, that the state might expect far less revenue than it once had anticipated. International availability and transportation of crude oil per barrel price was discussed leading up to the chairman's question: "What is the most likely case for state revenues?" He asked the commissioner for a reasonable budget projection in order that a determination might be made of what sort of dedicated cash there would be -- for state restrictions vs. state options. Gallagher discussed contingencies of Saudi oil shipments, the position of U.S. refineries, the pipeline across the Southern U.S., and all the factors that could go into the price picture. Malone commented that in making a projection like that, they should carry a production rate of 1.2 until 1981, and after that, 1.7 mm dollars. Had the department made any sort of revenue estimate based on this? No, Gallagher said they had not but it would be done and it would include payments required under law to the Alaska Native fund. It also would include cost of production.

D.O.R.
TESTIFIES

THE OIL
REVENUE
"GESTIMATES"

NATIVE FUND
PAYMENTS

Malone asked Gallagher about the latest conservative projections which might affect a level of dedication that might be different from ten percent. He suggested waiting for such projections cause if the Legislature enacts something like this current bill, and the people were to ratify it, what benefits would accrue to the people? He discussed the Attorney General's memo (see file) to the Governor as to possible limits he saw on uses of various funds. Each had been qualified. To Malone, this raised questions that might remain unresolved before the resolution goes before the voters. It was argued by others that this was only one point of view regarding the points raised by the Attorney General.

ALTERNATIVE
DEDICATION

How the fund could or could not be used to fund general appropriation expenditures or the general fund was discussed. How it would be restricted so as not to be used for purposes of general obligations bonds was discussed as well. Language in the resolution could be restrictive. It seemed unclear how strong some of it was, such as the phrase "rules of evidence" or "obligations of state authorities".

USE CONCEPT

Cowper asked the reason behind the mention of authorization of general obligation bonds. One of the chief advantages of municipal bonds was that it is tax free, he said. "You may wind up with a political deal; the state could get stuck with something that's not a good investment."

G.O. BONDS

Gallagher replied that the reason is so it will enhance the issue of some of the state agencies --the state could make a loan of ten percent of the issue and that enhances that credit considerably. Further discussion included dedication of income, to the debt service, or any other thing the Legislature might wish to establish. But the concept of keeping flexibility remained foremost in the theme of discussion in prophecying what the state will do with the money.

LOAN PROGRAMS

Several politically related problems were touched upon but recognition was made they would need to be sorted out during the interim. Loan programs, the vets loan program, the fishery loan and what should be done about them was also discussed. Gruening thought regarding the dedication of ten to 25 percent, why set a limit? Gallagher said the ten percent put a floor under it since it is non-renewable resources. Haugen questioned the constitutionality of that.

DEDICATION LIMIT

Tape H76-31 ends here and H76-32 begins.

TAPE 32

Chairman Malone brought up a possible title change for the resolution, referring to the Alberta Heritage Trust as a more descriptive name. Further discussion continued regarding flexibility and permanent fund designation

with the A.G.'s wording "as provided by law", a sufficient legal peg, they thought. Intent ought to be inserted, LANGUAGE CONSIDERED however, to give maximum flexibility: "at the descretion of the legislature. Malone thought they might want to focus more closely on the language on the mining royalties. He summarized that new revenue projections were vital in being able to come to a determination of what sort of level the committee wants to have dedicated. Gallagher would prepare this in a new computer model and it would be ready in 7-10 days. Malone outlined unfinished problems to be considered again on 1) language on definitions; 2) language on flexibility; 3) income investments from the permanent fund and how to handle it; 4) get from Dept. of Revenue a statement of what the administration feels would be a reasonable level to set the dedication funds.

SUMMARY

As it was time for lunch, the meeting was recessed until the afternoon hearings. It was 12 noon.

LUNCH RECESS

The meeting was again called to order at 1:15 p.m. with a quorum declared. All members were present. (H76-32-625). Chairman Malone first brought out HB 625, Special Appropriation to Public Facility Planning fund for capital projects in the sum of \$2,318,650. The chairman had prepared a letter of explanation to accompany the bill and this was approved by the committee. (See bill file.) A motion was made to ask for unanimous consent to pass out HB 625 with the letter. The motion carried with majority do pass.

CALLED TO ORDER

HB 625
PLANNING
CAPITAL
PROJECTS

DO PASS

Before moving the bill, however, there was a lengthy hearing to inform and explain a new planning program devised by Bill Holden, deputy commissioner of DPW, who testified. Variables and changes in planning caused by construction cost and inflation, coordination of bush-construction, use of personnel, slowdowns, inflation hikes -- in short, to control planning in spite of the unexpected and to reallocate and consolidate effort. Holden showed a program systems design with criteria set up on a time line whereby decisions could be made based upon planning. This will cause some forced planning to take place and it was going to be a management problem to make funds available for a given period of time. Monies would lapse with no use and then used some place else. Planning engineering will go ahead on construction to be planned in the bond issues, then should the issues fail, DPW doesn't do the rest of the work but the planning phase is not lost -- just shelved. He stressed the need for a central source of information, an index of slowdown and momentum -- and this should rest completely with the part of one agency. DOE had no objections to having DPW building the schools, he said.

LETTER OF
EXPLANATION

REVIEW OF
TESTIMONY

DEPT. PUBLIC
WORKS

Haugen pointed to four or five year old projects, (capital improvements), still undone because of inflation costs. Haugen called for a look at monies appropriated for schools in prior bond issues, but which were unbuilt, listing

the millions of dollars designated for REAA's. He saw a need for better monitoring system so the state won't be stuck with a lot of real estate out there in the bush that is going to be useless. He called for a standard design. Holden said they were going to have a standard design and fit it to various sites, whereupon Kent Dawson, governor's office, saw a built in conflict. "You have a system that takes in consideration of both local design, yet (wants to use) standard design. Holden's view was if the state was paying for it, it was the state which would designate what design process to use.

Another aspect to this bill was funding planning for highways. Dick Chitty, deputy commissioner of highways, testified. He answered questions as to federal funding requirements and controls over priorities set within the state. Malone called for a priority list for road building for FY 76 and FY 77.

Other bills moved out this day were: CSHB 667, authorizing a study of the causes and potential solutions of the high cost of living in Alaska, with letter of intent, with Cowper as the sponsor.

CSHB 667
DO PASS
L. of I.

It's companion bill HB 668, special appropriation to the Department of Commerce & Economic Development for study of high cost of living in Alaska, also was moved out. On both there was a move and unanimous consent asked for a majority do pass. HB 706, special appropriation of the Department of Law was sent out as the original bill with suspended action taken on the committee substitute. The letter of intent accompanied the bill explaining the use of the funds to "vigorously pursue the State's interests in rate proceedings before the Interstate Commerce Commission involving the Trans-Alaska Pipeline. The committee believes that time is of the essence and that a full-time expert in ICC matters should be retained immediately to take steps to see that the pipeline tariff is set at a level which will fairly reflect its reasonable costs..." (see bill file).

HB 668
DO PASS
L. of I.
HB 706
CS VOIDED
ORIG. BILL
DO PASS

ADJOURNMENT

Hearing no further business to come before the committee, Chairman Malone adjourned the meeting. The time was 5:30 p.m.

H76-30
H-76-31

mb

HOUSE FINANCE COMMITTEE
Monday, March 8, 1976
8:55 a.m.

Reps. Malone, Cowper, Haugen, Guy, Gruening, and
Itta were present.

PRESENT

The meeting was called to order to discuss HB 695.

HB 695

Chairman Malone said the committee had discussed
setting out project funding in this legislation.
However, it doesn't seem that we can do that because
under our current law they can transfer the appropriations
anyway. There's nothing to stop legislature from
adopting a program for the funds a little later on.

DO PASS
RECOMMENDATION

Chairman Malone asked the wishes of the committee.
Rep. Cowper moved that the bill be reported out of
committee. There was no objection, so the motion was
adopted. The committee report was circulated with the
majority signing "do pass" recommendation. So, HB 695
was reported out with a "do pass" recommendation.

There was a discussion of other pending legislation
and plans for dealing with it.

The meeting was adjourned at 9:05.

Tape H76-41
Beg. 3097
End 3207

HOUSE FINANCE COMMITTEE

March 9, 1976

7:30 p.m.

The meeting was called to order by Chairman Hugh Malone. All committee members were present.

Also present were Mr. and Mrs. Larry Venable, (Alaska Carriers);

Rep. Mike Miller; Commissioner Sterling Gallagher, Dept. of Revenue; Budget Analyst Bob Schroeder; Director Bill Hudson, Division of Marine Transportation; Al Weaver and Director Richard Block, Division of Insurance, Dept. of E. D.

AGENDA

Before the committee were the following bills: HB 583, Oil and Gas Exploration, Production and Pipeline Transportation Property Taxes; HB 646, Relating to Selection of Architects, Engineers and Engineers and Surveyors for State Projects; HB 582, Regulation of Insurance; CSHB 528, Creating Advisory Committees to the Division of Marine Transportation; and SSHJR 39 Amending the Alaska Constitution Establishing a Permanent Fund for Proceeds from Nonrenewable Resources.

Rep. Cowper who had headed the subcommittee on HB 583 said he proposed a committee substitute which would incorporate the original bill and also put in language that would allow the commissioner, when determining the well-head taxes, will use real cost of transportation rather than actual cost. He explained the reason for oil company actions referring to wellhead price and cost. Commissioner Gallagher said he agrees with the language of the committee substitute saying you do not need any language to clarify the royalty fee.

HB 583

Asked if he cared to comment on the date, Gallagher replied that their original estimate of \$70.0 now looks like it will change to \$74.0 this FY.

ESTIMATE
CHANGE

Next, SSHJR 39, Amending the Alaska Constitution Establishing a Permanent Fund for Proceeds from Nonrenewable Resources, came up for consideration.

SS HJR 39

Based on revised pipeline thru-put data, the hearing for this bill was delayed explained the chairman. Sterling Gallagher called attention to the assumption sheet attached (see bill file), went over it and explained it. He particularly clarified the role which will be played by the receipt from the federal government of the Alaska Native Settlement claims money, that timetable, and that it would mean a very generous increase in the rate of budget growth by 20.0 million dollars. There will be two small deficit years but that is a preliminary projection.

COMMISSIONER
GALLAGHER
TESTIFIES

Referring to the 25% contribution rate toward the permanent fund, Rep. Haugen asked if that was mandatory. That was 25% minimum Gallagher said.

Rep. Naughton referred to Section 15, line 23 about revenue sharing payments and wanted to know if its not federal revenue sharing program referred to? Gallagher assured him it was mineral use -- contents of all minerals.

Chairman Malone referred to Gruening's earlier suggested that the sentence be restructured so the word "mineral" was to be a modifier. Rep. Guy asked for clarification concerning the legislature being able to appropriate additional amounts to the permanent fund.

LANGUAGE
CHANGE

A discussion ensued between the chairman, Rep. Gruening and Mr. Gallagher over the land claims item in the budget, what the schedule of payment of those funds will be, could it be directed elsewhere, (6% can), and then Gruening said it would appear that the allowable rate of budget growth of calculated revenue would grow after FY79 beyond 15%. After the land claims settlement fund comes, you have a drop-off, but by the time you get to the mid 80s revenue will accelerate beyond the 25% revenue figure.

NATIVE
LAND CLAIMS
FUNDS &
STATE PAYMENT
SCHEDULE

Referring to the assumptions, Chairman Malone commented the main factor is the Alaska Pipeline thru-put and not other developments that might accrue in the state, is it not? Gallagher affirmed that, and besides this was the most conservative case possible.

FUTURE LEGIS.
MONIES APPROP.
TO THE P.F.

Returning to the subject of the legislators being able to appropriate more money into the permanent fund, over 35% if they desire, he asked regarding Native Land Claims Settlement Funds security, and how would payment be handled out of the general fund? Gallagher said that royalties come in and that the native land claim money will be paid with the general fund.

Mr. Gallagher explained that the bill changed the collection date of the oil and gas production and pipeline property tax from September 30 (FY77) to June 30 (FY 76), in order to give the state needed cash flows of about 150.0 dollars.

DATE
CHANGE

Rep. Cowper then moved and asked unanimous consent to report out the CS for HB 583 incorporating the CS, plus Section 7, and have Sections 7 and 8 of the proposed CS be renumbered "8 and 9". This action was unanimously adopted.

SSHJR 39
ADOPTED
WITH AMM'TS

Speaking for CSHB 528, Creating Advisory Committees to the Division of Marine Transportation, Rep. Miller first ran over the history, giving reasons for establishing the public committee to act as a sounding board. This could keep the ferry system people out of a lot of trouble with the legislators. Had there been such a committee giving input in December on the issue of the dining room changeover for example, that conflict with the legislature may have been avoided. He added the ferry people are not insensitive to the needs of the public. He also said the board's decisions would not be absolutely binding. Policy would be reviewed but again the affect of the board decisions depended a lot on the quality of the appointees. He elaborated.

CSHB 528

MARINE
SYSTEM
ADVISORY
BOARD ROLE

Rep. Buchholdt asked a question about the section on p. 5 referring to policy development. Miller explained they were not magic words, but the system looks forward to improvement of water transport in various communities in the state, for instance, out the chain.

Rep. Miller then left and Director Bill Hudson introduced Mr. Holden, Deputy Commissioner of Public Works, who had arrived in the meantime, to testify. Holden began by saying Commissioner Harris takes a jaundiced view of bureaucracy and an extreme view of committees, (excepting legislative committees). The commissioner, however, appreciates the value of an advisory committee but his problems are in the makeup, particularly referring to legislative members who might not be from user-areas of the state, and who might have constraints such as their own constituency. That could create a situation where there might be political debate rather than debate over priorities because people in Anchorage and Fairbanks have differing interests than does the ferry system and the areas it serves.

THE OBJECTION
OF COMMISSIONER

Chairman Malone asked if the commissioner would rather have five people appointed by the governor, and the answer was affirmative.

COMMITTEE
MAKEUP

Rep. Duncan took exception to two members appointed from the legislature, saying the governor doesn't agree with that, but thinks five citizens should be appointed with no legislators. Holden thought legislators might be put in a tough spot, but stressed the commercial users ought

DUNCAN'S
OBJECTION

to be guaranteed spots on the board because truckers in Anchorage are extensive users of the ferry system. If the governor's bill for the Department of Transportation passes, there will be created regional advisory boards and it might supplant such legislation as this.

BROADER STATE
REPRESENTATION

Rep. Duncan asked referring to the fiscal note, if the commissioner assumed there would be two committees, but Holden replied that a new note needed to be prepared to go with the current bill version and it would be reduced by 40%.

Rep. Guy inquired regarding Section 10.6503, page 2, the language of line 7 and 8. (See bill file). Holden reasserted its reference to commercial users, and there was no problem with that. However, Guy asked why was not Anchorage to be regarded as one of the communities to be served, as Gruening earlier asked, and did Holden have recommendations as to where those representatives be assigned from.

That was a difficult question said Holden. He didn't have an answer, but there should be a citizen from the interior, from Anchorage as well as from areas more affected by the ferry service, but with the commissioner, he was concerned the committee not be "stacked" with Southeast and Southcentral people but instead represent a broad representation of the state.

Rep. Duncan expressed disagreement with the commissioner's concern. Holden then referred to evolving plans for ferry system service, perhaps out the chain, and this justified a broader citizen input.

PROJECTED
FERRY SYST.
IN THE CHAIN

Rep. Gruening made the comment that he likes the idea of having as many persons throughout the state as possible, such as one would make up a highway commission. If they put a majority on that highway commission from Anchorage it would be a boon to Southeast if those from the west would back the ferry system. Maybe with more interest in Southeast, the capital move would not have happened. Since everybody in the state would be paying for it, we need broad representation. Referring to future ferry system expansion, Itta agreed with Gruening.

Rep. Guy pointed to p. 3, line 7, referred to some study done on tariffs and what relationship might there be with this section on tariff setting, with that former study? He was referring to a line of the budget request for a rate and tariff study, which Director Hudson explained would pay for a professional study to be made the coming year. But Rep. Guy reiterated he didn't mean that, --- Section 19.65.050, "...shall prescribe ...a rule of procedure". What did that intend to do? Basically, it meant parliamentary rules which the committee decided upon for its use, Malone explained and Holden agreed.

TARIFF QUEST.
AS RELATES TO
FEDERAL GOVT.

Chairman Malone stepped into to clarify the question. TECHNICAL
First, it is the state's obligation of paying 2% of the EXPLANATION OF
gross value of production into the native fund. That's NATIVE LAND CLAIMS
an obligation which this ammendment cannot abate. PAYMENT SCHEDULE

Jim Rhodes, executive assistant then said the peak payment TO
for the land claims is '81, 140.0 million dollars. That REP. GUY
language in the resolution simply says when you are deciding
"what is 25%", you do not deduct the native land claims.
You calculate as if there were no native land claims,
but you go ahead and pay the native land claims. Then,
asked Guy, will not the native land claim funds be calcu-la
lated into the 25%? Malone said in calculating the percentage,
they start with the gross figure in each case. So you
take 25% of the gross and deposit it in the permanent
fund. However, you calculate 2% of all the total production,
everyone's, oil company, everyone, but not 2% of "royalties
and bonuses". Gruening added it was written into the
law. The matter was summed up by Malone, "We are obligated
to make those payments no matter what we do to the rest
of the money. The first thing we do is subtract the payments
we are obligated to pay, by law."

From this point on, the meeting took the form of a workshop
to draw up a group of ammendments to be attached to the
bill.

The following persons moved and asked unanimous consent MOTION FOR
for adoption of an ammendment: AMMENDMENTS

Chairman Malone moved the title be changed to ALASKA PERMANENT
FUND, to be shown in caps in line 7 and again in line
22.

Chairman Malone moved the words "unless otherwise provided
by law" be added on line 29 after the word "fund,".

Rep. Gruening moved the words "federal mineral" be inserted
before "revenue" on line 23.

Rep. Gruening moved the words "which shall be established
by law" be inserted after "investments" on line 26.

Rep. Naughton moved that the word "ten" be deleted before
"per cent" and insert "twenty-five".

Rep. Gruening moved an added section, Sec. 4., "The ammendments
proposed ... " (See bill in bill file).

All motions were adopted unanimously with the exception DO PASS W/AM'S
of Rep. Duncan's dissent on the line 29 motion of Chairman ADOPTED
Malone.

Rep. Gruening then made a motion to report out SSHJR 39 REPORT OUT
with the attached ammendments. This motion was adopted
with all members signing except Duncan who wrote "no recommendation".

3-9-76

Rep. Guy then referred to p. 5, line 10, 14 and 15 where the language he thought may not allow for federal participation in tariff rate adjustment, little as he liked federal participation.

Director Hudson said the federal government would not be involved in that, and it would not preclude the D.O.T. from receiving funds such as highway funds. Holden added that the committee plan was preferable to putting the ferry system under ATC. He then referred to Guy's question as a "sleeper", (see p. 5, Sec. 19.70.020 and through top of p. 6), and if it is truly an advisory committee it has no business setting tariffs.

ADVISORY COMM.
OR
GO UNDER ATC

Duncan asked for clarification regarding the committee role and changing the tariff rates. "The committee may permit changes", said Holden. It may advise but not "permit", he felt. But Duncan read it differently, that the committee will set tariffs. To clarify Naughton's question as to who set rates, Hudson said the Department sets them after deliberation and Holden said the commissioner, by law does have the authority to establish tariffs.

COMMITTEE
POWERS

Referring to p. 7, lines 6-8, Naughton asked regarding the commissioner having to have approval first from the committee to manage the system. Holden agreed that would cause problems as it intrudes in the management prerogative, that p. 6 is hazy, explaining that he didn't know its meaning for certain. Naughton asked him if he testified before State Affairs Committee on this legislation. Holden replied they testified before a single committee, but not two. To the question of subsidy cost, Hudson replied that in FY75 it was 13.5, and that represented a 2600 mile route. To Duncan's cost-per-mile question, Hudson didn't have the figure developed finitely but they figure \$5,300. The manner of figuring route miles was then discussed.

MANAGEMENT
PEROGATIVE

Rep. Gruening asked if the 13.5 figure included everything, and it did not. There were other hidden factors in the cost.

Rep. Haugen said he thought the makeup of the committee was okay the way it was.

Holden summarized by agreeing with the first three pages of the bill, and to line 14 on page 4, but beyond that, it did not have anything to do with an advisory committee, he said.

DPW DEPUTY
COMMISSIONER'S
SUMMARY POSITION

Chairman Malone summarized by stating the bill was not yet ready to be forwarded out and appointed a subcommittee with himself as chairman, Duncan and Buchholdt to study the problems brought out in this meeting, including the tariff question -- whether or not it should be brought under general state tariffs.

SUBCOMMITTEE

3-9-76

Rep. Gruening was granted the floor to introduce HB 582, and he in turned introduced Richard Block, Director of Insurance, Department of Economic Development, who justified the ammendment to the current legislation.

INSURANCE
CERTIFICATION
FEE

When asked by Gruening what the difference was between the cost of the determination fee and the ten dollar renewal certificate shown in the ammendment, Block made a comparison of the work which was done to make the initial determination before granting a certificate, compared to work done to renew one.

Block then went over Section 2, justifying amounts of the increase, which would double the requirement for capitol and surplus. Gruening asked if they doubled it, would companies now under license in the state be under jeopardy? The answer was "no". Block explained the difference between the Alaska-domestics and foreign company requirements.

Block went briefly over Sections 3 and 4, referring to possible carrier insolvencies, saying the state was now in an indefensible position because of no legal protection against insolvencies should a carrier have one and all its funds were held in another state. Then, the policy holders in that state would capture the remaining funds. So this ammendment demands certain monies be deposited here in Alaska.

BILL
EXPLAINED

Rep. Naughton asked if we are talking about the policy holders or the claimants. The answer was both.

It was moved and asked for unanimous consent that HB 582 be reported out. Motion was adopted.

DO PASS
MOTION MADE
CARRIED

HB 646, selection of architects, engineers and surveyers for state projects was next brought up for consideration. Again, Mr. Holden deputy commissioner of DPW testified. It was regarding professional consultant selection, a cleanup of the process. Both professional groups AIA and ASPE worked on the bill. He explained that executive departments need the guideline to set up criteria, explaining the administrative process involved. He said that CIP funds will pay for the services of the board.

HB 646

After discussing several lines in the bill, Chairman Malone questioned Holden about p. 7, line 22. "It does not require them to enter into private contract does it?" (No). If they did, however wish to hire private firms they could through this process.

Rep. Duncan wanted to know how often the board would meet and having seen no per diem, did they get that? Holden replied

they did and that a new fiscal note, updated, would need to be drawn. That would also reflect considerations in this bill. MOTION DO PASS

CARRIED

Rep. Naughton moved and asked unanimous consent that per diem be specified as added words, and that the following be removed from the committee substitute: Section 35.35100 (c), page 7, lines 2, 8 and 9 and page 8, line 1. Following discussion where it was brought out that professionals perceive they must make campaign payoffs to get jobs, the motion was adopted to be referred on to the Legislative Affairs Agency to put in the standard language on the per diem. The meeting was adjourned.

H7642
Begin 0000
End at spinoff

H7643 0000
End 1550

mb

HOUSE FINANCE COMMITTEE
Thursday, March 11, 1976
7:40 p.m.

All members were present except Rep. Cowper. Others PRESENT
present were Jesse Dodson, Special Assistant to Gov.
Hammond; Mavis Waarvik, Dept. of Labor; Mark Kazazaen,
City Manager, City of Cordova; Roger Harmon, Comptroller,
Dept. of Labor; Peg Benkhert, Director of Municipal
Affairs, Anchorage; Bill Pritchard, Dept. of Community
and Regional Affairs; Sterling Gallagher, Commissioner
of Revenue; Jim Rhode, Assistant to Rep. Malone; Rep.
Fred Brown; Murray Veneable, Alaska Carriers; George
Shaginaw and Eric Eckholm, Governor's Office of
Telecommunications.

The first item on the agenda was HB 739, an appropriation HB 739
for a special census in the amount of \$750,000. Chairman
Malone invited testimony from those present at the
meeting.

Jesse Dodson said it was difficult to put a dollar
value on what we will get out of this. Other states
in the nation are doing this. Mavis Waarvick said
she worked on the population estimates. Quite a few
cities have said they were really interested in the
census. Fairbanks, Anchorage, North Pole, Ketchikan,
Sitka, Haines, Skagway, and Kenai have contacted the
Dept. of Labor.

Mark Kazazaen asked to testify. He said Cordova
supports a state census. In Cordova the federal census
is based on '70 which does not include an annexation
which took place in '71. It does not include growth.
The federal revenue census is half of what the population
is in Cordova. The timing seems appropriate. Over half
a decade has passed. Cordova urges passage of the bill.

Chairman Malone asked if Cordova would receive additional
revenue as a result of the census. Mr. Kazazaen said
that has not been determined. Rep. Gruening asked if
the community would take its own census if the statewide
census wasn't done. Mr. Kazazaen said he thought so.
Our figures are acceptable to the state but not federally.
If we as a municipality could contract with the U.S.
Bureau of Census we would definitely do that, but the
word we get is that unless it is done for the whole state
the figures are meaningless.

Ms. Dodson said she felt there was confusion on revenue sharing. The state is given a proportionate amount of money. If one municipality gets a special census which increases their revenue it will decrease another area's revenue. The only way to increase the entire amount is to show that all census figures are greater.

HB 739

Rep. Itta asked what racial information would be used for if those questions were asked. Roger Harmon said that by having a better racial breakdown it would allow cities to plan programs that are consistent with cultural variations throughout the state. That was the prime reason for including this question. The appropriation bill does not include the special racial questions. It's not part of the basic package. The cities and boroughs would handle that portion of the cost if they wanted it.

Chairman Malone asked for other testimony. Peg Benkhert said she agreed with the City Manager of Cordova. There has been a tremendous increase in Anchorage. We urge the passage of this bill. Chairman Malone asked if she had an estimate of the population increase. Ms. Benkhert said there were 25,000 new car registrations, so growth could be estimated at 60-70,000.

Rep. Haugen asked what category of revenue sharing received federal money. Bill Pritchard said there were no specific categories that you must use federal revenue sharing dollars for. There are two things you can't use it for: 1) It cannot be used as your part toward another federal program, and 2) there are some aspects of education it cannot be used for. Rep. Haugen asked if it was determined on a per capita basis. Mr. Pritchard explained the five factor formula. Under the present fixed allocation of revenue sharing \$9,000,000 would come to the state of Alaska. Of that \$3,000,000 would go directly to the state and the remainder is divided between the municipalities and the Indian villages or tribes. If one community has a census other communities will suffer because it will not change the state census.

Rep. Gruening asked in the event that the census shows an increased per capita income, wouldn't it decrease the amount available to the state. Sterling Gallagher said the state is already the highest in per capita income. It wouldn't make any difference.

Rep. Gruening moved that HB 739 be reported out with an amendment changing the amount of the appropriation by the amount sent to the Bureau of the Census as a deposit. Rep. Naughton said he would like to have more numbers for comparison to see if this really is a worthwhile endeavor.

HB 739

Rep. Duncan asked if the deadline was still March 15. Mr. Harmon answered that if we do not have the appropriation passed and they are not notified by Monday, March 15, there will be no census.

Rep. Guy said he was still interested in having the racial information. Chairman Malone answered that the committee would have the option of requesting that information be gathered. Rep. Guy moved that the committee develop language which would require the racial question. Chairman Malone said that would be an amendment to the main motion. The committee recessed for preparation of the amendment at 8:45.

The meeting reconvened at 9:00. Rep. Gruening withdrew his prior motion. There was no objection, so the main motion was withdrawn.

Rep. Gruening moved and asked unanimous consent that the bill be amended to read "this appropriation is expressly conditioned on the gathering of complete data of the racial composition of the Alaska native population. Chairman Malone called for discussion on the motion. There was none. There was no objection to the motion, so it was adopted. Rep. Naughton moved to postpone action on the bill indefinitely pending arrival of more information.

Rep. Cowper joined the meeting at 9:02. Chairman Malone brought him up to date on the pending motion.

Rep. Duncan called for a roll call vote--6 yes, 3 no. Voting yes were: Buchholdt, Cowper, Guy, Itta, Naughton, Malone. Voting no were: Duncan, Gruening, and Haugen. So, the motion to postpone action on HB 739 carried.

MOTION TO
POSTPONE ACTION
HB 739

The next item on the agenda was HB 528. A proposed Finance Committee Substitute had been drafted. Chairman Malone outlined the changes that had been made. He then asked for questions.

HB 528

Rep. Duncan suggested that on line 25 the words be added, "one each from the House and Senate".

HB 528

Murray Veneable asked to testify on the bill. He said there were problems from the industry point of view. We liked the original provision that there would be a member from transportation on the advisory panel. We also thought possibly in the selection of the committee if there were not more than one from each borough it would give broader input.

The discussion turned to the tourist industry. Mr. Veneable said round trip fares had been suggested because Alaskans travel round trip where tourists just go one way.

Rep. Itta mentioned that Mr. Holden was concerned with the role of the advisory board. Rep. Gruening suggested that the title was inappropriate rather than the function. Marine Highways review committee might be more appropriate.

Chairman Malone asked the wishes of the committee. Rep. Duncan moved to adopt the proposed Finance Committee Substitute. Rep. Gruening moved to amend advisory committee to Marine Highways review committee. There was no objection, so the amendment was adopted. Rep. Naughton said he felt the two members on line 26 should be from different political parties. Chairman Malone said an easy way to do that would be to say "the two legislative members may not be of the same political party". Rep. Haugen moved to adopt the amendment. There was no objection, so the amendment was adopted. Rep. Naughton moved that line 6 be amended to change the terms of office for the committee members. There was no objection so the amendment was adopted.

Chairman Malone asked for the wishes of the committee on the main motion to adopt a committee substitute. There was no objection to the motion, so it was adopted. The committee report was circulated with the majority signing "do pass" recommendation. So Finance Committee Substitute for HB 528 was reported out with a "do pass" recommendation.

FINANCE CS
HB 528
DO PASS
RECOMMENDATION

The next bill for discussion was HB 674, the Alaska Municipal Bond Bank Authority. Chairman Malone asked Commissioner Gallagher to speak on the bill. Mr. Gallagher explained the changes. (See bill file)

HB 674

Rep. Gruening asked how many bonds the bond bank had sold. Mr. Gallagher said none had been sold to date. The first sale should be around May 1. Rep. Gruening asked how many. Mr. Gallagher answered that there were eight.

HB 674

Chairman Malone asked Jim Rhode to comment. Mr. Rhode said he thought there might be a legal problem with the second section.

Chairman Malone asked if when a municipality enters into an agreement to sell bonds through the bond bank they are put on notice of these provisions of the law. Mr. Gallagher said they sign a contract to that effect.

Chairman Malone asked Mr. Gallagher to comment on the proposed amendment from the City of Juneau. Mr. Gallagher suggested that the language be adopted.

Rep. Duncan moved that Finance Committee Substitute for HB 674 be reported out incorporating the language of the City and Borough of Juneau. There was no objection. So, the motion was adopted. The committee report was circulated with the majority signing "do pass" recommendation. So, Finance Committee Substitute for HB 674 was reported out with a "do pass" recommendation.

FINANCE CS

HB 674

DO PASS

RECOMMENDATION

The next item on the agenda was HB 778--a special appropriation to the Governor's Office of Telecommunications. Rep. Fred Brown, sponsor of the bill, was asked to comment on it.

HB 778

Rep. Brown said the bill was not as it was intended. The intention of the legislation was to make films available to the television stations. Chairman Malone asked if the original intent was to come up with an appropriation of around \$43,000. Rep. Brown said it was.

Rep. Brown explained what could be done with the two-way transmission capabilities in terms of committee meetings. Rep. Itta asked why there were just selected communities on the fiscal detail. Rep. Duncan said other communities could be added in. It would increase the fiscal note, but not a great deal. Rep. Itta pointed out that the northern part of Alaska was not included at all.

Rep. Malone asked for comments by the Office of Telecommunications. George Shaginaw said there was a problem in adding the northern communities at this time because they are not on the satellite system.

Mr. Shaginaw also said there could be network problems with adding too many communities at one time.

HB 778

Rep. Brown said the Governor's Office has indicated that they would like legislative intent to the effect that this would not necessarily be run by that office.

Rep. Malone asked for other questions. He said another matter relating to Office of Telecommunications is that last year a \$5,000,000 appropriation was made for earth stations. Of the \$5,000,000 the actual purchase and installation comes to a little under \$4,000,000. There was a proposal in the senate that the balance be used to install TV capability in some areas. There are other things that needed to be done in conjunction with the original purpose. There has been some development done on what it would cost to do this. It would include 24 earth stations to Anchorage, Juneau, and Fairbanks. It would cost about \$1,500,000. There is a bill before the Senate Finance Committee now to do this. Material was distributed to the committee. (See bill file)

Mr. Shaginaw said the GOT liked the idea of a demonstration project because it would give us a chance to answer some questions as far as the extent of involvement of the state agencies, etc., that they would want to commit to a statewide television communication system. We came up with a concept of a way that could be followed that would enable us to provide information to the next legislature. Mr. Shaginaw outlined plans for a satellite television project (see bill file).

Mr. Shaginaw said that on behalf of the administration this concept was presented to the advisory board of the state. They support a demonstration project so we can find out costs and keep them down before starting a full fledged program.

Rep. Brown said another thing that could come out of this is live events like the Olympics. Mr. Shaginaw said that eventually we would see satellite earth stations in just about all communities in Alaska.

Chairman Malone asked Eric Eckholm for comment. Mr. Eckholm said Sen. Ferguson supports the house passing a resolution to the Senate. The \$5,000,000 is buying the basic mechanics.

Rep. Cowper said he thought an amendment to this bill should be discussed incorporating the demonstration project. Rep. Duncan said he would be happy to consider that as an amendment. He did not want the bill to be held up for a long period of time.

HB 778

The meeting was adjourned at 11:25.

Tape

Beg.	H76-44	0000
End	H76-45	1523

Tape #: H-76-45

RECORDER LOG

Date: 3-12-76

11-76-45

Beg. #: 1550

9:20 a.m.

End #: 2140 app.

p. 1

General Subject: Capital Site Selection Committee Tstmny: Re Selection of

another interim committee to educate the public as to the three sites.

Present: Commissioner Martin Rep. Fred Brown
The entire Capital Site Selection Committee, Senators including Orsini

All Finance Committee Members and Senator Orsini Leonard Lane. Bill Corbas, etc.

Log #	Description
1550	<u>Need funding to support an informationa and educating committee who will carry through until elections, and also to function as more finite dollar planners for the sites under consideration. Lapsed funds, what happens to them.</u>
1620	<u>Gruening: What is to be discussed at the workshop? (Preparing site estimates, conducting public workshops, using sound/slide presentation. Explain data in each judicial district. Information processing through the media. Up through and to November election.</u>
1650	<u>Gruening: What is the budget breakout? (same as SB 694's fiscal note.) Gruening: Is there money for media? How much TV time? (\$7,000. With half again as many minutes added for the dollar (as public service rates) it will buy quite a lot of time, said Fred Brown.)</u>
1680	<u>Lane: \$4500 is the purchase time. It is to advertise meetings and to do the workshops. (See Form 15, and attached FN).</u>
1665	<u>Orsini: The small communities' (information) will be comparable with TV stations? Yes.</u>
1693	<u>Parr: Is it right to assume at the end of the FY your function will be completed and all you will do is travel around? Yes. The education process will by by media appeal. Parr: Rather than rely on news media to transmit information, you will hold hearings? Lane: The media will get only material provided to them. After June 30 there will no longer be any entity to provide this material. Parr: I did not know this proposal was going to come foward. (His understanding is explained.) The intent of the committee to be formed will be to promulgate the information process, disseminate information.</u>
1740	<u>Gruening: When you conduct these workshops and somebody asks what are the relative costs of the sites, what will you say? (Lane says they can show costs, and explains all the things (components) which have to be considered. The costs between sites are not that great.) Gruening: Isnt the voter going to be confused? How much is it? Lane: Depends on what you present. This exact number or this range. Gruening: What is the least it is going to cost? Lane: We could probably answer that, too.</u>

Beg. #: _____

H-76-45
9:20 a.m.
pg. 2End #: _____ Capital Site Committee Report

General Subject: _____

Present: _____ also present: Senator Tillion and several members of
the press.

Log #	Description
1780	Orsini: If the bill passes (CSHB 801), we will gear the workshops. . Lane: The planning commission and the governor's office will use public media. Workshops will be used as the education process BEFORE primary.
1806	Malone: Referring to CSHB 801, the the continuation of the planning process. Lane: We said we would make recommendations to the legislature what steps should be made to begin planning and subdivision of the departments that would move first, second, etc. Our cmmttee said we feel you don't have to set up an authority but set up a list of things to do and of planning by 1978 so you could do the fast planning to meet the initial time tables.
1852:	Lane: There are a number of things that have to be done, a flow chart prepared and to be presented, what each commissioner would move, when, to that site -- financial allocations which will be going on concurrently ---and that info would be presented to the '78 legislative session. Meanwhile it will necessitate a series of plans going on at each site. Better technical data -- finer data -- a great master plan -- then begin to develop alternate use plans -- what kind of govt., its local govt. timetable -- how long the state will need to support the municipality until it is ready to be a separate entity -- all the basic types of plans that have to go into a comprehensive plan of a new community -- economic, social impact -- the questions around "is it or is it not compatible?" Implementation problems. That would get you through the end of FY 77 -- probably through the development of alternate plans. in 78 you would finish the development of those plans and then can go into specific plan and general plan.
1930	Lane summarizes time table, what is being proposed in the bill. Funding needs explained. After the site is selected in November, you need a Fiscal year budget of 1.53 million. After very heavy engineering work, you need 3 million four hundred thousand. Later, 1.6 million when you get to the master plan and 5 to 6 million price tag fr planning and initial design to get ready to go to construction over a 3 yr. period.
1960	Orsini: At what point should we start to address "what kind of municipal authorization" and when should it start functioning? The state shouldn't have to support that municipality indefinitely. Lane: The 78 Legis. could see what funding is available. By 78 you could have most of the questions answered. We will make a recommendation as to what sort of entity would be carrying on the planning work. Orsini: A planning commission is not responsible for funding -- instead of a 2 yr. planning approach, we could go to a one year couldn't we? Ln: That's a good question. (Discusses the contingency of legislative intent.)

Tape #: _____

RECORDER LOG

Date: 3-12-76

Beg. #: _____

H-76-45

9:20

End #: _____

P. 3

General Subject: _____

Present: _____

Log #	Description
Hensley	(2000) Its a question of could you have an entity of that magnitude and when that entity follows ours.
2024	Tillion I don't think you are going to have an entity that fast. How many new dollars will --we need for 1980(to be appropriated). Lane: Based on the request from the legislature to provide you with allocations data, there is a series for Willow that runs 75 million to 207 million dollars. In that thing (an amount for the full city), half of that is private, and 75 to 180 million of that would have to be put in it that first year. The state would have to build some of the initial 40 to 60 percent because of growth. We don't, however, know. Tillion: Wouldn't that be cranked in? Ln: That is note taken into account. Parr: In this part of the bill in what the legislature shall provide, it appears to leave out the legislative process completely except as a veto source. There is a by-pass of legislative process. Is it deliberate? Lane: No, it is not deliberate. We had a very difficult task and had to to it in a very short time. We did not include commissioners or legislators on the planning commission. There is a very critical time problem. During legislature you meet nearly all the time. Because of that we propose they have nine lay people again. Its going to be a very heavy workshop schedule, a 22 day time, plus travel required. So it is a practical thing based on time.
2101	Orsini: A special legislative committee should be in on the planning. I agree with Mr. Parr's idea that the legislature be an overseer of this group. The governor's office just takes care of paying us, a technical chore. Do you see any difficulty in having the committee observed by the legislature?
2117	Haugen: We are not by-pssng the political process. We will hear everything that is going on. We have to get funding, with this bill.
2126	Gruening: With this CS, if it passes, do you see a need for a committee between June and November? Lane: We don't intend this to take effect until the governor appropriates it after the election. This bill is not for two committees. Ours is informational until the election. Gruening: You will have developed all the information essential to educate the public by the end of this TY? (Yes.)
Malone:	At 2 p.m. we will continue hearing more about this in the House State Affairs Committee room this afternoon. Meeting is adjourned.

HOUSE FINANCE COMMITTEE
Friday, March 12, 1976
1:30 p.m.

All members were present except Rep. Guy. PRESENT

The meeting was called to order to reconsider HB 739. HB 739

Chairman Malone said the motion had carried last night to postpone action on the bill indefinitely. He also said he didn't think the justification for the bill was sufficient to carry a \$750,000 price tag. He then proposed that the committee let the bill find its way through the committee structure.

Chairman Malone moved to report the bill out as a committee substitute with individual recommendations. It should include the amendment suggested by Rep. Guy that the appropriation was conditioned upon the gathering of racial information. There was no objection, so the motion was adopted. The committee report was circulated with the majority signing "no recommendation". So, the CS for HB 739 was reported out with "no recommendation".

CSHB 739
REPORTED OUT
WITH "NO
RECOMMENDATION"

The meeting was adjourned at 1:35.

Tape H76-46
Beg. 0000
End 0275

HOUSE FINANCE COMMITTEE
Saturday, March 13, 1976
8:30 a.m.

Chairman Malone called the meeting to order. Members present were Gruening Buchholdt, Guy, Naughton, Duncan and Haugen.

Several guests were present to testify on CS SCR 66 relating to north slope natural gas, to HCR 107, impact of a trans-Canada gas transportation system, as well as on the Chena River bills, HB 220 and 221 and also HB 231, a special appropriation to Natural Resources department for camp facilities at the Nancy Lake Recreation Area. One other major item was on the full day agenda: HB 778, the telecommunications bill, which was not reported out but a hearing was held. HCR 107 CS SCR 66

HB 231, Special appropriation for the camp facilities capable of accommodating handicapped persons in the Nancy Lake Recreation Area with an appropriation of \$90,000 from general fund monies and \$100,000 appropriated from anticipated federal receipts to the DNR was brought up for review. Mr. Gruening testified that a camp area would be developed for non-standard campers with multi-type users over the entire year. A perimeter campsite development would be standard. The project would include water and sewage programs, access road, facility construction of cabins and multi-purpose building to serve as an activity center in inclement weather, plus as a mess hall; and there would be recreation trails and recreation stations (signing, boat docks, play areas, beaches). George Hall, deputy director of Division of Parks and Russ Cahill, director also spoke for the bill. HB 231

HB 231 had incorporated all of the intent of an older bill, HB 221, excepting the location had now shifted from the Harding Lake Recreation Area to Nancy Lake Recreation Area. A committee substitute was proposed by a motion to change the dates on line 20 to June 30, 1977 from June 30, 1976, and to update the effective date by one year. It was adopted upon hearing no objection. HB 221 INCORPORATED MOTION ADOPTED

Next, HB 778, the telecommunications appropriation bill was brought cut for review and a committee substitute handed out. Those who testified for the bill were Bob Walp, George Shaginaw, Eric Eckholm and Rep. Fred Brown. It was explained that the sum of 1.5 mm dollars was to be appropriated to the governor's office of telecommunications. A reference was discussed pertaining to the five million dollars in the Ferguson resolution to build the needed seven earth stations by the end of 1976.

HB 778

SHAGINAW
TESTIFIES

RCA's role in the finance structure was covered, which included tariff to be deposited back into the general fund; ownership will be given to RCA and the five million dollars will be returned by RCA to the general fund. Half the revenues from these stations would go to the general fund, based on rates RCA gets, \$500,000 to \$600,000 annually.

RCA'S ROLE

Haugen asked if RCA should get tight, because they are under regulations to the FCC, would they be entitled to fair profit? Will that allow them to advertise and amortize their investment? Walp nodded. Were there projected revenues? There were not. What was the amount of total investment? Five million dollars the state would put in, RCA, about the same, totalling about ten million dollars investment.

Malone commented on the five million dollar appropriation, Sec. 2, which read, "No monies expended or obligated for appropriation after July 1 will be obligated to a review of Legislative Budget & Audit committee."

Five earth stations once built, there would be a balance of 1.2 million dollars from the original five million appropriation. Of that 1.2 would have been spent upon equipment. Locations of the earth stations would be decided by a committee of natives together with the Governor's office, but it was apparent that input from the local municipalities was not specifically organized.

EARTH
STATIONS

The means of programming was discussed. Taping center, not production center was to be the means. Tapes would be purchased or brought to the delay center for delayed broadcasting. Buchholdt expressed concern for the effect of programming upon native cultures.

TAPING CENTER

Site selection, said Eckholm, would be in each regional area, two in each, and the regional corporations would select them.

SITE
SELECTION

Should the transponder fail, additional ones would take over. During any period of failure, the charges would terminate at that time, said Eckholm. Chances for being shut out if the transponder failed were estimated at zero the first year, he said.

Regarding Kodiak and its relationship with ITT, Naughton was assured there was "absolutely no chance" ITT would stay in the business.

Discussion about future cost with questions from Haugen revealed that if communications services were below standard in communities such as Tenakee, the community would have to provide an adequate power plant; and if they did have one, someone would have to run it. Haugen asked if RCA doesn't get the certificate would the state get it. Yes, answered Eckholm, in all likelihood the state would end up getting stuck with the operations. As an alternative, RCA would be given the operational responsibility but he did not see the state in the operational picture. The stations do not have to be subsidized. There would be fee charges for service, based on investment.

COSTS

Telephone service also was considered. Malone said "We get requests in our office to get assistance to communities to develop our exchanges. What did local exchanges get out of telephone monies in order to make their systems viable?" The answer was the stations did not have to be under RCA. They ask the FPO to regionalize their network on a flat rate within their region. Then Walp asked about the best rate to obtain revenue.

TELEPHONE
SERVICE

Chairman Malone thanked Mr. Shaginaw, Mr. Walp and Eckholm for testifying. He announced HB 778 will be put off for future action and further consideration. He recessed the meeting for lunch.

HB 778
PUT OFF

Following lunch, the chairman took up the issue in HCR 107, whether or not to provide money for the Commissioner of Natural Resources to hold meetings with oil companies on the impact on Alaska of a trans-Canada gas transportation system. The outcome of discussion with Jerry Reinwan, deputy commissioner, and one other person from that department was that although it might be a good idea, there were monies which were in the commissioner's office which might be put to use for this purpose.

HCR 107

Next, the chairman brought CS SCR 66, relating to North Slope natural gas, before the committee for its review. (See bill in the file.) Several general subjects were touched upon: the international and national oil picture, the transportation options and needs within the nation, the negotiations of Rush Moody's to get short term commitments for the trans-Alaska pipeline. Malone commented that legislation will be affected by the sale of gas in relationship to FPC decisions as well as those of large super companies. How much Alaska would need or take would amount to just enough to serve energy needs for a city the size of Duluth. That, he felt, was not a very saleable point with U.S. senators. Eckholm said, "the negotiable point is how much gas is needed to obtain this kind of support?"

CS SCR 66

A motion was made to move out CS SCR 66. Hearing no objection, it was adopted without majority report with Malone and Haugen signing "no rec".

CS SCR 66

MOTION
DO PASS

HB 580, establishing the Talkeetna Mountain State Park, was also brought up for a hearing. Those present for this segment of the meeting were Rep. Ted Smith, Dee Frankfourth, Anchorage, commissioner Guy Martin, Director of Parks Russell Cahill, Roger Lewis, Dept. Natural Resources, Judy Whitney, administrative assistant to the House majority and several representatives from conservationist organizations.

HB 580

The bill, spoke Commissioner Martin, represented a conscious choice of that department as well as concensus of several other departments. There were choices made which did reflect balances. The bill responded to the multiple use demand, and was a better choice than HB 664. After outlining the bill, Russell Cahill, director of Parks Division, showed maps and a photo display of the recreational use area.

COMMISSIONER
TESTIFIES

Willow Creek was explained, its history and current use. There was one stand of timber in the N.W. corner, but 70 percent of the land is rock, ice and tundra. Planners estimate that over 200,000 people visited the proposed state park each year and the effects of lack of management were beginning to show. The job of control could better be done by the parks division than another agency, he said.

MULTI USE
PRESENTED

Except for mining property and small private holdings everything else is state selected land. Cahill outlined coal leases and stated that retrieval is problematical because it is under glaciers or deep rock.

COWPER QUESTIONS

Cowper spoke to raise questions he had had from constituents: did the bill take in forty sections of tillable soil? (No.) Was there land now being tilled, as being distinguished from land now being grazed? (Less than 320 acres are being tilled.) Did the forty sections go up to the Susitna River and were they privately owned? How many cows and were they used for meat? Was some of the land useful for fruit crop as he heard there were fruit trees growing out there? (A few crab apple trees.)

Gruening asked about the timber in the N.W. corner. It's got a ten year permit,-issued in 1968 and its unlikely it would ever be renewed.

GRUENING QUEST.

Naughton asked what were the features of the Upper Kashwitna? (Very beautiful, scenic, and good for boats and camping. Fishing was not very good, stunted and few. It grades out of the white spruce timber as the land elevates, and the upper part is all valleys and little water falls, like Yosemite.)

NAUGHTON QUEST.

Guy asked about trapping. Cowper asked if the Willow area was excluded in the original bill, and it was. Gruening asked if there was any private land within "25A" out of the multiple use area. There is a patented mine area with a claim assessment on it, and this was shown on the map. Should they find commercial developments, could they increase mining? They could, but could not subdivide and sell patents.

ABOUT TRAPPING

ABOUT MINING

How many cattle? About 300. Sheep? They too were covered and they could apply for grazing leases in the area shown on the rap. Naughton pointed out that on the state selection, the lower part was tentatively approved. Gruening asked about aircraft landing areas, mineral potential under the multiple use area and whether that would hamper the park non-multiple use area. In Cahill's opinion to the last question, it would and he explained how having minerals brought out in bulk through Sheep Creek drainage would destroy values.

ABOUT GRAZING

Cowper commented to the commissioner, In the language of HB 580, the last paragraph, the commissioner may also add adjacent land found to be desirable but not included in this chapter... what power will this give? The language under boundary adjustments has to be confirmed by the legislature. It is the same language, he said, used in the Chugach state park bill. The commissioner, up to 640 acres, has the power to make single use land decisions. Over that, the legislature has to determine it.

COMMISSIONER
POWER TO DECIDE

Cahill gave examples of use of this adjustment authority whereby private property may be traded into a boundary adjustment. But without owner's permission, he could not take his land.

PRIVATE PROPERTY
TRADE

Malone pointed out the Talkeenta area debate is about 50/50; there was Palmer area resistance -- they favor the HB 664, agricultural control concept. He thanked all those persons who came to testify. Hearing no further business, and without objection, he adjourned the meeting. The time was (approximately) 5:00 p.m.

BILL PUT OFF

mb Tapes H76/46 and H76/47

ADJOURNMENT

HOUSE FINANCE COMMITTEE
Tuesday, March 16, 1976
9:00 a. m.

Chairman Malone called the meeting to order with a quorum present. Those absent were Representatives Haugen, Naughton and Itta. CALLED TO ORDER

HB 778, Special Appropriation to the Governor's Office of Telecommunications, was presented for consideration. HB 778 TELECOMMUNICATIONS

Cowper suggested in form of a motion that they pass out the bill with its original Section A, leaving the second section to be considered when Senate Bill 696 comes over with that section. The chairman commented he would also like to see a change in the amount from \$150,000 in the original bill to the \$43,000 in the committee substitute. (See bill file). COMPARISON WITH SB 696

Rep. Duncan, who co-sponsored the bill, objected to waiting for the Senate bill to arrive, stating there had been sufficient time already spent upon this bill. (Rep. Itta arrived.)

Rep. Buchholdt expressed dislike for Section 2, considering that to be a different issue from Section 1 and also the Senate is addressing that problem in the second section. OBJECTION

Matthew Jamin, Kodiak delegate on the Regional Telecommunications Committee, spoke to report his committee met yesterday and expressed approval of the added section 2. GOV.'S TELEC. COMMITTEE MEMBER

Cowper expressed the view that several bills address this area and there needed to be overall coordination and policy development in order to integrate the ongoing orderly progression of development in telecommunications. Rep. Duncan moved to report out proposed committee substitute for HB 778, and then added an ammendment, (see bill file). TESTIFIES MOTION

Rep. Guy inquired about the figures included in the Senate version and also asked its current status (in Senate Rules). Cowper reasserted his objection to Section 1, the original bill. Guy objected if it meant the concept of the bill would OBJECTION

move through free conference committee. Chairman Malone stressed the point that Section 1 is the original bill and he supported it. Duncan explained he supported Section 2 only because it would help the bill to move, saying it did not include visual, just audio so that villagers might testify by satellite system at legislative committee hearings.

Action was called for on the ammendment to the main motion and this was adopted. With objections previously stated still coming from Cowper and Buchholdt, an ammendment to the CS was offered in form of a motion by Buchholdt to delete Section 2. The motion failed.

Returning to the main motion, a show of hands resulted in a "do pass" without recommendation.

"DO-PASS
NO REC."

SB 685 was then presented by Senator John Rader. After a SB 685 brief explanation, Rep. Haugen moved and asked unanimous consent to report out HB 586. This passed with a "no recommendation". The meeting was adjourned.

Tape H-76-47
Begin 1838 to end of reel
Tape H-76-48
Begin 0003
End 0051

mb

HOUSE FINANCE COMMITTEE
Wednesday, March 17, 1976
9:00 a.m.

Chairman Malone called the meeting to order. All members with the exception of Cowper and Gruening were present. CALLED TO ORDER

HB 842, relating to pay differentials between state ferry employees introduced by Rep. Terry Gardiner, was brought up for consideration.

HB 842

Gardiner said it means people outside the state would not be receiving the same pay. The State Affairs committee ammendment would strike the language -- about the six pay steps, -- t the end of the bill. The present bill is discretionary. People who live in Honolulu, San Pedro, L.A., Seattle, etc., if they pair up, can receive Alaska pay. For example, three-fourths of the engineers are from outside the state. The differential should be similiar to that of the federal government. We shouldn't encourage people to live outside the state.

GARDINER
TESTIFIES

Joe Guthrie, staff attorney for Legislative Affairs Agency, did much research since the original bill was presented and concluded that the c.o.l. pay differential will be mandatory and not discretionary for inside and outside people.

Rep. Haugen said they have a change of port in Seattle so they get their way paid to and from duty station in Alaska. Every week there was some ferry crew person aboard an Alaska Airlines getting their way paid to take their run. Regarding fishermen, we make non-resident fishermen pay a differential for their fishing license, and we should expect the same toward outsiders who work for the ferry system.

ABUSES
REVEALED

Rep. Gardiner ran down a list of those ferry persons who live outside the state and where they live. He said they used to deadhead, but that changed, so now just as long as they match up with another person from Alaska they could work it that way.

LEGAL
OPINION

He made the point that the state should put the burden upon the employee to take the state to court should the

constitutionality be challenged. After all, there was no difference between this and that of the federal government's practice of a pay differential. Because you have to go through the collective bargaining process, what you do regarding pay raises over the next 3 to 4 years, is through collective bargaining process, just don't give (c.o.l.) raises to the outside employees, so that this program would be gradually phased in.

PAY INCREASE
WILL BE WITHHELD
OUTSIDE EMPL.

Chairman Malone asked how did they do this so as to make it mandatory in the committee substitute. Through collective bargaining, replied Gardiner.

After further discussion, and hearing word that there were four separate committee substitutes arrived through the chairman. Since the bill was essentially was attempting to do the work of four different bills, the chairman made the decision to hold it for further prior work.

HELD

The meeting was adjourned.

ADJOURNMENT

Tape H-76-48

Begin 0052

End 0152

mb

HOUSE FINANCE COMMITTEE
Thursday, March 18, 1976
3:30 p. m.

Chairman Malone called the meeting to order. Members Duncan, Naughton, Itta, Haugen and Guy were present, with Cowper entering one hour later. Also in attendance were Rep. Ramona Kelley, Lee McAnerney, Commissionwe of the Department of Community and Regional Affairs, Larry Kimball and Kevin Waring, directors in the DC&RA, Dan Plotnick, Director of the Governor's Office on the Aging, ex-state senator Brad Phillips and Henry Pratt both from Alaskans for Travel, Rep. Mike Miller, Langhorne Motley, Commissioner Dept. of Commerce and Economic Development and budget analysts Milt Barker and Alison Farnan.

HB 805, senior citizens housing development grants was presented first for review but no action pending a future hearing on all bond issues. Rep. Ramona Kelley, the prime sponsor, spoke.

HB 805

HB 806

Kelley: I envision the monies will be up-front in order to get a project going so four or six-plexes could be built and the elderly would not have to live in large high-rise housing or have to leave their communities. In planning for this, the Community and Regional Affairs department will monitor both the building phase and also the plans for how the property will be managed and kept up. There is such a plan doing well in California whereby a non-profit corporation formed to build and manage elderly housing where they run and manage their own housing.

SPONSOR
TESTIFIES

Itta: What comments have you had from the senior citizens in Anchorage?

SR. CITIZEN
INPUT

Kelley: I have had comments, yes. They don't have enough money for a down-payment nor monies to come up with the matching funds for the federal funding.

Guy: Do you envision this to be a grant and loan program?

Kelley: Yes, that should be on the committee substitute.
(Chairman Malone clarified this point by reading attached ammendments, but no committee substitute was in the committee. A CS

Malone: How do you come up with the age? Kelley: A lot of other legislation of this type in other states places the age at 60 rather than 65. Also, federal guidelines now say 60.

Malone: Will you comment on the bond issue? Kelley: I don't think the state, after looking at their monies, has enough money and I don't think that six million dollars was a great deal to place on the ballot. It is just an estimate from looking around the state, at what has been done in Anchorage and Fairbanks, and what we thought the voters would go for. BOND ISSUE JUSTIFICATION

Guy: Where would the potential sites be? Kelley: None are in mind. It depends upon non-profit organizations or any municipality's direction.

Duncan: How many units are needed? Kelley: About 1,000, and this could build us possibly 500 units according to Riddell's figures. (See Riddell's letter in bill file.) Gruening arrived. THE NEED

Naughton: \$75 a sq. ft. is the cost paid by the Tlingit-Haids Housing Authority to build housing in Southeast. In Seattle, there is an outfit that says they can build them for \$60.

Malone: If there are no other questions for Ramona Kelley, we have some others ready to present testimony. Thankyou, Rep. Kelley.

Commissioner McAnerney, Kevin Waring and Larry Kimball spoke as a team. The fiscal note was passed and time allowed for committee to read it. COMMUNITY & REG. AFF. TESTIMONY

Gruening: What advantages do you see over a direct appropriation?

Waring: To get a plebiscite from the voters, to stretch out state payments, and to simplify the state's cash flow, which will be severely limited over the next two or three years.

Gruening: Referring to Riddell's letter, under Section 8 where this \$6,000,000 grant proposed by HB 805 will generate rent subsidy funds in the approximate amount of \$1,800,000 per years coming into Alaska -- can you comment further? INTENT OF GRANT

Waring: This grant will produce greater leverage. There will more variety of federal programs that could be funded. Basically, if we could ride on the federal programs we PRODUCES FLEXIBILITY

might have more than six million dollars for housing.

Kelley: May I explain that point further? (She reiterated her introductory remarks.)

Gruening: Would you lower the cost for the occupants? How would their rents be affected by the debt service cost?

COST TO
OCCUPANTS

Waring: The occupants would be making it up through their monthly payments.

Gruening: Has there been a needs assessment done?

Waring: This letter refers to 1,000 units. Our department unfortunately has not done a state-wide study for about three years, but I was involved in that housing study and based on this I think this is a conservative, ballpark figure.

Malone: If the program were changed to a loan program, how would you make a distinction? (Mike Miller entered the meeting.)

IMPLICATION OF
A LOAN PROGRAM

The commissioner and Waring explained that it would be a process by which the department would "lean on loans".

Haugen: Will this housing be exempt from local taxes?

Waring: The housing authority (has to make payment in lieu of taxes).

Duncan: The Tlingit-Haida has payment in lieu of taxes. (He explained fully.)

TLINGIT-HAIDA
COST for HOUSING

Malone: Are there other questions for the commissioner? If not, thank you very much. We could now hear from Mr. Plotnick.

Plotnick: I am director of the State Office on Aging, whose responsibility is to be the central focal point for the needs of the aging. The last needs assessment was done in 1972. The Governor's Advisory Committee on the Aging which met here last month listed as their number one priority problem, housing for the elderly in the state.

PLOTNICK
TESTIFIES

Ketchikan has done an exhaustive study under an Arts and Humanities grant, for needs of the elderly. We receive federal monies to conduct the meals on wheels program. But our office has not been able to focus on housing. We are speaking generally of those 79 and over now, who would like to remain in their communities but cannot. I think 1,000 is a conservative figure, for not less than 15% now live in substandard housing, a very conservative guess. The main point is that those persons in this age group cannot wait until tomorrow to obtain individual loans

to build their housing. They have to have it now. Most other states, with greater access to resources, have had non-profit housing now for 20 to 40 years. The sixty year age limit? (Question from Itta). I would adopt 65 even though the federal government adopts 60. It's more practical for now.

AGE LIMIT

Itta: I think we should revise it to 55 years of age because Alaska is such a young state. (Haugen said that was all right with him.)

Haugen: Dan, I took a look at all the money we invest in Pioneer Homes and have visited a few there, and I am wondering if the state ought to take a look at something different. More satisfactory to the people there. The idea of staying closer is better with me.

Plotnick: Staying in their individual housing unit, living independent lives in their own communities, is what we should do. I compliment Ramona Kelley on this legislation. I should have done it, but didn't. It keeps the elderly with their wisdom in the communities for the benefit of the younger.

(Chairman Malone left momentarily, turning the meeting over to Gruening.)

Gruening: Is there anyone else here to testify? Thank you, Mr. Plotnick. (The Commissioner of the Department of Commerce and Economic Development, Mr. Motley stepped forward.)

Motley: In the beginning they created something called ASHA, which has been through torturous times, but it is beginning to turn around. You are better off leaving the administration of housing in one place. I can understand your feeling toward ASHA. (He defends the problems created in the Eastchester Project, Anchorage.) When you start to fragment the responsibility for housing throughout the government, I think you will have problems. In Eastchester, (to Gruening's question), Section 202 housing, they have 400 units allocated to the NW region, 100 to Alaska, 80 for purposes of the application, as a part of the urban renewal area; and financing for that 80 is secure through 202 funding, contingent on Eastchester fitting into the pie. The FHA director director has allocated this number of units. (Gruening asks when will he know when this portion of the pie is sufficient?) Momentarily. There are basically two groups of elderly -- those who can afford their own housing and those who cannot. Once you hurdle this split between the two groups you get to the point when you get into a straight financing arrangement -- you don't amortize the cost. You get this umbrella money from the state, investment money. Now the state is going to be paid back.

MOTLEY
TESTIFIES

HOUSING
UMBRELLA
CONCEPT

But we could only do it once. We can't keep doing it everywhere because of the drain on the state funds.

Gruening: What is too high, not too high, what is reasonable in rental charges?

QUESTIONS

Moteley: When you put in Section 8, or the top of it, it reduces it drastically.

Gruening: The Eastchester constituent who contacted me said the rent was beyond the means of quite a number of the elderly. Rent subsidy from the state was needed.

Motley: Whatever the form of the financing, Section 8 is available.

FUNDING
POLICY

Gruening: Anything wrong with setting up a loan or grant provision outside to get funds?

Motley: That's a matter of public policy for you to judge. If through public policy we have to do something else, rather than competing and crossing purposes, we should keep it under the umbrella to handle public housing. The matter is complicated, with subsidies, or no subsidies, this agency or that agency in public administration.

Gruening: ASHA: Builds public buildings and housing. Is it their function to build housing?

ASHA QUESTION

Motley: ASHA fills a function to build housing. We have a letter from the board of directors of ASHA to the governor to get out of the public buildings and concentrate in public housing. We have some 1800 rental units throughout the state which ASHA manages. In the rural areas, we are close to arriving at arrangements with native regional authorities to run them. (Gives an example.)

The elderly on the federal scene is now the focal point in public housing to (1) build subsidized housing and (2) provide ongoing maintenance, subsidized maintenance, and that is tough. You have to have expertise to review this.

ASHA
DEFENDED

Malone: Are there other questions to the commissioner? Thankyou very much, Commissioner Motley. Are there other people present who would like to comment?

Kelley: Yes, the whole purpose is not to have it administered as such, but by the community itsself. That is why it should go to the Department of Community and Regional Affairs. They know the communities best, their tax base, social structure, etc., rather than from some future landlord far away.

REP. KELLEY

(Haugen left briefly.) Malone: We will consider it later on when we take up bonds. That concludes this testimony on HB 805. Thankyou. We were to take up SBs 336 and 346

on the agenda but the people are here now on HBs 730 and 731, the tourism impact study and its appropriation, both sponsored by Duncan.

HB 730 and
HB 731

Duncan: (Introduces concept and outlines four main objectives.)

Malone: Would Commissioner Motley care to testify?

Motley: We did provide it with a memo as requesting a certain scope of work intended. We would like your suggestion, (if it meets with favorable consideration), to have a memo prepared so both entities, the legislature as well as the department, will know what is expected. The basic need for the study is because we do not know what travel does in the state. Visitors respond to coupons, etc., but we don't know how many respond. The followon will allow the legislature to evaluate the value of tourism and how we expend our public dollars. No more or less.

MOTLEY TEST.

Rep. Mike Miller: I lend strong support to this legislation. Out in the real world I am a travel writer, have been since 1960, and this is the sort of information we have to have to make intelligent decisions. The division has made an amazingly good job without solid information. If we could make even more efficient projections of market spending habits, where the people come from, you could make an even better use of the next year's appropriation. Last year the travel industry gave about \$100,000 to the State of Alaska for its use in making a study. But being from business, it is a bought and paid for study and not objective.

MILLER
TESTIFIES

Henry Pratt: ExSenator Brad Phillips and I are here today to speak on behalf of Alaskans for Travel. Kokowski would have been here, but he is down with flu and Bob Richards just got in from having been gone two weeks and begged off but sent down this letter. Our organization is made up of big and little people and little people, the lodge owners, just operators, big airlines, motel people; it is broadbased. At our convention last fall, the industry said what their priorities should be and the number one priority is the term "study". There are two major facets to the project: (1) gather and collect information, putting it into form which makes some sense and (2) design of a system that can be utilized this year and the following years for data collection. Hawaii does this, but their problems are relatively simple to Alaska's as people come there by airlines or boat and the place is small, etc. We can get certain information of what the economic impact on Alaska will be from results in tourism. Bankers say "How do you prove feasibility?" This type of information will provide necessary data so Alaskans can get involved, so the large major companies won't all come in and develop something regardless of what the banks think about it.

PRATT
TESTIFIES

BANKERS NEED
BETTER DATA

We are not talking about coming back next year because we won't have to design a system. Somebody professional has

DATA COLLECTION
INSTRUMENT

to put it together.

QUESTIONS

Malone: Are there any questions from the committee?

Guy: In the commissioner's letter, M. 13 under "methodology" .95, Level X, what does that mean?

Motley: It is a statistical term to refer to accuracy of the responses you are getting. You can get a "confidence level".

Guy: The fiscal note -- bottom paragraph -- why a study if there is not going to be some consideration of growth in tourism? (Cowper arrives.)

MEMO OF INTENT

Motley: It explains exactly what we want you folks in on. Where are they spending their money and what impact is it having now? Limit the scope of how we do make the study. That is not our intent under the way we put the program together for this money, what tourism will be like in ten years. We are not planning to spend much time in this area. (An aside to the chairman Do you think that is a reasonable idea in regards to this study, to get a memo of understanding between the agencies, the contracting agency and the Legislature?)

Malone: Yes, the idea is good.

Motley: We will pressure it, then. The one that came out on the c.o.l. from this committee gave us the idea.

Haugen: That is the only way to go.

Brad Phillips: The value to the state of that is that when proposals are made you have this year-after-year information on which to evaluate.

Malone: What are the wishes of the committee on this bill?

Gruening: I move and ask unanimous consent we report out HB 731 and HB 730.

MOTION

Malone: Are there objections?

Haugen: I object.

OBJECTION

Malone: How many "do passes" do we have? (The bills passed.) Ordinarily, we make a motion for each bill. DO PASS

Next, we will take up CSSSB 336, treatment of intoxicated persons. There is a section in here that covers search of the person to see if they are carrying a bomb. No fiscal impact on this.

COMMITTEE REPORT

Duncan: What was the committee report? (The chairman reads it.)

Malone: I would like to move the bill out.

Haugen: I move and ask unanimous consent to report out CSSSB MOTION
336.

Gruening and Itta: I object. OBJECTIONS

Haugen: That's Ray's bill. Don't you show some respect
for your elders across the hall?

Itta: We show our respect to you. We judge a bill on its
merit.

Gruening: Is the committee substitute before us?

Malone: The bill before you is the SCS.

Itta: I'd like to have a definition. What is a municipal
detention facility? (Cowper reenters.) Malone: If you INFORMATION
look at Section 3, it sets it out more clearly.

Itta: I am not against this bill. I just would like to
have some background.

Malone: 336 means (1) a person who is in a bar, intoxicated,
and a bartender is not supposed to sell him a drink, the
bartender has no way to throw him out so this is in Section
1 of the bill. If there is a jail, you can put him in there.
(2) Right now the law allows you to put them in an approved
public facility but a lot of municipalities don't have that.
It allows protective custody of these people when incapacitated.

Itta: How would this affect the new definition of a person
who is drunk? It is considered a disease.

Malone: It says on p. 3, section 3, lines 6-8, (reads).
It doesn't change the status of being intoxicated in public;
does not make it a crime.

Guy: On p. 2, section 2, line 20, "the person may be detained
only" doesn't it mean medical service is necessary
for a person who will be detained in the facility longer
than 12 hours?

Malone. No. (Reads line and clarifies it.) Whichever occurs
first. This is going on right not in the state but under
no authority whatever so there is some liability danger for
the municipality.

Itta and Gruening withdraw their objections. OBJ. WITHDRAWN

Haugen: Is there no fiscal intent? Then what is this doing
in the finance committee?

Haugen's previous motion was adopted, "do pass". DO PASS

Malone: We will take up SB 346, uniform alcoholism and intoxication treatment act. The title makes it clear but additional language was added about drinking intoxicating beverages in specified public places.

SB 346

Duncan: I move and ask unanimous consent we report out SB 346.

MOTION

Guy: I object. Are not ice roads and snowmobiles included in the language on machines and highways?

OBJECTION

Itta: Why would you want to do that?

Guy: People who drink go riding around in sno-mobiles, too. I just want a reaction from members of the committee.

Malone: We could change the language without bothering the legislation. What language could we change it to?

Guy: I withdraw my objection.

WITHDRAWN

Naughton: The gist of SB 336 is for a person's own protection. You take him into custody. In SB 346 you are removing them only if they become a hazard to the public and not if they are a hazard to themselves. It seems strange to me they protect only the public and not the incapacitated person.

COMPARISON
OF TWO
BILLS'
INTENT

Malone: You are right. We will hold SB 346 for further research a day or two. We will take up HB 842, state ferry pay differentials inside and outside Alaska. We now have the committee substitute which we did not have the other day. What are the wishes of the committee?

SB 346 HELD

Itta: I move and ask unanimous consent we report out HB 842.

HB 842

Cowper: There's no fiscal note. Do they think the pay will be reduced?

MOTION

Malone: In the hearing the other day it will have to be in the terms of collective bargaining. The c.o.l. contract will reflect cost increases for employees living in Alaska and for employees living outside; so over a period of time we develop a differential.

DISCUSSION

Cowper: No objection.

The motion was adopted "Do Pass". HB 661, appropriation to the D.O.A. for certain state employees, came up last. Both the original bill and a prepared Finance CS were before the members. The chairman explained the bill section by section, and then commented on the options open to the committee by which they could process the intent of the legislation. He had the figures in the bill verified. He said they could introduce it as the finance committee bill or as the existing bill. It could be introduced with a committee report. Someone

DO PASS

in State Affairs might object. The chairman thought he could get it right into the Rules Committee.

The concensus was they should introduce it with a committee report with a recommendation the bill be referred to Rules.

HB 661

Duncan moved and asked unanimous consent for the above action. "DO PASS"
It was adopted.

Itta then moved and asked unanimous consent to report out HB 661 CS for the Finance Committee. Her motion was adopted, "Do Pass". The meeting was adjourned.

ADJOURNMENT

Tape H7648
Begin 0164
Eng 2233

mb

HOUSE FINANCE COMMITTEE
March 20, 1976
9:30 a.m.

PRESENT: Chairman Malone, Representatives Cowper, Guy, Itta Present
(arrived 10:10 a.m.), Haugen, Naughton.

Also Present: Representative Fred Brown; Rick Svobodny, Assistant to Chairman of House Judiciary Committee; Richard Holden, Deputy Commissioner of Public Works; Fiscal Analyst Robert Schroeder, Fiscal Analyst Glen K. Vernon; news reporter Joe LaRocca.

Chairman Malone called the meeting to order at 9:30 a.m. The first bill to come before the committee was:

HB 631: An Act providing for a communications carrier section in the Alaska Public Utilities Commission. HB 631

This bill is sponsored by the Rules Committee by request of the Legislative Council Sub-Committee on Telecommunications.

Representative Fred Brown was present to explain the need for this legislation to the committee. He stated that the bill had been referred only to the Judiciary Committee, but they felt that it should also have a Finance Committee referral.

A draft of information for a fiscal note (2 pages) was distributed to members indicating that \$156,332 would be needed to create this new section (See Bill File). The breakdown is summarized as follows:

Personal Services: includes 4 new positions- Communications Engineer, Utilities Financial Analyst IV, Utilities Financial Analyst III; Secretary.	\$120,327
Travel:	12,190
Contractual:	8,255
Equipment	15,560
Commodities	included under contractual amount

Additional possible expenditures of \$60,000 were listed on page 2 for Consultants' fees (\$50.0) and Out-of-State Travel (\$10.0)

Rep. Brown explained that the preparation of a fiscal note on the regular form was overlooked so this information was telephoned to his office yesterday afternoon. Commissioner Zerbetz has stated that a fiscal note on the regular form, bearing the same information, will be forthcoming Monday.

Representative Brown reported that this bill addresses the problem of having adequate representation on behalf of the public interest before the APUC. The problem is that the staff does not consider itself to be in an advocate role--they equate their role to that of a law clerk--not someone trying to strike a balance against an advocate position. Creation of this new section would allow the resources to have a section which would deal primarily with long-line carriers. They would specialize in this one critical area.

Representative Malone asked for some examples of how this new section would be useful to the people of the State. Representative Brown gave an example: If RCA were to file for a tariff increase, it would no doubt be a very long and complex proceeding. However, the staff working on the case might have to drop everything to work on other "90-day emergency" applications, since if APUC takes no action on these, they are automatically approved. He noted that most of the cases are of the 90-day type. If the APUC had a special section assigned to work on long-line carrier cases, they would be able to develop a much better record for the APUC. He emphasized the fact that the present staff is not geared to advocate before the APUC for the lowest practicable rate, and does not have the resources to do so.

Rep. Brown pointed out that this bill does not expand the authority of the APUC. He added that he disagrees with some of the information in the fiscal note. For instance, he did not think they needed that many people (4) to start with, and he didn't feel the consultants fees or out-of-state travel amounts were in order.

Fiscal Analyst Schroeder reported that there are 33 positions on board in the APUC now. Last year they were authorized a Communications Engineer, but that position is vacant.

Rep. Cowper suggested approving a fiscal note of \$70.0. This would allow a Communications Engineer and a Secretary and \$8,000 for travel.

Rep. Brown suggested that another section be added to the bill making it clear to the APUC that they are expected to draw upon other APUC staff to assist this new section.

Since it was determined that the APUC already had an authorized Communications Engineer position, which is vacant, Rep. Cowper thought we should allow the Financial Analyst and cut the total fiscal note down to \$66.5.

Robert Schroeder speculated that Personnel might not allow a Secretary, but rather a Clerk-typist, since Secretaries are usually reserved for Directors. He suggested that if the Committee approves the Financial Analyst, they should allow the Analyst IV and approve a Clerk-Typist. That would bring the total to \$50.4 for these two positions (includes benefits at 21%).

(Representative Itta arrived at the meeting)

In response to Rep. Brown's suggestion to add a section to the bill specifying that the existing APUC staff lend staff support to this section, Rep. Malone said he would rather draft a letter of intent than include it in the bill. He remarked that good management would dictate that anyway.

Rep. Malone noted that the equipment request was rather high. There is a \$10,000 request for "Communications Testing Equipment". Rep. Brown replied that the present arrangement is that the APUC borrows testing equipment from the same people they are checking on. He did not think this was an ideal arrangement, since it is possible to adjust the equipment to give false readings.

Robert Schroeder suggested \$2600 for office space under Contractual, based on one specialist and a Secretary and 2 telephones. He thought stationery should be raised from \$230 to \$500, and estimated that equipment for two positions should be about \$2,900.

Rep. Itta recommended that the agency look around for surplus desks in Anchorage before purchasing new desks.

The following figures were arrived at for the new fiscal note:

Personal Services	\$50.4
(Utilities Financial Analyst IV and a clerical position)	
Contractual	3.1
Equipment	2.9
Commodities	.5
Total	<u>\$56.9</u>

Rep. Malone stated that he would draft a letter of intent stating that other APUC staff is expected to draw on existing staff to assist the new section.

Rep. Haugen expressed the opinion that the APUC does not need any more new people to carry out its duties. He felt that adding a new section would just make the operation more cumbersome.

In contrast, Rep. Malone felt that a new specialized section might help. He said there is a problem in communications and their regulation, particularly in his area and in Kodiak. He said one of the problems is that the APUC has not been able to monitor and follow up on their own recommendations. It takes a considerable length of time to develop the information on a particular item. He noted that the APUC, as a semi-judicial body, goes by what is on the record. One side of the record is developed by the regulated utility and the other side is only occasionally developed in any organized form. In other words, the public's presentation is hardly equal to that of a large utility company; and the APUC must make its ruling on the basis of the record.

Rep. Guy moved that HB 631 be reported out of committee.

A majority of the members presented voted "DO PASS". Members signed the committee report as follows:

DO PASS Cowper, Guy, Naughton, Itta, Malone

DO NOT PASS Haugen

And so HB 631 was reported out of committee "DO PASS".

Next bill to come before the committee:

HB 646: "An Act relating to selection of architects, engineers, and surveyors for state projects;" HB 646

Representative Malone explained that the Finance Committee considered this bill once before and put out a Finance Committee Substitute making a change from the previous version to insure that board members were entitled to per diem and travel, and also made the Review Committee applicable to all state agencies. He said State Affairs version exempted the Department of Highways. Rep. Malone stated that it had been understood by some members of State Affairs that the Department of Highways wanted to be excluded since it did not fit in with their operations. Since that time, we have received a letter from the Office of the Governor saying that the selection process should apply to all state projects and it does not favor Highways exemption. Also, Commissioner Scougal stated that his department favors making it applicable to Highways.

Rep. Malone noted the presence of Deputy Commissioner Richard Holden, Dept. of Public Works, who he said has been lobbying for this bill. He asked Mr. Holden if there were any other questions still surrounding this bill, noting that some of the members of State Affairs believed that Public Works favored leaving out Highways. Mr. Holden's reply (CHECK TAPE No. 1656) was that he was not aware of any.

Rep. Malone disclosed that he is a member of a profession that would be affected by this selection process, although he doesn't care what is done with this bill.

Referring to the fiscal note request for desks, chairs and filing cabinets, Rep. Itta stated that she felt we should strike everything from Equipment except a typewriter, and request that the department look around for surplus furniture before purchasing new.

Of major concern to Rep. Malone was the fact that the positions were funded under the capital improvement budget, rather than the general fund, which makes it extremely difficult to keep track of. He favored funding from the General Fund.

There being no objection, HB 774 was returned to the file-- a committee substitute is to be drafted.

Next bill:

SB 346: "An Act relating to the applicability of the Uniform Alcoholism and Intoxification Treatment Act."

SB 346

There was a 5-minute recess while Rep. Malone went to get Rick Svobodny, Assistant to the Judiciary Committee Chairman, to testify on the need for this bill.

First question by Malone was to ask that Mr. Svobodny respond to charges that this bill would "emasculate" the Uniform Alcoholism Act. Mr. Svobodny's response was that it would not emasculate the Act except in the instances set out in this particular bill--all other provisions of the Act would not be affected.

Attempting to explain the need for this legislation, Mr. Svobodny illustrated a case of a man named Peters in Bethel. Mr. Peters was drunk on the highway and picked up by a State trooper and brought to a prison facility. Under the Uniform Alcoholism and Intoxification Treatment Act he should have been brought home to a relative or to a detoxification center. After Mr. Peters was taken to a prison facility, it was discovered that a home in the neighborhood where he was picked up had been burglarized. The police subsequently searched Mr. Peters and found that he had some of the stolen goods on him. In the ensuing litigation, the Supreme Court ruled that this search was invalid because, had the police followed the Alcoholism Act, Mr. Peters would have been brought home and not searched. The provisions of this bill would supercede the Alcoholism Act, allowing the police to disregard the Act in favor of its administrative rules. It would also allow a bar owner to require an individual to leave his establishment--under present law if a bar owner asked a patron to leave and he didn't want to, there's nothing he can do about it.

Mr. Svobodny said the language "so as to be a hazard" in the bill enables the police to remove a "potential" hazard to the motoring public. For instance, a drunken person might not be a hazard at the moment, but he is a potential hazard.

Rep. Malone suggested that the House HESS Committee would be the proper one to consider this bill. It has no fiscal impact.

Rep. Malone MOVED that HB 346 be reported out of committee with no recommendation and be referred to the House HESS Committee. No objection, the motion was unanimously adopted.

Next bill to be considered:

SCR 71: "Relating to proposed increases in student fees at the University of Alaska.

SCR 71

The thrust of this bill was to the effect that the Legislature feels that increasing student fees at the University of Alaska would diminish educational opportunity within the State.

Representative Cowper stated that the Governor's recommendation is contrary to what the Regents' position is. He said the students are opposed to increases in student fees--the administration and Board of Regents at the University recommend that tuition be abolished at the University of Alaska.

Asked to report on the fiscal impact of this bill, Glen Vernon stated that if tuition were abolished, the impact would be \$4 to \$5 million. The impact of not raising fees would be \$876,000.

Rep. Cowper MOVED and asked unanimous consent that SCR 71 be reported out of Committee. There being no objection, it was so ordered. (DO PASS)

Members signed the Committee Report as follows:

DO PASS

Cowper

Malone

Guy "What happened to the \$900 million which came from rural once"

Naughton

Itta "Ask same question as Guy"

DO NOT PASS

Haugen "costs the State \$5 million"

Adjournment: There being no further business to come before the committee, Chairman Malone adjourned the meeting at 12:20 p.m. Adjourn

TAPE H 76-49
Beginning 0003
Ending:

TAPE 76-50
Beginning 0000
Ending: 0719

HOUSE FINANCE COMMITTEE
Tuesday, March 23, 1976
7:00 p.m.

Chairman Malone called the meeting to order. All committee members were present after the later arrival of Cowper and Gruening. Others present were Jim Rhodes, Milt Barker and Bob Grogan of Legislative Finance Committees, Dick Montague, Director of Tourism, Russell Cahill, Director Division of Parks, Mike Morgan, Director Vocational Rehabilitation for the DOE, Rep. Ted Smith, and visitor Yul Kilcher, exstate senator from Homer.

Rep. Ted Smith and Russell Cahill spoke to the purpose of HB 125, Expanding Denali State Park. The fiscal note was one year old, commented the chairman. A map with boundary line was shown and a few questions regarding use were addressed to Cahill. Duncan asked for information on resource committee action on the bill, which the chairman read from the master bill file. Buchholdt asked Ted Smith what the reaction of the people in that area was to the bill, in Hatcher Pass. The reply was that generally there seemed to be only opposition voiced in connection with Talkeetna State Park. The location of this new park is approximately 20 miles North of Talkeetna. 118125

It was moved and unanimous consent asked to report the bill out of committee. There was a DO PASS with no recommendation from Haugen and Guy.

Next on the agenda was HB 707, an Appropriation of \$50,000 to the Governor's Office for a Conference of Oil and Gas. The committee read over the House Commerce Committee Report (see bill file), and made comments of a brief nature about the title, the intent and cost of \$50,000. It would be seed money, representing 25% of the budget required to bring in an international conference representative of oil producing states of the Union and foreign countries. It would serve the function of examining existing and recommended public policies appropriate to the regions experiencing an accelerated surge of oil and gas development. Chairman Malone pointed out the possible effects of this development on Alaska State HB 707

Malone

employee demand for ever-rising wages until they were out of line vis-a-vis with national norms. Some think this has already occurred, he added.

Regarding non-profit or private organizations who would sponsor such a conference, it became clear that it would likely be the group in Anchorage known as the World Affairs Council, made up of bankers, business people, educators and leaders in general. They meet in homes, public places and have done so for a number of years for the purpose of discussing international issues and their ramifications. Line 19 shows the bill aims at planning, Malone said. Naughton brought up the question of whether it is a grant or loan program, and Malone agreed, wondering if there might be further requests upon the state budget once the thing got going.

The committee concensus was to hold the bill over until the questions were answered and the bill's sponsor could appear before the committee. It was assigned to the revenue subcommittee of Cowper's.

SB 272 am, an Act relating to the operation of food service and concession stands by blind and handicapped persons, was next before the committee. Before Mike Morgan, director of Vocational Rehabilitation, gave his testimony, the committee noted (1) the process by which the original bill was ammended, and consequently became longer and longer until finally the proposed CS in zerox form was before them; (2) the fiscal intent was not clear; (3) the position of the loan fund for small business loans from Occupational Licensing to Division of Small Loans ought to be considered; and (4) the rewrite puts the procedures of funding facilities into the loan fund.

SB 272 am

At this point, it was noted that Michael Morgan, director of vocational rehabilitation for the Department of Education, was present. He said in his beginning testimony, there was no fiscal impact, that the licensing requirement doesn't add any substantial cost. His division was the designated federal licensee for operation of vending facilities and machines in public buildings under the federal Randolph-Sheppard program, administered under the Code of Federal Regulations, and also AS 23.15.130. Current estimate for operation is \$17,000, but there is no way to estimate what it will amount to in the future, Morgan said. They have an RP for \$5,000 from the legislature to now add two new stands, which will bring the total to four and a fifth stand is planned. Morgan gave names of operators and locations.

MICHAEL MORGAN
VOC. REHAB.

It became apparent that what Morgan referred to and what was in the committee folders was not the same information regarding two differing versions of the bill. One reorganized the sections. Also, Morgan was at a loss to explain why sec. 23.15.30 (1) is there referring to the revolving fund for small businesses. That specific fund, he said (the one in current estimates), would have to be administered by the Vocational Rehab Division under restrictions of the Randolph-Sheppard program.

CONFUSION ON
DIFFERING BILL
VERSIONS

Milt Barker asked Mike Morgan about how and who bids to be the licensee. Did the division take a part of the proceeds? No. They could take and set aside funds, for that is how the current small enterprise fund is built up, but they had elected not to do that at this time. They are receiving receipts from the Nome and Fairbanks state office buildings now. That is being put in the small enterprise loan fund.

Guy questioned as to how persons qualify, the process of application and the diagnostic procedures. These were explained.

Itta asked for an explanation of the monies in the state treasury in the revolving fund designated as a small business enterprise loan.

The chairman said he felt there was enough information to come to a decision. Naughton expressed a view to seeing a committee substitute prepared, incorporating changes into the 13.50.130 section. Itta referred to page 2, 2315130, line 16 and 17 and she made a motion to amend the language to read:

"There is created in the state treasury a revolving loan fund designated as the vocational rehabilitation small business enterprise revolving loan fund."

Discussion on the amendment followed. Morgan said that would be in order. The motion was adopted.

Itta questioned the language concerning licensee on p. 2 (10). The definition of the term was discussed, with the explanation from Morgan that should there not be enough blind persons to fill licensee roles, that within the states' program, they could select other severely handicapped persons.

Itta made a motion and asked unanimous consent to pass out HB CS SB 272 from the Finance Committee. The vote was DO PASS.

Next on the agenda was HB 328, Refund provisions for motor fuel oil tax was discussed.

Chairman Malone explained the history and intent of the bill -- who will be affected by the legislation, including the White-Pass Yukon Railroad. Logging camps, too, would be affected, said Haugen.

The chairman expressed little interest in pursuing the bill but if other committee members had an interest, he would. He did not mind saying for the record that he was interested in "smacking Alyeska" because of the damage to the roads done in their operation. As far as the industry goes, these refunds are not necessary, he said, and second, he was concerned as to what it does to revenue sources for the state.

Haugen said the legislature talked about this when something might have been done, when Bruce Campbell, commissioner of

highways, called their attention to the problem in 1972; now it was too late. The damage has been done. However, there were vehicles and logging machinery for which owners pay tax, fuels they use on highway. Haugen said that boat owners were making gain on the way they abuse the state motor fuel tax rebate.

MARINE FUEL
TAX

Chairman Malone said he would get a committee substitute drafted as narrowly as possible due to the touchiness of the subject. Replying to Duncan, he noted the highway tax raises more money than does the governor's tax increase of ten cents. Duncan asked the chairman if a committee substitute might address itself also to the marine fuel tax issue. Malone was somewhat non-committal.

Chairman Malone adjourned the meeting at 9:45.

ADJOURNMENT

mb

HOUSE FINANCE COMMITTEE
March 24, 1976
8:40 a.m.

Present: Chairman Malone, Members, Cowper, Gruening, Guy, Haugen, Itta, Buchholdt, Naughton, Gruening. PRESENT

Also Present: Rep. Red Swanson, Rep. Al Osterback, Rep. Nels Anderson; Fiscal Analyst Bob Grogan, Robert Van Houte; news reporters Joe LaRocca and Cheryl Probst.

Chairman Malone called the meeting to order. The only bill on the agenda this morning is:

CSSB 564 (Fin): An Act providing for the issuance of general obligation bonds in the amount of \$58,935,000 for the purpose of paying the cost of constructing, repairing, equipping and upgrading school facilities and water reservoirs; and providing for an effective date. CSSB 564 (Fin)

The following versions of this bill have been submitted:

SB 564 - \$40,750,000
CSSB 564 (HESS) - \$58,935,000
CSSB 564 (FIN.) - \$58,935,000
HCS CSSB 564 -(Sel. Comm. on Educ.) - \$60,695,000

Clark Gruening, Chairman of the House Finance Subcommittee on Education, called attention to a 5-page document that Fiscal Analyst Glen Vernon had prepared showing breakouts by REAA's (Rural Education Attendance Areas) of school construction bond issues for six different bills, i.e., HB 619, HB 620, CSHB 620, SB 564, CSSB 564, CSSB 564 (Fin). He noted that this table does not take into consideration the Select Committee's version of SB 564 (HCSSB 564).

Representative Red Swanson put up a display of a school design on the wall. He testified that at present the State of Alaska spends about \$200 per sq. ft. to construct small schools. He felt that we should in some way standardize a set of plans for small, one or two room schools. He said he went to the Department of Public Works, picked up a set of plans that met all standards of the State and sent it to a supplier. This supplier will provide the lumber, fixtures, transportation and construction. The contractor will only build from the foundation up. We would have to pay to put in the foundation, water and sewer systems. Rep. Swanson said that the school plan shown on the wall is of a school built in Red Devil under the State's standard procedures. Although he did not know exactly what it cost the state, under the new standardized-plan proposal this school would cost about \$150,000, using \$100 per sq. ft. as a basis.

Rep. Swanson stated that if this proposal is adopted, the school could be open by September or October. We would accomplish a savings of time, cost, in addition to showing the public that we could obtain a big savings by going to a packaged type small school. The contractor he is speaking of is Alaska Cedar Homes, Inc. of Anchorage.

Representative Gruening asked if Rep. Swanson was figuring \$35,000 for the sewer and foundation. Rep. Swanson replied that in going over it with Public Works Commissioner Harris, the estimated cost of a well and sewer leeching field would be within \$50,000.

Answering Steve Cowper's question on the Red Devil school shown in the display, Rep. Swanson said he believed it cost around \$260,000, although he did not have exact figures. He added that Alaska Cedar Homes has built no schools in Alaska--just homes. They have built homes in rural areas.

Representative Cowper asked what Public Works thinks about this proposal. Rep. Swanson replied that they look at him like he is bucking the system and cannot do what he is trying to do. However, he did get the feeling that the Commissioner feels that something has to be done about school construction prices, which have gone crazy.

(Representative Itta arrived - 9:00 a.m.)

Representative Gruening asked if there was any requirement by Public Works that an architect had to be used. Rep. Swanson said he did not think so, but there could be. He said basically what this does is create a standard that meets all specifications set by law, which can be used for many of the small schools built in the state. The foundation work could be done locally in the communities.

Representative Osterback told the committee that they talked about this proposal in the House Select Committee on Education and they felt that a standard plan might work. However, he believed there would have to be a different standard plan for some areas where it is extremely cold, as opposed to a plan used in some other areas of the state.

Hugh Malone mentioned that he has information provided by Public Works showing school construction figures since 1970. The Red Devil School, which includes a bulk storage plant, is listed at \$235,000.

The Chairman then called attention to a letter dated March 9, 1976, to Rep. Gruening from Alvin Osterback concerning a suggested breakout of some of the funds in SB 564. (See Bill file).

Representative Osterback, in explaining his letter to the committee, stated that he thought the King Cove school could be built for \$1,800,000, rather than the \$3,000,000 allocated. The remaining \$1,200,000 should be used for a long-awaited gymnasium in Port Lions. He was unsure of the size of the gym needed. He said Public Works believes the King Cove School could be built for \$1,800,000, since they could just add to the existing building, and they already own the land, which is flat.

Noting that Rep. Osterback's March 9 letter stated that the sum of \$200,000 allocated to REAA 8, Aleutian Chain, would meet many of the small capital improvement and repair requests he has received, Rep. Malone asked if he would like to elaborate on this. Rep. Osterback said, in particular, some items are needed for the Sand Point Aquaculture Program--a truck, among other things.

(Rep. Nels Anderson arrived at the meeting)

Referring back to Glen Vernon's analysis of the sums in the various bills, Rep. Malone asked in the Select Committee took any items out of the original senate bill in its version. Rep. Osterback replied "no".

Robert Van Houte told the committee that the reason the money was appropriated to the Department of Public Works instead of the Department of Education was that Public Works is going to sub-contract to the REAA's and let them do their own construction projects. This will be done under the supervision of the Department of Public Works. Mr. Van Houte also remarked that in building schools, he felt it would be a mistake to build a high school in an area and not build a needed elementary school at the same time, since it would result in a cost savings.

The committee spent the next half-hour trying to compare the allocation items in the various versions of the bill. No specific conclusions were reached.

Representative Malone questioned the "reservoir" items included in the bills. Clark Gruening advised that these are actually swimming pools. Mr. Van Houte explained that these swimming pools are used for a dual purpose--fire fighting and swimming. Hugh Malone's response to this revelation was that he didn't feel he could support swimming pools for some communities while other communities are going without schools.

Adjournment: The Chairman adjourned the meeting at 10:05 a.m., announcing that the Committee would consider review of this bill at 1:30 p.m. today, in order to come up with a list of what they thought should be included. ADJOURN

TAPE 76-51

Begin: 0286 - End: 1801

HOUSE FINANCE COMMITTEE
Wednesday, March 24, 1976
8:30 a. m.

Chairman Malone called the meeting to order. All members were present with the exception of Cowper, who arrived later. Also, Representatives Ostrosky, Larry Sullivan and Osterback were present to testify. Glenn Vernon, budget analyst was present.

CALLED TO
ORDER

Continuation of the discussion on HB 564 began. In the morning session, King Cove and Swanson's school demonstration project had been discussed, and Chairman Malone asked the committee what they wishes to do.

HB 564

The figures had been checked out, and although the parts did not match the total in detail, it was fairly close. Hogan was called in for a clarification on Section 4. He said this was a fairly standard procedure and they had included language to the effect of incorporating the \$212,000 within the the bond issue amount;; that it was not a project per se, nor related to any particular item.

MANNER IN
WHICH FIGURES
WERE INCLUDED

Gruening pointed out that you add up the specific projects and this amount is taken from this allocation. It is an advance from the general fund. Malone inquired if it was common to assess or to put an additional fund in the bond issue? It was common to assess and they will sell that within two or three issues, added Haugen. Hogan continued, "As a practical matter it doesn't affect the parts of the total; it stays in the general fund.

Itta asked clarification of earlier discussions: there are some schools within Alaska that were short-changed and were not built, so are those covered in this bill? Gruening observed that as soon as they are allocating through REAAs that decision would up up to the REAAs. Whether to combine it with this bond package or not is up to the REAAs. Itta asked "Are we sure those villages not covered are covered by REAAs? Gruening said maybe some schools in the latter part of this bill have been left off the list. He could check that. Itta said, "So that answers my question. They are covered." Gruening answered, "I think these figures ttake into account monies needed to complete."

THE
SHORT CHANGED
SCHOOLS REAA

Glenn Vernon was brought into the discussion. He said the shortfall from prior funding under the former bond issue, that portion not picked up for these schools.

WHAT THE
BOND ISSUE
WILL INCLUDE

Itta asked if they could be assured that that will not happen again? Gruening said they were not assured of anything. They will do it in their planning process. Buchholdt asked Gruening, how many more are we talking about that may come back after construction? Gruening said this is supposed to cover schools of seven or more but seven on the lower Kuskokwim are left out. He explained the shifting of bush enrollments as affecting planning for schools.

The chairman commented it depends on what you are trying to do -- will it meet all the needs of public education of schools within the state in the (money package) the answer is "no", even if we include the 30 students or more, the extra money -- it still would not cover all the needs for construction of rural schools in Alaska. So you face future bond issues, even for reasons of major repair, schools burning down, etc.

Rep. Guy's list of rural boards was passed out and explained by him, taking a look at the number of seats which represent the REAA boards.

Gruening introduced Larry Davis who spoke about bonding for sewer and water needs, taking for example Nome's case where plans are to build a swimming pool under roof and combined it with an updated firehall system. He explained how they had 3 or 4 trucks, depending on their condition, and when they ran out of water, they had to run a mile out of town to get it, so by the time they returned the building had burned up. Most of the fires were in winter. As long as they needed to plan and build a water system, they would include a school swimming pool in on it. Regarding building all the rural schools at once, Davis said they can't do it, it would cost something like 500 million dollars. Instead, it had to be done piecemeal, but first priority would be to take care of the "short-changed" schools that were left out.

LARRY DAVIS'
EXPLANATION
OF NOME WATER
PLUS SWIMMING
POOL

Gruening introduced persons from the selection committee, Kathryn Ostrosky and Mr. Osterback, who spoke regarding Bristol Bay and Nenana Independent School District debt forgiveness. This opened up the subject of school districts who bonded to build for their schools districts and due to production and contract schedules found themselves unable to pay for actual cost out of their original bonding because of high rise inflation. Therefore, the state needed to pick up the bond and make it good. Haugen explained how that happened in Kake; how that city couldn't "go good" so the state picked it up. Craig and Hydaburg had to be paid for out of the tobacco tax fund. And of course everyone knew about the case of Nome. Haugen further pointed out that the decision should be made as to who had ultimate authority in funding allocations, public works or department of education. That needed to be thrashed out.

DEFAULTED
SCHOOL BONDS

The chairman put in a call for the commissioner of public works, Don Harris, and the department of education officer Morris Thompson. When they arrived Haugen brought up the idea of Red Swanson's concerning standard design for all schools, saying the state could save at least 40 percent in cost efficiency for better planning. He also questioned the cost per square foot.

COMMISSIONER
HARRIS TALKS

The commissioner had not seen the specific bill, but he felt that a program agency should have a review authority pertaining to any of these legislative things. The DOE should be included in the allocation of these projects.

Malone said it was his understanding that the way a construction and building program would work is that they would come up with program requirements within the state -- the tradeoff between the two agencies -- where one has the authority to build and the other has the authority to expend. Harris said that was the way he felt it was most probably to be handled. Malone said in case of the Rural Education attendance areas grants which were made available to them, with both the local district and the DPW having authority as a scheme to provide technical services but not the authority to contract, but instead do the building, planning for that area. The design could be made to allow an option whether to contract with DPW or a private agency.

Harris said he came to Juneau thinking that was the way many of these things should be handled -- at the local level. But while rural areas are getting organized, and until they have the capability to handle it, he would rather no sign off the job. Once they are organized, okay, he wouldn't hesitate to sign off the responsibility to them.

LAG BETWEEN
ALLOCATION OF

The cost of construction, the lag between bonding for building and the beginning of the schedule with 20 to 25 percent inflation was discussed.

MONIES AND
CONSTRUCT.

Haugen thought it was logical that part of this bond fund should go to coordinating effort. Harris explained the revolving fund for advanced planning; they use 2 to 4 percent for that. They use these planning monies to gather data regarding siting, (soils, etc.), so that the work is not lost should the bond issue in that area fail. Somewhere down the line, the homework for site preparation will have been done.

Gruening said to Harris that the department of education needs to validate to the state treasury the actual requirements for building cost. Did Harris feel the authority should go to the department to transfer another REAA? Harris replied that costs present a real problem in an elective office, and that estimates need to be very carefully done. It was shortfalls which brought about transfers, plus the inflation. Once the issue is passed and monies are fixed the entity has to move rapidly to avoid a 30 to 40 percent dollar value loss, which happens if construction falls two years behind. This has been the reason they have had to drop projects and reallocate money.

NEED FOR
DOE TO
VALIDATE

Mr. Morris Thompson, DOE arrived. Gruening directed to him, THOMPSON OF
"Has any problem with appropriations going to the DPW caused DOE CALLED IN
you to make adaptations?"

Morris said the key concern was input. What is needed to be given to DPW. As far as accounting procedures went, they had a process of duplicate accounting.

Gruening asked if appropriation should go to the agency who is doing the building? Harris answered in regard to that, he did not think they should be making grants of monies unless there was a program requirement in state monies. Money should flow through the program maintenance.

Haugen asked who plans the design? Plans are on hand which can be used in any number of places. Once siting plans are made the DPW would still be required to fit any of those plans to the location.

Gruening said to Thompson he would prefer to see the appropriation to the REAAs. Was there any doubt they could use those funds? Thompson explained that the terminology to them means number of dollars to be used in their area. As an agency they had "one hell of a time trying to move the money between REAAs". As to the itemized list of projects, they would prefer allocations. REAA TRANSFER

Buchholdt asked Thompson a question of the history of the Bristol Bay and Nenana School District. They have defaulted and it will be picked up by the state, Thompson said. It comes to the DOE because they handle the debt retirement program. Regarding King Cove, a cost analysis will be coming as a report to the committee. MONEY FLOW PREFERRED

Harris said contingency monies flow. Any construction funds should be set up as excess from REAAs and flow to a continuous fund to prevent shortfall. You can add money so it can go ahead. They have granted monies that way.

At this point, Rep. Itta decided to withdraw her motion, previously made before arrival of the two gentlemen and hearing their testimony, and the chairman then assigned the subcommittee, with chairman Gruening, to continue work on the bill to (1) comment on expansion, renovation or new construction; (2) comment on enrollment effects where applicable; (3) explanation of other costs in the bill -- debt forgiveness, revisions, etc., (4) a final recommendation in the form of a committee substitute of whether a debt recommendation of 40, 50 or 60 million dollars should be made; (5) recommendation on where appropriations should be made, i.e. DOE or DPW, and (6) recommendations, if any, on enabling legislation, (allow participation by REAAs, or maybe to broaden options and let REAAs make decision-review only on cost plans.)

Cowper entered.

ADJOURNMENT

The meeting was adjourned.

Tape: H-76-51

Begin 1801

End:

HOUSE FINANCE COMMITTEE
Thursday, March 25, 1976
4:30 p.m.

Chairman Malone called the meeting to order. Present were all members with the exception of Rep. Naughton.

Rep. Buchholdt gave her committee a summary of HB 557, Utilities and States' Rights-of-way. She summarized a letter from Bill Corbus, head of the Alaska Electric Light and Power in Juneau, which suggested amended lines for the bill. Reading these, it became apparent to the members they did not have the committee substitute in hand. The bill was temporarily set aside for the duration of this technicality. 11557

(Naughton entered the meeting.)

HB 707 next was presented by Rep. Cowper. He introduced Rep. Fischer whose comments included a letter from the World Affairs Council of Anchorage listing several points of endorsement for the concept of her bill. 1157

When she conceived the idea, she looked around for a likely group to sponsor such an international oil and gas conference. It had to be a group which fit the description in the bill, one without political bent, and one with long and solid experience with international affairs. It seemed the World Council of Affairs fit the description.

The governor will make the choice, she pointed out, and this group could provide the 25/75 match needed for the budget required to set up the first conference.

When questioned by Buchholdt as to the need for future fiscal impact for other conferences of this nature, Fischer expressed the opinion that those who attend will find it so beneficial, each country would probably want to pay its own way the next time. The transporting costs would be paid for with this bill, and its match, for the initial meeting. The sponsoring group would only take care of the mechanics of the conference and not conduct it.

Why not use the University of Alaska as the sponsor, asked Buchholdt? The reason for that was cost. It would cost much

less to Conduct the conference with this non-profit private organization acting as the umbrella agent, said Fischer.

CS HB 707
OIL CONFERENCE

Cowper made the following recommendations in form of a motion: lines 12, 13 and line 20. (See bill file.) Naughton requested that the word "major" might exclude Norway. Alaska could benefit from asking that country; so this was included. Cowper moved and asked unanimous consent to report out CS to HB 707 with adopted changes. Discussion brought out a question to Rep. Fischer from Buccholdt as to whether oil companies had expressed an interest. No, said Fischer, because she had't consulted them. The bill's intent is to benefit all the people of Alaska.

DO PASS

The motion was adopted majority do pass. A letter of intent will accompany the bill.

Next, sub-committee chairman Buccholdt brought up the utility bill CSHB 557. She presented comments made by Bill Corbus, executive director of Alaska Electric Light and Power (see bill file), for anticipated motions to amend the bill.

CSHB 557
UTILITY BILL

A question of whether conflict could arise as a result of the utility company taking right of public domain was solved by a change in wording on page 2, lines 4, 5, and 7: "No utility facility may be constructed, placed, or maintained across, along, over, under, or within a state right-of-way unless (PROJECT OF THIS NATURE MAY BE UNDERTAKEN UNTIL) it is", and insert "and is authorized by a written permit by the department". The motion was adopted.

AMENDMENTS

Buccholdt made a second motion to change the wording on page 2, line 16 to add after the word "compliance" the words "and will allow the utility sufficient time to complete condemnation proceedings for acquisition of alternate right of way". This motion was adopted.

Buccholdt moved and asked unanimous consent to report out a Finance Committee Substitute for CSHB 557. It was a majority do pass.

DO PASS

Next, CSSB 547, relating to the extension and modification of school bus routes with date was introduced as a "minor" bill; but the fiscal note was missing so it was laid aside.

CSSB 547

HB 415, a special appropriation to H&SS for health education programs was brought out briefly then laid aside for further information.

HB 415

Chairman Malone gave committee assignments of HB 587 to Haugen; HB 557 to Buccholdt; HB 708 to Guy; HB 482 and HB 669 to Naughton; and HB 423 to Itta. He called for the work by Tuesday. The following day's agenda was announced, and the meeting was adjourned at 5:40 p.m.

HOUSE FINANCE COMMITTEE
Friday, March 26, 1976
9:00 a. m.

Chairman Malone called the meeting to order with members Haugen, Buchholdt, Duncan and Guy present. Naughton entered half-way through the meeting.

PRESENT

SB 415, an act relating to bonds required in public construction was taken up. Chairman Malone said small contractors under bonding requirements find the time factor attending obtaining surety performance bonds is time consuming and would rather put up a cash bond instead. He noted the explanation sent from Senator Ziegler. The bidder has the option with this bill's intent.

SB 415

Haugen commented he had a letter in his file from a small contractor who did not like the way the state holds the performance bond during the year afterwards. Malone said this section of the law does not stipulate "...any length of time on the holding of the bond. The commissioner shall not approve final payment until the contractor files ... (proof that his sub contractors and materials have been paid)".

DISCUSSION

Chairman Malone brought up the \$2,000 limit referred to in Line 10, saying that was unrealistic and asked for committee opinion on whether to allow the language stated in Line 16, a cash bond in lieu of a corporate surety bond. Some discussion followed with Duncan saying he did not have any opposition about it. Haugen asked Duncan if he had checked with Berg Construction. He understood these local small contractors had a difficult time with the Eagle Crest development.

CASH BONDS VS
SURETY

Returning to the dollar amount for construction, alteration or repair of a public building or public work of the state or a political subdivision, Malone asked, "Should we raise the limits to allow contractors larger than \$2,000 to be issued without a bond?" He said it wouldn't mean they could not make that a condition of the contract; that it just would not be a condition of the law.

DOLLAR LIMIT

Chairman Malone made a motion to report the bill out with the change on Line 10 to read \$10,000, and send it in the form of an amendment. He explained that what happens is the state is

giving the contracting officer more flexibility. The motion SB 415
was adopted with a majority DO PASS. DO PASS

CSSB 547, "An Act relating to utilities and state rights-of- CSSB 547
way; and providing for an effective date", next came before
the committee. Mr. Robert Gates, Director of Retirement & Benefits
of the Dept. of Administration, came in to explain the intent.
At this time, Rep. Naughton also entered the meeting.

Gates said cost to the state to recalculate these added benefits GATES
for a group of 60 retired teachers would amount to around \$4,000. TALKS
To Duncan's question relating to page 2 of the bill, it was
explained that retirement benefits had some inequities that
would be corrected by this bill, and that the continuing fiscal
impact would fade once this small group is "washed out of the
system", which he estimated would be around the year 1990.
He further said that initially the impact will be leveled by
the process of funding they use. After the first year the identi-
fiability of the initial increment cost will tend to be lost.

SET ASIDE

Mr. Gates was asked by the chairman to prepare fiscal intent on
CS for SB 547. Action would be delayed on the bill until received.

The meeting was adjourned at 10:00 a.m.

ADJOURNMENT

Tape: H-76-52
Begin 2462
End 2962

mb

HOUSE FINANCE COMMITTEE
Friday, March 26, 1976
2:00 p.m.

Chairman Malone called the meeting to order with a quorum present. Duncan, Haugen, Cowper and Guy were soon followed by Gruening, Itta and Buchholdt. Rep. Osterback also attended, as well as Morris Thompson of DOE and Glenn Vernon, budget analyst.

CSSB 564
READY IN CS
FORM

Finance CS for CSSB 564 was ready for the committee under sub-chairman Gruening, who pointed to the changes in amounts for REAAs. The governor's requests for certain school projects was also included in this act to provide issuance of general obligation bonds for the purpose of paying the cost of construction, rep and equipment for school facilities and water reservoirs.

Cowper said he thought too much money was in the thing. He also had problems with borough, cities or independent school districts not raising their own bonds. He wanted to see a reduction of amount.

OBJECTION TO
AMOUNT

Gruening replied that if that was done, it should be done outside the REAAs. The chairman put in a personal observation that the committee ought to keep in mind whether or not the districts could afford the school funding.

After going over the handed out list of REAAs, Itta said she had a problem with the water reservoirs as well as the debt being excluded from the bill. She had been thinking it over, and would it not be deceiving the voters somewhat, because of the title of the bond issue?

QUESTION OF
INCLUDING
RESERVOIRS

The chairman asked for the wishes of the committee. Duncan expressed the view that too much was being crammed under the umbrella of education. He wondered about voter support when reacting to having water reservoirs and swimming pools in there. Cowper expressed the notion that people would surely see "that the king has no clothes on".

Gruening asked what they would take out? They had cut it down as much as possible in order to create a psychological advantage of keeping under the 60 million level. Duncan moved

to reinstate water reservoirs, as in the original bill, to the level of: Nome, \$750,000; Skagway, \$750,000; Kotzebue, \$1,250,000; Lower Yukon, \$750,000; and Lower Kuskokwim, \$1,750,000. Discussion on the motion revealed objection on the part of every other member of the committee. It therefore failed.

DUNCAN'S MOTION

Cowper inquired regarding: Sec. 4, part 4, sec. 3. Was that a list of schools which were in taxable entities? Why didn't they float their own bonds?

Haugen explained the reason. He said historically the state had to come to the rescue of small school districts, cities and boroughs, and took for example, Hoonah. Hoonah was a conscientious city, but their native housing was non-taxable and the tobacco tax, which they used to pay for city services, would not cover the cost of schools also. Petersburg was turned down the day before, he thought, by the bond bank authority. Chairman Malone added, the cost of school construction exceeded community ability to pay the debt service, (due to high rise inflation).

COWPER'S

QUESTION RE.

STATES' RESPONSI-

BILITY - BONDING

Itta moved and asked unanimous consent to report out House Finance CS for CSSB 564. Discussion brought up need to clean up the draft version as regarding placement and totals in the figures to reflect the discussion.

ADJOURNMENT

3:00 p.m.

Chairman Malone discussed the Saturday and Monday agendums. He then adjourned the meeting at approximately 3:00 p.m.

Tape H-76-52
Begin 2962
End at spinoff
End of Tape H-76-53 at 0265

mb

HOUSE FINANCE COMMITTEE
Monday, March 29, 1976
9:05 a.m.

All members were present except Reps. Duncan, Itta, and Naughton. S. Robert Dozier, State Assessor, was also in attendance.

PRESENT

Chairman Malone explained the changes in the planned agenda. The first topic of discussion was HB 587--Municipal Special Assessments--Exemptions.

HB 587

Rep. Haugen introduced Mr. Dozier to speak on the bill. Mr. Dozier said that in existence at the present time is the senior citizens property tax exemption and the senior citizens sewer and water special assessment deferred tax program. The two bills were put together because they both deal with senior citizens, but they are not compatible. The idea is to separate the two programs for administration purposes. HB 587 does this. Mr. Dozier suggested some changes in the bill. One was to include the owner's spouse in the benefits, another was to separate the options available on page 2, and another was the separation of provisions on page 3. The reasons for the amendments is to clarify the meaning. The purpose of the bill is to help administer the program. There are no major changes in the program. It's merely a clean up of the wording.

DOZIER TESTIMONY

Chairman Malone asked for questions. Rep. Haugen questioned the fiscal note. Mr. Dozier explained that the money was already appropriated. There was no change in that. Rep. Haugen asked if the amendments would create any additional costs. Mr. Dozier said they would not. Rep. Cowper disputed this saying that a spouse could be much younger and therefore the time period of inclusion would be greater. Mr. Dozier said the cost might be greater over the long haul, but not immediately. A special assessment is a one-time thing. The change is negligible. The Juneau Borough attorney suggested the change in the wording.

Rep. Naughton joined the meeting at 9:25.

Rep. Haugen questioned change of ownership and reimbursement to the state. Mr. Dozier outlined the procedure.

3-29-76

Rep. Buchholdt asked how many senior citizens would be buying property. Chairman Malone explained that only the person living on the property at the time the assessment is made could qualify for it. Mr. Dozier added that it was also limited to single family residences.

Rep. Duncan joined the meeting at 9:30.

Chairman Malone asked the wishes of the committee. Rep. Haugen moved to report out a Finance Committee Substitute incorporating the amendments suggested by the state assessor. There was no objection so the motion was adopted. The committee report was circulated with the majority signing "do pass". So, the Finance Committee Substitute for HB 587 was reported out with a "do pass" recommendation. (Note: The committee report will be held until the CS is returned from Legislative Affairs.)

HB 587
FINANCE CS
REPORTED OUT
"DO PASS"
RECOMMENDATION

The next bill for discussion was HB 361--An appropriation to Fish and Game for Rabbit Creek Rifle Range. Chairman Malone said this bill had a lot of popularity in Anchorage. He then read a letter from the Commissioner of Fish and Game.

HB 361

Chairman Malone said the easiest course of action might be to consider the subject of the legislation in the capital portion of the budget dealing with Natural Resources. The commissioner estimates that the cost of purchasing the property would be \$100,000 and the cost of development would be \$50,000.

COST

Rep. Naughton asked why it was necessary to pick up this particular piece of ground when there are acres of land in that area that could be used. Rep. Gruening explained that there was lots of land available, but this was the only safe spot to put it. It's ideally located now. Chairman Malone noted that the organization that was operating the range has become defunct. Other buyers are expected to try and pick it up for commercial development. The people of Anchorage are opposed to this.

LOCATION

There was discussion of the exact location of the range with the Anchorage legislators explaining.

Rep. Buchholdt said she felt this should be a private recreational facility and the state shouldn't get involved in it.

Rep. Duncan moved that this bill be referred to the Natural Resources subcommittee for possible inclusion in the capital budget. Chairman Malone asked for discussion. Rep. Naughton said he thought the idea was a good one. There was no objection to the motion, so it was adopted. HB 361 was referred to the Natural Resources subcommittee for consideration.

HB 361
REFERRED TO
NATURAL RESOURCES
SUBCOMMITTEE

There was discussion of upcoming agendas.

The meeting was adjourned at 9:55.

Tape H76-53
Beg. 0265
End 1267