

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2589

HOUSE FINANCE COMMITTEE  
Wednesday, April 21, 1976  
9:00 a.m.

Members present: All members were present except  
Rep. Itta.

PRESENT

The first topic for discussion was SB 732. Rep. Malone said there was one change that might be considered. Funding has been provided for the Village Safe Water Program at \$1,000,000 a year. Under the Governor's bill they provided \$1,000,000 for a two-year period. The committee might consider increasing the amount to \$2,000,000 in the bill.

SB 732

On SB 267 am Rep. Malone said the bill provides for an increase in funding for community water systems. Right now the state picks up 25% of the cost of construction programs. The bill would raise it to 50% or 50% of the non-Federal share. Rep. Duncan asked how the \$31,000,000 figure was arrived at. Rep. Malone explained that they estimated \$1,000,000 in applications per month. They feel that the bond issue will have to do them for two and one-half years. It takes into account the increased funding for water systems. They added \$1,500,000 for the Village Safe Water Program.

SB 267 am

Rep. Haugen moved to send out SB 732 the way it is. Rep. Guy said that in HB 610 the figure for the Village Safe Water Program was set at \$5,000,000 instead of \$1,000,000. He then moved to amend Rep. Haugen's motion to reflect the \$5,000,000 figure. Rep. Haugen objected. He said he felt that the \$1,000,000 for Village Safe Water was enough. It was included in most of the school bond issues too. Rep. Duncan questioned whether \$5,000,000 could be used in the next two years. Rep. Malone answered that he didn't know but the projects are running about \$500,000 each. Rep. Haugen objected to the fact that cosmopolitan area communities had to come up with 25% of the cost before they could get anything. They also have to pay a sewer and water fee. Rep. Malone said he was reasonably sure all the money had not been spent by Village Safe Water last year.

SB 732

Rep. Itta joined the meeting at 9:30.

Rep. Malone commented that he felt the way to operate the program was not to have the department administering it but rather to have the local people handle it as a grant program.

SB 732

Rep. Malone said he would have to object to the \$5,000,000 figure. The way the program has been operating they are unlikely to be able to spend more than \$2,000,000 over the next two years.

The amendment was voted on and failed. Rep. Malone moved to amend SE 732 to change the \$1,000,000 for Village Safe Water to \$2,000,000. Rep. Guy said he had not seen a significant impact provided by the annual \$1,000,000 donation. The motion was voted on and it passed.

There was no objection to the motion to report the bill out, so it was adopted. The committee report was circulated with the majority signing "do pass" recommendation. So CS for SB 732 was reported out with a "do pass" recommendation.

SB 732  
REPORTED OUT  
DO PASS REC

The meeting was adjourned at 10:00.

HOUSE FINANCE COMMITTEE  
Thursday, April 22, 1976  
9:00 a.m.

Chairman Malone called the meeting to order. All committee members were present with the exception of Gruening. Also present were Terry Gardiner, Rep. of Ketchikan, Al Osterback, Rep. from Sand Point and Alison Farnan, budget analyst.

Naughton presented the results of the sub-committee work and recommendations on the GO bond bills for port facilities. The vehicle was HB 609, an issue for \$8 million in G.O. bonds to pay cost of port facilities development projects. HB 609 PORT BOND BILL

The committee had tried to get figures to stay within the 25 million dollar ceiling, yet keep a reasonable spread of dollars within the state. They couldn't see how to keep the Fairbanks amount, and therefore left that at 4.5 million, and left Anchorage at 2.5 million. (See list in the master bill file.)

KETCHIKAN PROJECT

Hearing no comment or question from the committee, Chairman Malone invited any other representative to speak. Terry Gardiner said his project in Ketchikan was really two separate projects and should have totaled 2.5 for port facilities as well as a small boat harbor. This present amount would cut out the latter, because it would be enough, (1 million), to build a breakwater.

VICE-CHAIRMAN  
TAKES GAVEL

The chairman temporarily left and handed the gavel to vice-chairman Buccholdt.

Duncan expressed displeasure over the amount assigned to Juneau. Buccholdt reminded him that Anchorage needs 6 million and is getting far less, so will have to raise the money locally and charge more for goods going to the interior.

JUNEAU OBJECT.

Haines, however, had a real problem said Duncan. It's dock was in poor shape and the tax base quite small. The cutback there was a mistake he thought, because Haines served a fishing fleet.

Buccholdt asked what the contingency fund was for and Naughton answered it was for emergency repairs and high costs than anticipated.

5 1/2

Rep. Osterback who had explained his bills in the previous meeting on HB 609, arrived during the discussion and noted the changed amounts on the sheet handed him. He mentioned that he was given 500.0 for his 800.0 request in HB 736. That amount he said would cover King Cove alone. "Nothing for Sand Point? You wiped out the St. Paul St. George feasibility study fund?" MORE OBJECTIONS

Regarding the latter, Naughton replied that it would be better to be appropriated from the general fund; he was asked to talk with the chairman to see if it could be put into the free conference meetings.

With no further discussion or action intended, Vice-chairman Buccholdt adjourned the meeting at approximately 10:00 a.m.

mb

HOUSE FINANCE COMMITTEE  
Thursday, April 22, 1976  
7:50 p.m.

Members present: All members were present except Rep. Itta.

PRESENT

Others present: Reps. Al Osterback and Terry Gardiner; Jay Hogan, Director, Legislative Finance Division.

The meeting was called to order to discuss HB 622--  
G.O. bonds for trunk and secondary airport construction.

HB 622

Rep. Malone asked Rep. Osterback if there was any way to reduce the \$2,500,000 for Cold Bay. He answered that they were considering a smaller dock. They built the original dock in 1940 and they say that one can't be built back up again. Something is needed because that's the only way to get fuel for planes to the Chain.

Rep. Duncan moved that HB 622 be reported out of committee. Rep. Cowper moved to amend the motion by putting Cold Bay into the port bonds leaving this sum at \$3,075,000. Rep. Naughton objected. The motion failed 2-6.

Rep. Osterback said they have been trying to get a harbor in Nelson's Lagoon at \$500,000. Rep. Cowper moved to delete Lime Village and add a landing strip at Nelson Lagoon for \$480,000. Rep. Guy objected. The motion carried 7-1.

Rep. Buchholdt said she had been asked by Rep. Itta to make a request for Atkasook airport at \$422,000. The village would give the state the deed for the land if it was built. It would be a state airport. Rep. Buchholdt moved to include the \$422,000 for Atkasook airport in this bill. Rep. Cowper objected. The motion failed.

Rep. Osterback requested \$50,000 for a study at Sand Point. Jay Hogan said that could not be put into a bond bill.

Rep. Naughton moved to delete New Minto and insert Ouzinkie at \$755,000. Rep. Malone said if this motion carried it would be necessary to set out the projects and amounts in the bond bill. (Rep. Itta

joined the meeting at 8:40.) Rep. Duncan objected to the motion. The motion carried 7-2.

HB 622

Rep. Itta read a letter from the Kivalina City Counsel stating their needs for airport improvements--\$400,000 to stabilize the airport and give them funds for equipment, runway lights, and add a beacon. Rep. Itta moved to delete Deadhorse and insert Kivalina for \$400,000. The motion failed 4-5. Rep. Gruening suggested that the amount needed for Kivalina be taken from Crooked Creek.

Mr. Hogan noticed that the figures were wrong in the capital budget book and did not reflect changes made by the Governor. He and the committee then went over the corrected figures (copy in bill file).

Rep. Naughton moved to put Ouzinkie in for \$90,000 state and \$710,000 federal. Rep. Duncan moved to amend the motion by deleting the \$96,000 for New Minto. The motion carried unanimously. The main motion was then voted on and there was no objection.

Rep. Gruening moved that \$50,000 be deducted from Crooked Creek and Kivalina be added at that amount and asked unanimous consent. There was no objection, so the motion was adopted.

Rep. Duncan moved to adopt a Committee Substitute for HB 622 listing secondary airports. The motion was adopted.

CS for HB 622  
TO BE PREPARED

The next topic was HB 609--G.O. bonds for ports, waters, and harbors.

HB 609

Rep. Cowper moved to delete the allocation in reference to Cold Bay and insert the Ketchikan Bar Point Harbor project. There was no objection, so the motion was adopted.

Rep. Duncan moved to add another \$250,000 to Haines bringing it to \$1,000,000 to help with the small boat harbor. The additional \$250,000 would be reduced from "other". There was no objection, so the motion was adopted.

Rep. Duncan moved to combine the funding and the statement of purpose for Juneau boat development, phase 2, and Douglas small boat harbor dredging. There was no objection, so the motion was adopted.

HB 609

Rep. Naughton moved to put Naknik in for \$500,000 and bring "other" down to \$1,900,000. There was no objection, so the motion was adopted.

Rep. Naughton moved to prepare a Committee Substitute for the bill. Rep. Buchholdt moved to amend the motion and add \$500,000 to the Anchorage projects to be taken from "other". The motion was adopted. The motion to prepare a CS was adopted.

CS for HB 609  
TO BE PREPARED

The meeting was adjourned at 10:30.

HOUSE FINANCE COMMITTEE  
Friday, April 23, 1976  
9:30 a.m.

The meeting was called to order by Chairman Malone. Representatives Gruening and Naughton were not present, but all other members were. Jay Hogan, director of Legislative Finance Division also was present. Waiting in the room to testify, but asked later to return in the afternoon were Elaine Ramos and her staff from the U. of A. PRESENT

First order of business was presentation of the fiscal note for HB 631, Communications Carriers Section in Public Utilities Commission, which had been passed by the Finance Committee and was awaiting reading on the morning Calendar for the House. After a brief explanation, the chairman made a move to adopt the revised fiscal note at the level of \$87,000. The motion carried and a copy was sent to the bill sponsor, Mr. Fred Brown, as well as to the Clerk of the House. HB 631

Mr. Cowper was asked to present the intent of his unnumbered bill, "An Act relating to the legislative appropriation process". COWPER'S  
NEW BILL TO  
LIMIT SESSION

"The Congress of the United States has adopted a system of budgeting which sets a ceiling first and then arranges their budget to fit that ceiling, essentially. It isn't because of the difference in the way the budget is done here --and the Congress couldn't adopt that budget -- this provides the legislative committees a reasonable time to review the budget -- 45 days because the budget doesn't come down when we get here. By the 45th day we can say, "Okay, this is what we will spend this year." You could set that figure and then you have to get your priorities straight and say, "We will stick that in, too." If we don't have some type of mechanism that makes us attempt to limit the tendency of the government or the governor to spend money, then we will spend every nickel from here on out and there will be nothing left when the oil goes. You announce to the world, This is what it is going to be!" BUDGET  
CEILING  
  
JUSTIFICATION

Another thing, when you get complaints that it's too high or too low, (say, it's too high), then you can always come in underneath that figure. I do think you have to set up mechanics to control spending above what we need for running state government. I think this is some way we can save money.

COWPER'S  
BILL CONCEPT  
DISCUSSED

Duncan: Will the Senate and House agree on the figures?

(Mr. Naughton arrived.)

Buchholdt: "In any case you couldn't go considerably lower or higher than the Governor's budget.

Cowper: "We might have a governor in there that proposes a good deal more than the legislature might want to spend. Its a statement of what the legislature intends to do and you don't have this breathless wait until the end of the Free Conference to find out what the budget is going to be. Besides that, I believe the public is demanding something along this line.

ADVANTAGES

Malone: One advantage might be, not to discuss the limiting of appropriations as much as another question: if you are able to to make an allocation among program categories at a fairly early stage, it would solve a problem we have right now with the other standing committees. They have no idea what the priorities are so they have a tendency to approve a lot of programs that the state simply cannot afford.

Itta: I like the idea of setting a ceiling. But I have a problem with the 'so many days'. If this mechanism would prevent waste, --I think something needs to be done to know what priorities will be. I like the intent.

Hogan: On the days issue: the days are set in realization of the fiscal year starting July 1. There has to be some consideration of the fiscal process to keep it orderly. As long as the fiscal year begins at a fixed time, the legislature ought to adhere to some sort of schedule like this. Otherwise, the fiscal year begins on a very soft basis with a good chance for things to be set up improperly because they are done in haste.

Duncan: On Section 1, Line 20, we tentatively have set priorities among the categories.

FURTHER  
EXPLANATION

Hogan: Right. That would be subject to change. It would recommend that "Transportation", "Resources", etc. in the various categories get "so much", so they know the dollar frame in which the Legislature has to work with for that year.

Cowper: It gives you a little flexibility between categories but it will be understood that you cannot get above the set figure.

To Guy's question, Chairman Malone answered, "What it would mean is you would have a budget bill ready for consideration at least by the 90th day. The calendaring would have been determined by the process of work on the general appropriations act and the Rules Committee responsible for the floor committee."

Guy: Whichever house is faster, then the other one is the one that performs this duty?

BILL EXPLAINED

Malone: Yes.

Hogan: The Governor introduces the general appropriations act into the House first and then it goes to the Senate. We presume the same tradition would prevail. It's a natural tradition now and not a matter of law.

Malone: Mr. Cowper, you wish to introduce this legislation with a committee report attached so it can go directly to Rules and get on the calendar as soon as feasible.

Buccholdt: What kind of documents are you proposing here? Like those given with the Governor's budget?

REQ. FOR SUPPORT DOCUMENTS

Cowper: That's a type of support. You wouldn't have to attach the books to the bill -- it's customary that you hand in documentation, so I am sure the same type of stuff we already have been doing would go in with this bill.

Buchholdt: If a legislator wants to all of a sudden write a bill for his district, does he have to have documentation?

Cowper: You can make the motion and follow it up with documentation like we all do."

Hogan: We have had a situation that has been abnormal; i.e., a substantially large bank account. Two competing projects and you can't decide which one we take, so we take both. This is considered to be a luxury in other state legislatures; and there is some concern that system might not be able to be continued. You have a situation whereby, in the House, particularly, you have a number of members who are not familiar first hand who try to fit in all these items in the budget. Those are problems and this closes the ring early in the game so only the total amount of dollars and the requested needs can be put out on the table earlier so the Finance Committee has an early picture of what to do. It is the only way that real planning can be done on a budgetary scale so all can be deliberated equally.

HOGAN GIVE JUSTIFICATIO

Buccholdt: This comes down to a lot of pre-planning before Legislature. We will have to make a lot of use of staff services and that would make the interim period more active than it is now. IMPACT IS DISCUSSED

Cowper: We don't always have a case where we don't know who is going to be Governor or not, as we did in the case of Jay Hammond. That is unusual. I think we can make this a requirement of the bill.

Buccholdt: My problem is the same as Brenda's -- the number of days and the calendar. It's quite a number of days away from the convening of the session.

Naughton: That very provision is what turns me off on this bill. If you put this in here, the oil companies are going to run the State of Alaska. The effect of putting a limit on sessions is a way of signalling the lobbyists as to how long they can keep a bill bottled up. You never will get the changes you need. NAUGHTON LISTS A DANGER

Cowper: I am flexible on the second and third sections. The first section is of primary importance. You may be right about that. What do you think, Ernie?

Haugen: I like the idea, but there are other things to be considered. The program budget act ought to be repealed, but we can't do it with this bill. HAUGEN FOR

Itta: One more comment -- the priorities are good -- we understand this as a committee. But can we reflect this in writing so those who come after us might understand the resolution is there because priorities have been set beforehand? ITTA FOR

Cowper: I anticipate we could put that in a letter of intent to which future legislators could refer when we put this bill on the floor.

Duncan: I really don't think this does anything -- Section 1. It is going to be easy to come up with an appropriation ceiling, but this tentative program category, I think, is "show biz". It won't be anywhere near what the final budget looks like by the time it gets through free conference. DUNCAN AGAIN

Cowper: No, it isn't "show biz". If this goes through, the committee would generally allocate the various funds along the program categories. What is binding is the limit on the budget.

Duncan reiterated his position that it wouldn't do any good, practically speaking. Then Mr. Cowper returned, "I respectfully disagree with the representative from Juneau."

Buccholdt: Earlier it was brought up -- that outlining by BUCCHOLDT priorities. I think it is good because in the HESS Committee, LISTS for instance, they think they can appropriate so much money and DIFFICUL they pass various bills that are really worthwhile but don't spend much time looking at the fiscal note. Then, when it comes here, we don't know what to do with it. Again, how are we going to implement parts of the bill that has to do with time and scheduling?

Malone: I think we should consider some revisions in it before introducing it with a committee report. I will give you, Mr. Cowper, and other interested members of the committee, A CALL FOR time to make revisions and bring the bill back to committee. TIME TO REV1 If you want to introduce it without a committee report, you could do that.

Cowper: I would ask for members help, those who have problems with concepts, to let me know.

The chairman announced an afternoon meeting to hear a presentation by Elaine Ramos. He thanked her for waiting during the morning meeting, and asked if she could return with her staff. The House calendar was discussed in relationship to committee ADJOURNMENT responsibilities and the meeting was adjourned at 10:00 a.m.

mb

HOUSE FINANCE COMMITTEE  
Friday, April 23, 1976  
1:40 p.m.

Members present: All members were present except  
Rep. Itta.

PRESENT

Others present: Dr. Dellenbach, President, AMU;  
Rep. Bob Bradley; Rep. Al Osterback; Elaine Ramos,  
Vice President for Rural Educational Affairs.

The first item on the agenda was the proposal on  
AMU, HB 868. Rep. Gruening outlined the provisions  
of the proposed purchase agreement. He then asked Dr.  
Dellenbach for comment.

HB 868  
AMU PROPOSAL

Dr. Dellenbach said he felt the committee was approaching  
what the board might consider to be a reasonable solution.  
Paying off the notes within a six-year period shouldn't  
be a problem. Rep. Cowper asked how much money it  
would take to put the buildings back into shape. Last  
year an estimate of \$700,000 was given. Dr. Dellenbach  
said it depends on who gives the estimate. The systems  
are in good shape. Painting needs to be done, draperies  
need to be replaced, and some of the furniture is worn.  
There's a sewer problem behind the housing area for  
which a bid was given two years ago at \$70,000. It  
would probably be \$120,000 now. That's the only thing  
that's really critical. The U of A maintenance man was  
the one who gave the \$700,000 estimate.

Rep. Gruening said that if an agreement were drawn up  
it would have to indicate clearly that there were  
no other agreements tied to it.

Rep. Buchholdt asked how much was owed in HUD bonds.  
Dr. Dellenbach said the principal was about \$2,700,000  
and the arrearage is \$400,000. Rep. Naughton said the  
proposed agreement calls for AMU to pay off HUD notes  
in 1982.

Rep. Itta joined the meeting at 1:55.

Rep. Buchholdt asked if the state had been contacted  
about possible purchase of the \$800,000 worth of  
furnishings at AMU. Dr. Dellenbach said that hadn't  
been discussed at this point.

Rep. Gruening said that each annual payment would be greater than the indebtedness. By reserving the last payment you could be assured that indebtedness would be paid. The annual payments would be around \$3,000,000.

HB 868  
AMU PROPOSAL

Rep. Bradley asked to comment. He said he felt the approximately purchase price was fair. The state should not set out 27 acres to be held in deed by AMU. The state should not encumber itself regarding HEW bonds. To compensate, the basic purchase price might have to be raised. AMU has shown a high degree of quality in their liberal arts program. Graduate training would lend itself to specialization in rural education.

Rep. Gruening said he meant to make it plain that the state wouldn't be assuming any bonded debts for AMU.

Rep. Gruening moved to report out HB 868 at the level of \$1,900,000 as a down payment. Rep. Malone said it would have to be accompanied by a committee report setting out the committee's plan for an agreement between the State of Alaska and AMU.

Rep. Buchholdt asked if thought had been given to purchasing the entire parcel of land instead of reserving the 27.5 acres for AMU. Rep. Gruening answered that he had thought of that, but that's a point that AMU feels very strongly about. Dr. Dellenbach said that the 27.5 acres is simply a place where AMU envisions someday having a small campus. Since AMU has been in operation they have sold the state over 500 acres of land. They gave the state 17 acres for the consortium library. As far as the idea of a long term lease, donors will not give money to a leased facility. It's a strong position of the board that they want a small piece of land to someday build a small campus. Rep. Cowper asked if it was land without improvements. Dr. Dellenbach said it was low land. Rep. Cowper asked how the board would feel about giving the state the first option to buy. Dr. Dellenbach said he thought there could be some right to first refusal on it.

There was no objection to Rep. Gruening's motion to report out the bill, so it was adopted. So, CSHB 868 was reported out. A committee report explaining the provisions of the purchase agreement will be prepared by Rep. Gruening for the committee's review.

CSHB 868(Finance  
REPORTED OUT

COMMITTEE REPORT  
TO BE PREPARED

Rep. Malone thanked Dr. Dellenbach for speaking to the committee.

Elaine Ramos asked to try and clear up misunderstandings on the administration figure for Rural Education Administration. There aren't enough people to handle registrar's paperwork. Students are having to wait a year sometimes to get a transcript. The positions in administration would have been to strengthen direct student services. The demands on the REA office are becoming greater and greater. There have been calls from 200 communities asking for help. 90% of rural villages did not send in their income taxes. The office is being requested to help fill out income tax forms.

REA BUDGET

Mrs. Ramos continued, in the bi-lingual area, DOE has been charged with being not in compliance by Civil Rights. In extension services Fort Yukon has a person who is part-time but actually doing full-time work.

The House moved from the President's budget two positions which left REA without central support staff. Rep. Naughton said he didn't understand. Mrs. Ramos explained that there was \$300,000 under Central Support. When it was moved into my budget it was moved into the Central Support which really was a minus \$75,000. Rep. Gruening asked what was left out of the House budget. Mrs. Ramos said it was \$210,000 there for personal services plus travel and office expenditures for my office. Then the office was moved from the President's budget and it got moved into Central Support Staff, but there was no \$75,000 added in.

Rep. Gruening asked about REA priorities. Mrs. Ramos said the top priority would be Galena, 2nd--Aleutians, 3rd--St. Laurence, 4th--McGrath, 5th--Dillingham.

Rep. Naughton said that in Statewide Administration the House intent was to transfer the Vice President and executive secretary out. They are transferred to Outreach Central Support. Mrs. Ramos wanted the committee to be aware that by moving that \$75,000, personal services becomes \$210,000 minus \$75,000. Rep. Itta said she

thought the committee's intent was to give more flexibility through the transfer. Mrs. Ramos said if \$75,000 was put back into the President's budget that would bring them back to the \$300,000 the House apparently intended.

REA BUDGET

The meeting was adjourned at 3:05.

attachment

## REA BUDGET DISTRIBUTION: House Finance Version v Regents Version

	FY 1976	Year-to-Year Change		FY 1977	
		Regents	House	Regents	House
CENTRAL SUPPORT UNIT - Administn	\$ 222,498	317,598	233,674	540,096	456,172
Instruction	--	301,760	0	301,760	0
ADULT BUSINESS PROGRAM	33,166	1,377	1,377	34,543	34,543
VILLAGE ART UPGRADE	40,588	1,700	1,700	42,288	42,288
EXTENSION CENTERS - TOTAL	509,253	937,642	131,557	1,446,895	640,810
Ft Yukon	17,217	147,966	712	165,183	17,929
Nenana-Clear-Healy	15,261	655	655	15,916	15,916
Prudhoe Bay	9,009	490	490	9,499	9,499
Delta Junction	22,914	807	807	23,721	23,721
Tok	6,337	284	284	6,621	6,621
Kotzebue	143,598	155,470	4,116	299,068	147,714
Barrow	64,091	220,698	77,491	284,789	141,582
Cordova	26,500	821	20,821	27,321	47,321
Valdez	37,542	55,868	21,152	93,410	58,694
Dillingham	43,020	221,276	1,304	264,296	44,324
Glenallen	16,457	130,112	530	146,569	16,987
Adak	107,307	3,195	3,195	110,502	110,502
NEW REA CENTERS - TOTAL	--	493,339	0	493,339	0
Sand Point	--	164,340	0	164,340	0
Galena	--	138,439	0	138,439	0
St Larence Island	--	85,745	0	85,745	0
McGrath	--	104,815	0	104,815	0
COMMUNITY COLLEGES - TOTAL	3,678,900	916,900	370,200	4,595,800	4,049,100
Kodiak	777,500	126,100	146,300	903,600	923,800
Kenai	772,300	65,300	58,502	837,600	830,800
Kuskokwim (Bethel)	1,888,300	556,300	24,800	2,444,600	1,913,100
Northwest (Nome)	240,800	169,200	140,600	410,000	381,400
AUXILLIARY SVCS (Bookstore sales)	13,500	8,800	8,800	22,300	22,300
REA TOTALS (except ANLC & ARRTC)	4,497,905	2,979,116	747,308	7,477,021	5,245,213

HOUSE FINANCE COMMITTEE  
Friday, April 23, 1976  
3:50 p.m.

Members present: All members were present.

PRESENT

Others present: Reps. Al Osterback, Lisa Rudd, Al Ose, Dick Eliason, and Joe McKinnon; Bob Grogan, Glen Vernon, and Alison Farnan, Fiscal Analysts, Legislative Finance; and Jay Hogan, Director, Legislative Finance Division.

The meeting was called to order to discuss suggested budget revisions.

BUDGET  
REVISIONS

Rep. Dick Eliason asked to comment on the Sitka Harbor situation. In 1956 the boat harbor was built with bonding for \$150,000. Last year \$250,000 was appropriated for improvements, but this money was not used. If the harbor is completed as one project it will save the state considerable money. The facilities within the harbor are not adequate. This is not part of any other bond issue. Rep. Duncan said that \$200,000 of the project is for completing construction and \$80,000 is for administrative costs. Rep. Malone said that Port Lyons had lost floats. Rep. Naughton commented that the city can come up with all but \$36,000 for the job. Rep. Naughton moved to provide Sitka Phase II Thompson Harbor with an appropriation of \$280,000 and to provide \$36,000 for replacement of facilities at Port Lyons. There was no objection, so the motion was adopted.

SITKA HARBOR

PORT LYONS

Rep. Joe McKinnon asked to comment on the Field Nursing budget. The travel request was a maintenance figure of \$210,200. The committee cut 29%. If this is based on year-to-date travel it would be 29%. However, the travel covers nurses traveling from village to village and there's a six-week lag in figures. On the vacant custodial worker position in field nursing, the position has been turned into two part-time people. On the clerk position that's listed as vacant, there's been someone employed there since July 7. She is the only clerical support for this program. The other two positions, the administrative assistant and the the secretary are filled, but they aren't as necessary as the others. Five of the six positions are currently filled with temporaries. The positions are in administration, but the cut is being made in field nursing. Rep. Naughton moved the Governor's

FIELD NURSING

figure for Field Nursing reinstating the deletions and approving one Public Health Nurse for Juneau. This would add one position for a new total of \$3,143,700 with 106 PFT positions. There was no objection, so the motion was adopted.

BUDGET REVISIONS

Rep. McKinnon asked to comment on Rent Control. It should be restored in some fashion. The problem is with administration of the program. It has been successful in Fairbanks but worthless in Anchorage.

RENT CONTROL

Rep. Al Ose requested \$30,000 for a study for Wasilla sewer and water. They can't get any funds for building until a study is completed. Rep. Duncan moved to increase the Office of the Commissioner to \$206,300 with legislative intent on the \$30,000 under grants. There was no objection, so the motion was adopted.

WASILLA SEWER  
& WATER STUDY

Legislative Intent: \$30,000 under grants is to be used for a study of sewer and water for Wasilla.

LEG. INTENT

Rep. Al Osterback asked to comment on HB 737 which is a request for a feasibility study for a boat harbor on St. Paul Harbor. The people there no longer have any income since sealing is no longer allowed. The estimated cost for a small boat harbor is \$4,000,000. The purpose of the feasibility study is to determine economic justification for the harbor. Rep. Naughton suggested dealing with this bill after there was a chance to look at some of the studies that had been done.

HB 737

Rep. Osterback also asked to comment on the airport at Sand Point. It is too short and too small. If the wind is from the N.E. or S.W. they can't fly in. There's quite a bit of traffic there. Rep. Malone said he would like to consider these in the bill they are now contained in.

SAND POINT  
AIRPORT

Rep. Lisa Rudd requested that personnel be added to the Human Rights Commission: A Human Rights Field Rep II and a skilled clerical worker. The office in Anchorage may appear to be loaded with clerical workers, but most of them aren't doing typing. The amount of paperwork there is staggering. There's only one full time secretary. There are a number of VISTA workers there who are producing more paperwork. It would be desirable to phase out the VISTA workers. They should be replaced with state paid investigators. The only incentive for VISTA volunteers to stay is that they have found an occupation they like. The pay is very poor. Rep. Malone moved that a Human Rights Field Rep II and a Clerk Typist be added for Anchorage.

HUMAN RIGHTS  
COMMISSION

The changed budget figures would be: Personal services increased by \$38,100, travel increased by \$2,000, contractual by \$2,000, and equipment by \$1,200 for a total addition of \$43,300. There was no objection, so the motion was adopted. BUDGET REVISIONS

Rep. Rudd said that the Girls Clubs of Alaska have a request in for \$10,000. She urged consideration of their request. GIRLS CLUBS

The committee then began consideration of changes suggested by the caucus.

Rep. Duncan moved that \$80,000 be reinstated for EDA "304" Funds in the capital budget under Development. The motion carried. EDA "304"  
FUNDS

Rep. Duncan said that the money for the NYC program, \$609,000, had been reinstated in the Social Services--Work Experience budget, but as part of the administration of that program there are two positions that go along with it. One is in Fairbanks and one in Juneau. They are both working now and they are necessary. Rep. Duncan moved to restore those positions. There was no objection, so the motion was adopted. The total stays the same because they are funded from administration, but two PFT positions are added. NYC PROGRAM

Rep. Duncan moved to add the funding for a Deputy Director for the Ombudsman. The position cost is \$45,000 and the position is in Anchorage. The motion failed. OMBUDSMAN

Rep. Buchholdt said that Larry Davis had requested funding to renovate the office space for the Western District Office of the Department of Highways. Rep. Gruening moved that within the existing budget there be intent to renovate this office. The motion was adopted. HIGHWAYS

Legislative Intent: Within the appropriation for maintenance, \$15,000 is for renovation of office space for the Western District Office. LEG INTENT

In the Transportation budget, Rep. Cowper moved to delete \$30,000 from Aviation Engineering Planning and transfer it to p. 23 of the Development budget under contractual. There was no objection, so the motion was adopted. TRANSPORTATION

Rep. Cowper moved to add \$50,000 to the Social Services budget under CETA transportation and recreation as a grant to the Fairbanks North Star Borough for a contract with the Fairbanks Native Association to involve native SOCIAL  
SERVICES

youth in borough recreational activities. There was no objection, so the motion was adopted.

BUDGET  
REVISIONS

Rep. Malone said there had been a request to provide in the Education budget, State Library, for funding of cataloging at the level of \$26,000. Rep. Gruening moved the \$26,000 figure to allow them to hire a person to get together their index and catalog of photographs which would be mailed out to other libraries in the state. There was no objection, so the motion was adopted.

STATE LIBRARY

Rep. Malone said that in the community services contracts, Department of Labor, there was \$86,100 for the HIRED program. Rep. Naughton suggested putting it in the Office of the Governor. It would remain the same funding source. Rep. Malone said his preference is to leave it in with the intent that this would be a line item in the budget. Rep. Naughton moved to change it to the Office of the Governor, CETA administration, with the same funding sources. Rep. Buchholdt said she would object to putting it anywhere near CETA. Rep. Naughton withdrew his motion. The intent is to end up with a line item appropriation for that purpose.

HIRED PROGRAM

On Public Protection, Rent Control, Rep. Malone moved to restore it to the Governor's level with intent. There was no objection, so the motion was adopted.

RENT CONTROL

Legislative Intent: If the program is transferred to the Department of Law, the appropriation shall be transferred to the Department of Law.

LEG INTENT

Rep. Cowper moved to restore the funding for the Pipeline Commission to the Governor's level. There was no objection, so the motion was adopted.

PIPELINE  
COMMISSION

Rep. Malone moved to add intent to the Department of Highways, Division of Aviation budget. There was no objection, so the motion carried.

AVIATION

Legislative Intent: That they report to the legislature their capital improvement positions in their capital budget request for FY 78.

LEG INTENT

Rep. Malone moved to make the appropriation for a Model School, Brown's Court a direct appropriation to the Department of Public Works instead of as a grant to REA 14. There was no objection, so the motion was adopted.

MODEL SCHOOL  
BROWN'S COURT

Rep. Malone said there had been a request to add intent to the Department of Commerce, Weights and Measures, budget. The general idea was that the department should place emphasis on regular monitoring of fish weight scales. The department has the money in their request to do this. Rep. Haugen said that was ridiculous. Nothing was done on this request.

BUDGET  
REVISIONS

WEIGHTS &  
MEASURES

Rep. Malone said there was a request for funding for a mini-TV station at Kiliginik. Rep. Itta moved to put it in the Alaska Educational Broadcasting budget at the same level as the Seward mini-TV station (\$18,000). There was no objection, so the motion was adopted.

MINI-TV  
KILIGINIK

On Post-Secondary Education, Rep. Malone moved to restore the PT clerical position at \$6,800. There was no objection, so the motion was adopted.

POST-  
SECONDARY  
EDUCATION

Rep. Malone moved to add \$10,000 under Drug Abuse grants in Social Services. There was no objection. Note: The grants appropriation includes \$10,000 for the Ketchikan Youth Advocate Program.

KETCHIKAN  
YOUTH  
ADVOCATE  
PROGRAM

Rep. Naughton moved to add intent to the Health, Community Health Centers, budget. There was no objection, so the motion was adopted.

COMMUNITY  
HEALTH CENTERS

Legislative Intent: \$108,000 is for the Kodiak Mental Health Center.

LEG INTENT

Rep. Cowper moved and asked unanimous consent to add \$35,000 for dust control at Harborview under lands and buildings. There was no objection, so the motion was adopted.

HARBORVIEW  
DUST CONTROL

Rep. Guy moved to include the figure of \$62,500 for repair work for the Bethel Broadcasting building under grants in the Education budget. There was no objection, so the motion was adopted.

BETHEL  
BROADCASTING

Rep. Malone moved that action be rescinded in failing to adopt the Deputy Director for the Ombudsman. The motion carried 7-2.

OMBUDSMAN

Rep. Malone said there was a request to fund improvements to the Hillside Road in Anchorage at \$150,000. Rep. Naughton said it was the entrance to Chugach Park and the proper name was Eagle River Canyon Road. Rep. Malone moved that \$150,000 be added to Highways for a grant to the Greater Anchorage Area Borough for Eagle River Canyon Road improvements at \$150,000. There was no objection, so adopted.

EAGLE RIVER  
CANYON ROAD,  
ANCHORAGE

Rep. Itta said that in prior years there was a \$514,000 appropriation for a Barrow combined facility. There was also an appropriation for a Barrow museum at \$500,000. She suggested adding some language to the budget to lapse these funds and re-allocate them to a Barrow correctional institution. The total would be \$914,000. It would be possible to build a court facility and a jail facility in the same building. Mr. Hogan said there were three appropriations which total \$1,000,000, and the way to go would be to repeal the three laws on the books and appropriate \$900,000 in the capital budget. Rep. Gruening moved to do that. There was no objection, so the motion was adopted.

BUDGET  
REVISIONS

BARROW  
CORRECTIONAL  
INSTITUTION

On the problem of the REA funding, Glen Vernon said they were objecting to the fact that it had been moved on the basis that they only got \$225,000 instead of \$300,000. Rep. Gruening moved to transfer \$75,000 back into Statewide Administration and fund the Outreach Support BRU at \$300,000. There was no objection, so the motion was adopted.

REA FUNDING

Legislative Intent: The budget is not to be supplemented with funds appropriated to the community colleges. Rep. Cowper suggested including the intent in the community colleges that money shall not be transferred out. Rep. Malone suggested adding a statement of intent on each community college program. There was no objection, so the intent was adopted.

LEG INTENT

Legislative Intent: That the University shall not reduce funding below the appropriated level.

LEG INTENT

Rep. Buchholdt moved to give a \$10,000 grant to the Girls Club of Alaska in the Social Services budget. Rep. Cowper objected to the motion, but the motion carried.

GIRLS CLUB  
OF ALASKA

Rep. Cowper moved and asked unanimous consent that \$150,000 be appropriated to OMAR under the Development category for a grant. Rep. Guy moved to amend the figure to \$175,000. The additional \$25,000 would go to Kuskoquim. There was objection and the motion failed. The main motion also failed.

OMAR

On salary increases Rep. Naughton suggested handling them in free conference. Rep. Malone suggested addressing this in a letter on the Chairman's Report. The committee agreed.

SALARY  
INCREASES

# **CORRECTION**

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

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OMAR

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SALARY  
INCREASES

There was discussion on child support enforcement. Rep. Itta said she didn't think there was a pressing need for funding this year. Rep. Buchholdt argued that sometime it would be necessary to have child support enforcement in the state. Rep. Buchholdt suggested putting in a token officer to take care of that.

BUDGET  
REVISIONS

CHILD SUPPORT  
ENFORCEMENT

Rep. Malone moved to add \$50,000 under Community Mental Health for Central Peninsula Mental Health. There was no objection, so the motion was adopted.

CENTRAL  
PENINSULA  
MENTAL HEALTH

The meeting was adjourned at 7:10.

HOUSE FINANCE COMMITTEE

Saturday  
April 24, 1976  
1:55 P.M.

Chairman Malone called the meeting to order.

All members were present (Rep. Haugen arrived at 2:05 p.m. and Rep. Itta arrived at 2:10 p.m.)

Also Present: Legislative Finance Division staff members:  
J. H. Hogan, Alison E. Farnan, Milton B. Barker, Robert L. Grogan,  
Glen K. Vernon, Robert F. Schroeder.

CAPITAL BUDGET

CAPITAL BUDGET  
MATCHING FEDERAL  
FUNDS

The Chairman announced that the Committee will consider unresolved items in the capital budget, i.e., the matter of appropriating matching federal funds which was left open when the Committee considered items in the capital budget last week.

Rep. Gruening moved that the committee approve the Governor's figure for federal funding in the capital budget, for the projects the House Finance Committee approved.

Chairman Malone asked for an explanation of what is intended by the motion, to which Rep. Gruening replied that the motion is intended to establish federal matching funds at the Governor's level. Jay Hogan pointed out that there are funds other than federal funds that should be appropriated. Is the motion intended to include those "other funds" in any case where general funds were also appropriated. Rep. Malone answered "yes".

The motion was restated to be: Include in the capital budget the appropriations for federal and other funds as proposed by the Governor.

Milt Barker pointed out that there have been some revisions submitted which include some federal and other funds. Would the motion include those? Rep. Malone stated that unless the committee wanted to go through every project, the best thing would be to pick up the Governor's figure, not the revised Governor's figure. Jay Hogan suggested that a list of the revisions be kept to take to Free Conference.

There being no objection, the restated motion was adopted.

(Representative Haugen entered the meeting)

MEETING NOT RECORDED

504

4/24/76

The next order of business was to go through the language in the general appropriations bill, section by section, to see if there were any sections the committee wanted to change, add, or delete.

HB 586  
Language

Sections 1 through 10 were adopted without objection.

Section 11 was approved, with Rep. Haugen favoring deleting this section. Rep. Naughton felt the section should be left in. He said he intended to explore the creation of positions in the statutes.

Section 12 was approved. Chairman Malone had questioned whether or not this section was in conflict with Section 10. Jay Hogan said that Sections 10 and 12 were not in conflict with each other. He added that the Governor's office has just signed a delegation of authority to Budget and Management, so that Division can police more rigorously the receipt and expenditure of federal funds. The State practice has been to advance money from the general fund for anticipated federal funds.

Rep. Malone asked how the provision of Section 12 related to the provisions of HB 760 which was adopted. Mr. Hogan replied that they are of opposite philosophy. HB 760 limits the Governor's reduction of appropriations.

After a short discussion, Rep. Gruening moved to adopt the language in Section 12. No objection, so ordered.

Section 13 was approved. Discussion about this section centered around the use of the words "may" be reduced, and "shall" be reduced. Rep. Malone pointed out that the use of the word "may" is a change in language from last year. He said the Budget & Audit Committee discussed this subject at one of its meeting and felt that if state funds were reduced proportionately because of receipt of excess federal funds, it would cut off incentive for agencies to develop federal funding sources. Rep. Gruening questioned whether this affected the Budget & Audit Committee authority to allow revised programs. Mr. Hogan replied that every time an RP with federal money has been brought before the Committee, it is a specific negation of this clause. He felt it better to leave the Sec. 13 language as "may", since if it read "shall", the B & A Committee should not approve additional federal funding by RP.

Rep. Duncan moved to adopt the language in Section 13. A vote was taken and the motion was adopted by a vote of 7 to 2 (Haugen and Itta opposed).

4/24/76

Section 14 was deleted. Rep. Malone pointed out that this is a new section in the bill this year. Jay Hogan advised the committee that it may not want to leave this section in. (automatic appropriation of working capital fund additional revenues) If the section were deleted, then any working capital fund increase would have to come before the Budget & Audit Committee during the interim.

Rep. Duncan moved to delete Section 14 from the Bill. No objection, Sec. 14 was DELETED.

Section 15 was deleted. This section provided for automatic appropriation of insurance proceeds, subject to Governor's approval. Jay Hogan pointed out that this is the same type of situation as in Section 14. Normally, items of this nature would have to come before the Budget and Audit Committee for approval.

Rep. Malone moved that Section 15 be deleted from the bill. No objection, so ordered. Section 15 was deleted.

INSERT NEW SECTIONS HERE. Jay Hogan told the Committee that this is the place where the new language relating to the Barrow Correctional Facility (proposed by Rep. Itta) should be placed. The proposed new language (full copy attached) would free money from three old appropriation bills which included unused appropriations for various Barrow facilities, by deleting the Barrow projects from these bills.

Rep. Naughton moved and asked unanimous consent to add three new sections as follows:

Section 14 include the language proposed for Ch. 250, Sec. 10, SLA 1970;

Section 15 include the language proposed for Ch. 204, Sec. 9, SLA 1972; and

Section 16 include language proposed for Ch. 91, Sec. 8, SLA 1973.

No objection, so ordered.

Chairman Malone brought up the fact that the Committee still had left undecided what items to put in the allocation versus the appropriation columns. He suggested that the Committee forego this decision at this time and decide it at Free Conference. There was no objection to this.

Chairman Malone then recommended that some language be incorporated into the appropriation bill concerning legislative intent. The section inserted last year was to the effect that allocations will be in accordance with conditions and intent set out in the Free Conference Committee report on the budget.

Chairman Malone stated that a question was raised by the Attorney General as to whether the Legislature had the Free Conference Report before it when they decided to adopt it. At least in the House they did. Mr. Hogan stated that he has adopted procedures to make sure the Legislature would have the Free Conference Report before it and would know what they were voting on. It will be a matter of record in the future.

Rep. Naughton moved and asked unanimous consent that the Committee adopt the Finance Committee Substitute for House Bill 586, incorporating the amendments adopted by the Committee. CSHB 586 adopted  
No objection, so ordered.

Next bill before the Committee was an unnumbered House Bill proposed to be introduced by the House Finance Committee. HB 920  
Title is as follows:

"An Act relating to the legislative appropriation process."

This bill was later assigned the number 920.

Representative Cowper moved that the bill (HB 920) be reported out of Committee, and that the Committee delete Item 3 of the bill (on page).

Representative Gruening questioned why the legislature should establish the state general fund amount by the 45th legislative day. Rep. Cowper replied that it could be done earlier, but it might take that long to get an appropriate resolution through both houses.

Rep. Duncan was concerned that we are not accomplishing anything by this legislation. What happens if the legislature does not do this?

Rep. Itta favored the bill, saying it is "very honorable." Chairman Malone favored the legislation, feeling that many committees "fly blind" as far as knowing what general funds were available for programs. He felt we should make early decisions on such things as Revenue Sharing, Teachers Retirement, etc.

Rep. Buchholdt said she liked the concept, but had problems with the days mentioned.

A vote was taken on Rep. Cowper's motion to report the bill out, with the following results:

A majority voted to pass.

There being no further business to come before the Committee, the meeting was adjourned at 3:20 p.m.

Adjourn

HOUSE FINANCE COMMITTEE  
Monday, April 26, 1976  
9:00 a.m.

Chairman Malone called the meeting to order. All members of the committee were present, with the exception of Mr. Gruening.

HB 843 by the Select Committee on Education for schools on military reservations was brought out. A motion was made by Duncan to report that bill out. Motion was adopted.

HB 843  
ADOPTED

HB 907, supplemental appropriation to the Dept. of Administration for salary and benefits for the FY 76 funds from the bargaining agreement between the state and the unions. This type of action had not been done before, and the date would become retroactive to that of the contract. Both the Administration and the union had asked that this year there be legislative action on it. Haugen so moved. The motion carried.

HB 907  
ADOPTED

HJR 68 relating to the proposed US United Kingdom Tax Treaty was explained by Cowper. He said according to the Department of Revenue's view, it would make easier the accounting for interstate and multinational agreements. If treaty is ratified it will pull UK operations out. According to the Dept. of Revenue, Alaska would lose money then. BP's operations will not be contained under any UK operations, and therefore under the tax compact, JHR would be used as the vehicle for collecting revenues that wouldn't work anymore. Cowper moved to report out HJR 68. The motion carried.

HJR 68  
ADOPTED

SB 551 participation by political subdivisions and public organizations was considered. Municipalities can have the option whether they want to belong to the federal social security system, Malone said. Duncan moved to report out SB 551. Motion carried.

SB 551  
ADOPTED

HB 590 by State Affairs, A CS supplemental appropriation to the Department of Military Affairs for national guard hangar at Bethel and Nome was considered. The amount was 2.840. This appropriation will allow those hangars to be built this winter. Otherwise, if the bond bill was waited for, and if it passed, then construction would be delayed another year. It was something that could be added into the budget. Cowper said that the federal match was hard to turn down.

HB 590  
ADOPTED

Cowper moved to report our HB 590. The motion was adopted.

HB 590  
DO PASS

There being no further business, Chairman Malone adjourned the meeting.

mb

HOUSE FINANCE COMMITTEE

Monday

April 26, 1976

10:00 A.M.

Chairman Malone called the meeting to order.

All members of the committee were present except Representative Guy who arrived just prior to the meeting being adjourned.

The meeting was called for the purpose of reporting out the Finance Committee substitute for the general appropriations bill (CSHB 586). CSHB 586

Chairman Malone announced that the House Finance Committee budget calls for \$642.8 in general funds, as follows:

\$ 8.7 million	- Capital Budget
<u>634.1 million</u>	- Operating Budget

\$642.8 Total General Fund.

Representative Cowper moved that we report out CSHB 586. A majority voted "DO PASS". Representative Haugen said he would sign the report "NO REC".

(Representative Guy arrived at the meeting and signed the committee report "DO PASS")

Chairman Malone announced that a final copy of the committee substitute would be available after 1:00 p.m. today.

There being no further business to come before the Committee, the meeting was adjourned at 10:10 p.m.

Adjourn

MEETING NOT RECORDED

HOUSE FINANCE COMMITTEE  
Monday, April 26, 1987  
3:30 p.m.

Chairman Malone called the meeting to order with all members present, excepting Mr. Gruening.

The committee had adopted a report for HB 617, issuance of general obligation bonds in the amount of \$15 million to pay the cost of capital improvements for the University of Alaska. The bill was reported out, however, before a request to reallocate funds for the Anchorage campus had been inserted. Gruening had suggested they put \$200,000 into a line #18 for "handicapped accessibility, and move roads, streets and parking to #19 with a changed appropriation of \$300,000. This meant that \$200,000 would be taken out of the roads, etc. to be designated for the handicapped. If this was done, it would guarantee the necessary improvements to allow handicapped persons to get around. There was some discussion as to whether this was necessary because of public law that buildings be built with that feature, but it was apparent that those funds would be used for remodeling in that feature. Hearing no objection, the motion was adopted.

This ended the substance of this meeting. The meeting was adjourned.

mb

HOUSE FINANCE COMMITTEE  
Monday, April 26, 1976  
3:15 p.m.

Chairman Malone called the meeting to order. All committee members were present with the exception of Mr. Gruening who arrived within five minutes.

The issue before the committee was SB 734, G.O. Bonds for U. of Alaska Capital Improvements.

SB 734  
U. of A.  
CAPITAL  
IMPROVEMENTS

The committee previously adopted a report but the request made before the report was signed had not been honored. It was from Gruening and dealt with reallocation of funds for the Anchorage campus. A rearrangement of the original roads and sewers \$500,000 was asked to be split so that \$200,000 would be earmarked for use for remodeling buildings for handicapped persons and \$300,000 be spent on roads and sewers. There was no objection. Should that step not be taken, said Malone, the building improvements would not be made.

FINANCE CS

Chairman Malone moved and asked unanimous consent to adopt a Finance Committee House Committee Substitute to incorporate those changes, which would not create a total difference in funding. The motion was adopted.

ADOPTED

SB 580, Senate version for the House Bill 623 was brought out. Chairman Malone asked Duncan whether this bond bill for highway, ferry and local service roads and trails referred to the Tustumena and M.V. Bartlett fast food service conversion. Duncan read from p. 92 of the capital budget regarding the Barlett and the issue was discussed. Mr. Gruening left.

SB 580  
HIGHWAYS ROADS  
& FERRIES

Result of discussion was they didn't know what the seven million was for, nor the 40 million was for in CSSB 580. Department of Transportation will put the governor and the legislature back into the planning process, An alternative is a bill which was in the House, Malone said, which would also be a step to alleviate the planning by-pass problem.

Haugen referred to the "fierce" cost overruns, and compared costs now compared to Egan administration costs, that now it was three times greater. He added that he wants a dolphin

float at Funter Bay so the ferry can stop there on the way to Hoonah and also wants ferry service at Tenakee. Malone said the state has the same match, 88/12 for terminal facilities as they had on highways and it would cost for Haugen's project \$25,000 on that basis.

SET ASIDE

Naughton interjected he had people asking for ferries where there are two or three hundred living -- Old Harbor, Ouzinkie and others were listed. Naughton then suggested the bill be put off until later for further work. There was no objection. After more discussion on what qualifies for federal funding on the Marine Highway system, the meeting was adjourned. It was 4:20 p.m.

ADJOURN

mb

HOUSE FINANCE COMMITTEE  
Tuesday, April 27, 1976  
9:30 a.m.

Members present: All members were present except Reps. Guy, Duncan, and Itta.

PRESENT

Others present: Rep. Al Osterback; Jim Rhode, Assistant to Rep. Malone; Billy Berrier, Director, Division of Legal Services; Stuart Hall and Randy Berry, Legal Services; and Bob Grogan, Fiscal Analyst.

The meeting was called to order to examine questions on the drafting of bond bills and their legality. Rep. Malone introduce Billy Berrier and asked him to speak to the committee.

LEGAL QUESTIONS  
BOND BILLS

Mr. Berrier said if anything got through a bond attorney, the bond's chances are about 100%. The bond bills Mr. Walker is objecting to (see attached memo) have been drafted by lots of different people. It's difficult to meet the scope of the project language. Another problem is that in any bond issue the use has to be for capital improvements. Jim Rhode has suggested that we provide a statement of type of project and that reallocations be allowed and that this statement be carried into bond issue so voters know what they are voting on (copy of memo attached). It appears that this language would handle the basic drafting problems we are having. We should make some changes in our statutes so we can sell the bonds after the bond issue is approved.

Rep. Malone said that HB 893 originally started out as a repealer of the provision that there had to be a list of the projects provided to the voters. There was a Committee Substitute on it which changed the language a little bit. The problem there is that our bond issues may not be in accord with our law. Since a bond issue itself is a bill that becomes law successfully, do you have to take both of them together or can you ignore the other. Mr. Berrier replied that he felt it was possible to make an earlier statute specifically not applicable. However, the bond counsel doesn't seem favorable to this idea. Mr. Rhode interjected that Mr. Walker said this was all right. His fear is that any change in the bond issue will cause you to have to go to the voters again, or if you fail to do so, any citizen could sue.

HB 893

Chapter 30. Enactment of Statutes.

- Section
- General obligation bond bills
- Prefiling of bills and resolutions

**Sec. 24.30.037. General obligation bond bills.** A bill authorizing the issuance of general obligation bonds creating a state debt for capital improvements shall contain a statement of the scope of each project included in the proposed bond issue. The statement shall include a brief description of each capital improvement project, its location, and, in dollars, that portion of the total bond issue to be allocated to the project. (§ 2 ch 70 SLA 1973; am § 30 + 197 SLA 1975)

**Effect of amendment.** — The 1975 amendment deleted "major" preceding "project" in the first sentence and added the second sentence.

**Sec. 24.30.050. Prefiling of bills and resolutions.** Any member of the legislature whose term extends into a forthcoming session or legislature, or a member-elect may file a bill or resolution or a proposal for a bill or resolution with the Legislative Affairs Agency at any time before January 1. The agency shall place a prefilled bill or resolution, which is approved by the sponsor, in proper form and deliver it to the chief clerk of the appropriate house on the day which the next session convenes or is organized for business. Prefiled bills or resolutions shall be considered as introduced on the day of their delivery to each house. (§ 33 ch 157 SLA 1959; am § 9 + 47 SLA 1961; am § 37 ch 32 SLA 1971; am § 1 ch 20 SLA 1975)

**Effect of amendment.** The 1975 amendment inserted "or resolution" twice in the first sentence and once in the second sentence, and inserted "or resolutions" in the third sentence.

**Sec. 24.30.100. Action upon veto.**

**Editor's note.** — Section 2, ch. 67, SLA 1975, amends this section to read as follows: "Sec. 24.30.100. Action upon veto. When the governor vetoes a bill or by veto strikes or rejects an item in an appropriation bill during a regular session of the legislature, the legislature shall proceed to act in accordance with § 16, art. 11, of the state constitution as it is supplemented by the rules of the legislature. A bill vetoed after adjournment of the first regular session shall be reconsidered by the legislature sitting as one body no later than the fifth day of the next regu-

lar or special session convened during that legislature. Bills vetoed after adjournment of the second regular session shall be reconsidered by the legislature sitting as one body no later than the fifth day of a special session of that legislature, if one is called."

Section 3, ch. 67, SLA 1975, provides: "Effective date. This Act takes effect immediately upon the date of effectiveness of a constitutional amendment substantially the same as that represented by House Joint Resolution No. 11, Ninth Alaska Legislature, First Session."

HOUSE FINANCE COMMITTEE  
Wednesday, April 28, 1976  
9:00 a.m.

Chairman Malone called the meeting to order. All members were present with the exception of Gruening.

Chairman Malone announced that all the regular work which had been done is done on SB 587, G.O. bonds of 12 million dollars for the Universtity of Alaska Capitol Improvements, on which Haugen had worked. He said that all the questions raised by Machiowsky had been answered and all that was necessary to do was to change the date on the committee report. Duncan made the motion to report out SB 587, a bill which reassures teachers they will receive the same salary. The motion was adopted.

SB 587  
ADOPTED

There being no further business, the chairman adjourned the meeting.

ADJOURNMENT

mb

LEGAL QUESTIONS  
BOND BILLS

Rep. Malone said there's a law on the books that provides that there has to be a statement of the scope of each project in a proposed bond issue and that information has to be submitted to the voters showing basically where the projects are, what they are, and what the state intends to spend on the project.

Mr. Berrier asked Mr. Rhode about his memo if he was talking about cutting out the fund that you are appropriating to. Mr. Rhode answered that wasn't the case. Mr. Walker is suggesting that you appropriate and then allocate. Mr. Berrier asked if there would be an appropriation list. Mr. Rhode answered that there wouldn't. If you had an appropriation list you raise the problem of having to spend every bit of the appropriation for the given item.

Rep. Haugen asked for what Mr. Rhode meant by appropriation vs. allocation. Mr. Rhode answered that the money can only be spent for the purpose and they are to spend the money as funds permit and as engineering input permits and any other administrative reason for not proceeding or not using the full amount. That's when it's allocated. When it's appropriated every bit of the money must be spent for the reason named.

Mr. Hogan said there was an alternative method that's been used twice. Both times it was used in the days before projects were broken out in bond bills. That is to not appropriate money in the year of the passage but then come back next year to set out the allocations. If the package passes in the fall and then they come back next year the legislature could adjust the appropriations at that time.

Mr. Rhode said the bond counsel reviewed the bill and found that it failed to give an informative summary. Rep. Malone said the original law was adopted without any input from the bond counsel. Mr. Berrier allowed as how the bond counsel has been unhappy with it from the beginning.

Rep. Malone asked Mr. Hall to outline the problems with a couple of specific bond issues considered in committee. One was a waters and harbors bond issue.

Mr. Hall said he was concerned, recognizing that the bond counsel is conservative, that in that bond package you have three different types of projects--boat development, small boat harbors, and flood control. In a few of these categories they should not be lumped together in one section of the bill. This is necessary to comply with 24.23.017. Rep. Malone asked if Mr. Hall thought the different categories should be separated by section but remain in the same bill. Mr. Hall said that was his recommendation. The reason for the separation is the difference in the funding methods.

LEGAL QUESTIONS  
BOND BILLS

WATERS & HARBORS

Rep. Malone asked about the proposal for parks, recreational facilities, and state fairs. Randy Berry answered that the problem in including money for state fairs is that money is to be allocated to non-profit organizations, and there's a real question on whether those could be considered capital projects. In the Juneau vs. Hickson case the court took an asset approach where since Juneau would not end up owning the thing to be purchased, Juneau would not have anything to back up the bond. Rep. Malone said that if the project were owned by something other than a political subdivision of the state this question might be raised.

PARKS, RECREATION  
AL FACILITIES,  
STATE FAIRS

Rep. Malone asked Legal Services to draft a Committee Substitute for HB 893 that would solve the problems mentioned.

REQUEST FOR  
A CS FOR HB 893

Rep. Malone asked Mr. Hall if the problems with the ports and harbors bill could be solved by separating the types of projects in the bill. Mr. Hall answered that they could and that's what he had done in the draft for the committee's consideration.

PORTS & HARBORS

Rep. Malone asked if the problem with state fairs could be solved in that way. Mr. Hogan said traditionally state fairs have been funded through appropriation bills as opposed to bond bills.

STATE FAIRS

Rep. Haugen asked what happens to the residual monies left from bond issues. Mr. Berrier said those could be appropriated to the bond redemption fund.

Rep. Malone said the committee would have to discuss the problem of the state fairs. Rep. Naughton asked if there was any remedy short of going to the general fund. Mr. Berry said only if you could come up with a different ownership pattern.

STATE FAIRS

Rep. Malone thanked Legal Services for attending the meeting.

On the proposal for AMU, Rep. Malone said Rep. Gruening had made two changes. One is to state that the state had the right to recovery of the money in the case of default by the state if AMU repossesses within 20 years all or any portion of the campus. The other change is to give the state a right of first refusal in the case of AMU selling the 27.5 acres they want to retain. Also, it's made clear that the appropriation and the purchase are not conditioned upon any other agreement between the state and AMU. It's a straight land purchase for \$15,500,000 and a down payment of \$1,900,000 and AMU guaranteeing and providing for holding the debt owed to the federal government and other indebtedness. Rep. Gruening said if any debts arise within six years the state could pay those and apply the amount toward the purchase price. Rep. Malone signed the committee report.

AMU PROPOSAL

COMMITTEE  
REPORT SIGNED

The meeting was adjourned at 10:12.

attachments

after p 605

4-27-76

Attach. A

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99801

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 15, 1976

SUBJECT: C. Richard Walker Comments

TO: Jay Hogan, Director  
Legislative Finance Division

FROM: Billy G. Berrier, Director *BGB*  
Legal Services Division

I am quite concerned with some of the comments made by Mr. Richard Walker, State Bond Counsel, in his letter of March 1, 1976. He furnished me a copy of this letter as an enclosure to his letter of March 10.

An area of concern is the objection he raises to some of the projects in bond authorization bills not being clearly capital projects. This I think is something that both our divisions should bear in mind.

Of much more fundamental importance are his comments relating to AS 24.30.037 where he cites some 14 proposed bills as not meeting the statutory requirements. I have checked these bills and if Mr. Walker is correct, we have a serious problem that I feel cannot be drafted around. There are two general types of bond authorizations - one for specific capital projects and an entirely distinct type for funding programs which make grants for capital projects. It would, of course, be impossible to specify in the latter which projects are to be constructed and an allocation. The whole point of these authorizations are to allow project evaluations and matching funds.

Specifically, as examples, CS for HB 548 which relates to local service roads and trails and HB 806 which makes an appropriation for paying the cost of grants for construction development of senior citizen housing are in this latter category. It would not be possible to draft bills of this type in such a manner that the projects were specified.

I am also somewhat disturbed at the strict literal reading of the statute and the demand for specificity apparently required by Mr. Walker. For example, he objects to all statewide allocations.

Jay Hogan

-2-

March 15, 1976

I do not know whether the chairman of the respective finance committees have been advised of these objections or whether a method of meeting the objections has been devised. If not, it would appear to me that you and I should meet with the chairmen of the finance committees and the House and Senate leadership to discuss this.

The position of the legislature and of the administration would be somewhat embarrassing if bond issues were to pass, be approved by the voters, and then fail to secure an approving legal opinion.

If you agree on the necessity of a meeting, let's see if we can set one up.

BGB:bh

cc: Senator Chancy Croft  
Representative Mike Bradner

GEORGE HERRINGTON  
ERIC SUTCLIFFE  
DAVID B. DOWLEY  
WALTER C. O'CONNOR  
JAMES D. WISSE  
JEFF E. ROBERTS  
JAMES H. BENNETT  
RICHARD WALTER  
JAMES F. CRAFTS, JR.  
ANDREW DONNEY ORRICK  
JAMES B. PATNES  
RICHARD C. BALLADIN  
RICHARD J. LUCAS  
CARLO S. FOWLER  
DONALD A. SLICHTER  
PAUL A. WEBBER

JAMES R. MADISON  
WILLIAM C. HINSELL, JR.  
WILLIAM L. HOISINGTON  
THOMAS P. SHEARER, JR.  
CAMERON W. WOLFE, JR.  
JOSEPH J. HUGHES  
RALPH C. WALKER  
H. PETER LILLEVAND  
WILLIAM E. DONOVAN  
ROBERT J. GLOISTEIN  
W. BEUCE BADER  
PAUL J. BAR  
MARTYELLEN B. CATTANI  
WILLIAM L. RILEY  
THOMAS UTERMAN

ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE  
COUNSELORS AND ATTORNEYS AT LAW  
ELEVENTH FLOOR  
600 MONTGOMERY STREET  
SAN FRANCISCO, CALIFORNIA 94111  
TELEPHONE (415) 392-1122

CABLE "ORRICK"  
TELEX 34-0073

March 1, 1976

Mr. Langhorne A. Motley  
Mr. J. Sterling Gallagher  
Mr. Andrew S. Warwick

Gentlemen:

I have the following comments with respect to currently pending legislation, which I suggest for consideration and possible action by you and others receiving this letter:

House Bill No. 577

This bill raises the maximum effective interest rate on general obligation bonds from 7% to 8%. It might be advisable to add a provision that the bill takes effect immediately upon enactment, since the change it makes might be needed or useful at the time of the next sale of general obligation bonds.

House Bill No. 605

This bill would change the state income tax law to allow exemption of interest on state and local obligations only if they have been "issued by the State of Alaska, a political subdivision of the State of Alaska or a city or borough of the State of Alaska." The quoted language appears to be unduly restrictive, and would raise questions as to the exemption of interest on bonds of the Alaska Housing Finance Corporation, the Alaska State Development Corporation, the Alaska Municipal Bond Bank Authority, the Alaska State Housing Authority and the University of Alaska Heating Corporation. Bonds heretofore issued (or presently expected to be issued) by each of these entities have been tax-free for state as well as federal income tax purposes. None of them is a "political subdivision" in any ordinary sense of the term.

House Bill No. 669

This is the bill providing for a continuing appropriation for debt service. I think that §37.15.815(b), as added by this bill, would be clearer and in better form

ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE

Mr. Langhorne A. Motley  
Mr. J. Sterling Gallagher  
Mr. Andrew S. Warwick  
March 1, 1976  
Page 2

if the words "of the state" were added after the words "general obligation bonds" and the words "issued pursuant to AS 43.08" were added after the words "revenue anticipation notes."

---

The following comments relate to various bills providing for the issuance of general obligation bonds of the State:

Committee Substitute for House Bill No. 617

This bill provides for the issuance of \$24,014,000 in general obligation bonds for the University of Alaska, but the list of projects in section 2 of the bill adds up to \$23,982,000, rather than \$24,014,000.

House Bill No. 748

The purpose of the appropriation in the second sentence of section 2 of this bill is not stated and is left to implication. I think that purpose should be stated, at least to the extent of adding "to be used for the purpose described in sec. 1 of this Act" at the end of that sentence.

House Bill No. 806

The statement of purpose in the first sentence of section 1 of this bill should be changed to conform with the language in the proposition in section 4 and the language in the title of the proposed act.

Senate Bill No. 557

The amount of the appropriation in section 3 of this bill is not in accordance with the usual formula, and probably should be changed to \$42,000.

"Capital Improvements"

Article IX, Section 8, of the Constitution allows the issuance of general obligation bonds only "for capital

ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE

Mr. Langhorne A. Motley  
Mr. J. Sterling Gallagher  
Mr. Andrew S. Warwick  
March 1, 1976  
Page 3

improvements." Four of the bond authorization bills describe projects or purposes which may not be "capital improvements" within this constitutional provision. Both Senate Bill No. 557 and House Bill No. 548 provide for bonds to pay the cost of constructing "and maintaining" local service roads and trails. Committee Substitute for House Bill No. 620, in item (6) of section 2, provides for bonds for "roof repairs." House Bill No. 622, in item (3) of section 2, provides for bonds for "runway repair." Extraordinary maintenance and repairs may be capital improvements, but most maintenance and repairs are not capital improvements.

Principal Amount of Bonds

As you know, general obligation bonds of the State and nearly all other state and local government bonds are issued in the denomination of \$5,000, the standard unit. However, House Bill No. 614, Sponsor Substitute for House Bill No. 615, Committee Substitute for House Bill No. 617, Committee Substitute for House Bill No. 620 and House Bill No. 623 provide, respectively, for bond issues in the aggregate principal amounts of \$3,807,200, \$44,455,100, \$24,014,000, \$10,076,300 and \$50,360,200. Using House Bill No. 623 as an example, this would result in issuing less than the total amount of bonds authorized or in issuing one odd bond in the denomination of \$200 along with 10,072 bonds in the usual denomination of \$5,000. Issuing a bond in an odd denomination requires extra time, expense and confusion in connection with the preparation of the resolution, notice of sale, official statement and other documents relating to the bonds, the printing of the one odd bond with all of its special coupons, and all of the selling, accounting, paying and other activities with relation to the bonds. On the other hand, it would be highly unusual to find an estimate of expenditures, used in connection with determining the principal amount of a fifty-million dollar bond issue, that was within \$5,000 of being a perfectly precise estimate. Consequently, it would certainly be advisable to round off the principal amounts of each of these proposed bond issues to the nearest \$5,000.

ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE

Mr. Langhorne A. Motley  
Mr. J. Sterling Gallagher  
Mr. Andrew S. Warwick  
March 1, 1976  
Page 4

AS §24.30.037

As you know, this statute requires each bill authorizing the issuance of general obligation bonds to include "a brief description of each capital improvement project, its location, and, in dollars, that portion of the total bond issue to be allocated to the project." AS §§15.57.010 and 15.15.040(b) require the Lieutenant Governor to distribute similar statements to the voters.

Senate Bill No. 557 and House Bills Nos. 548, 609, 610 and 806 completely ignore these statutes and provide no description of each project, its location or its allocated amount.

Senate Bills Nos. 580 and 582 (in section 3(14) and section 4(16)) do not conform with AS §24.30.037, but do recognize the existence of that statute by stating that "notwithstanding the provisions of AS 24.30.037" the proceeds of the bonds shall be allocated by the Governor or another executive for miscellaneous projects.

House Bills Nos. 611, 613, 616, 618, 622, 623 and 787, Sponsor Substitute for House Bill No. 615 and Committee Substitute for House Bill No. 620 attempt to satisfy the requirements of AS §24.30.037, at least in part, but do not entirely conform with those requirements. E.g., House Bill No. 613, section 2, items (4) and (21); House Bill No. 616, section 2, item (1); House Bill No. 618, section 2, item (1); House Bill No. 623, section 2, items (1) and (2).

I understand, and have previously pointed out, that AS §24.30.037 is an undesirable and impractical statute. However, a rather general failure to conform with this statute creates problems and further indicates the need to repeal or amend AS §24.30.037.

Typographical Errors

In Senate Bill No. 587, the fund provided for by section 2 should be referred to by the same name in both.

ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE

Mr. Langhorne A. Motley  
Mr. J. Sterling Gallagher  
Mr. Andrew S. Warwick  
March 1, 1976  
Page 5

instances where it is mentioned. In House Bill No. 623, a dollar sign should be added in section 2 at line 24, and "Services" should be changed to "Service" in the proposition heading in section 5.

Sincerely yours,

*C. Richard Walker*

cc: Mr. John R. Messenger  
Mr. Arthur H. Peterson  
Mr. R. D. Stevenson  
Mr. Eric E. Wohlforth

4-27-76  
Attach. B

TO: Hugh Malone, Chairman  
House Finance Committee

DATE: 26 April 1976

FROM: Jim Rhode, AA

SUBJECT: Statutes Governing Bond  
Authorizations

This afternoon I phoned C. Richard Walker, state bond counsel, of Orrick, Herrington, Et. Al., San Francisco. He agreed (legally, at least) to revising the statutes that govern bond authorizations in order to:

(1) provide for a statement as to type of project [brief description...scope of each project...] as well as location and dollar amount. This ends the problem of how "brief" a description can be.

(2) appropriate bond proceeds to the relevant agency, but to allocate the funds between projects. Otherwise, any modification of project lists (or even amounts) may require voter approval or, if that is not done, any citizen may have standing to sue.

(3) give due warning that the Legislature can revise allocations. Specifically, he urged language along these lines:

"AS 24.30.037. The statement shall indicate that any part thereof may be changed by subsequent legislative action before or after ratification of the proposed bond issue by the voters. Nothing in this section, in AS 15.15.040 (b) or AS 15.57.010 shall prevent subsequent legislative amendment of the scope, description, or location of, or dollar allocation to, the capital improvement projects except to the extent expressly stated in the question submitted to the voters with respect to the ratification of the proposed bond issue..."

This warning is required (by reference) in the voter pamphlet sent out by the Lieutenant-Governor.

(4) make a specific exception from the requirement for a statement in the case of grant or maintenance programs for which it is not possible to name either locations or individual dollar amounts in advance.

**Effect of amendments.**

The 1974 amendment, in paragraph (10), deleted "as prescribed by law" from the end of the questions set out in the third sentence.

The 1975 amendment, in paragraph (13), substituted "punch-card voting"

for "punched card ballots" and added "in any area where data processing equipment is available" to the end.

As the rest of the section was not affected by the amendments, it is not set out.

**Sec. 15.15.040. Preparation of other election materials.** (a) The lieutenant governor shall prescribe the form of and prepare tinted sample ballots, the original and duplicate registers, oaths of office of judges, challenge oaths, tally sheets, instructions to voters, warning notices and other forms and supplies required for the election.

(b) The lieutenant governor shall prepare and issue or make available with each sample ballot for a special election the statement provided for in AS 24.30.037 of the scope of each project included in a proposed general obligation bond issue creating a state debt for capital improvements that is submitted to the electorate for ratification under AS 15.15.030(11). The statement of scope for each project shall be the same statement included in the authorization bill. When a ballot proposition is submitted to the voters at a primary or a special election, a statement the same as that provided for in the election pamphlet under AS 15.57.010(2) shall be made available with each sample ballot. (§ 3.04 ch 83 SLA 1960; am § 11 ch 136 SLA 1966; am § 16 ch 116 SLA 1972; am § 1 ch 70 SLA 1973; am § 16 ch 197 SLA 1975)

**Effect of amendments.**

The 1972 amendment deleted "or duplicate registration cards" following "duplicate registers."

The 1973 amendment added subsection (b).

The 1975 amendment, in subsection (b), substituted "for a special elec-

tion the statement" for "a statement, substantially like that" in the first sentence, deleted "major" preceding "project" in that sentence and the second sentence, and added the third sentence.

**Sec. 15.15.050. Distribution of election materials.** The lieutenant governor shall distribute an adequate supply of sample and official ballots, original registers, duplicate registers, oaths, and other forms and supplies required for the election to the election supervisors for distribution to chairmen of election boards in precincts not less than 25 days before the date for the election. (§ 3.05 ch 83 SLA 1960; am § 12 ch 136 SLA 1966; am § 17 ch 116 SLA 1972)

**Effect of amendment.**

The 1972 amendment deleted "or

duplicate registration cards" following "duplicate registers."

**Sec. 15.15.080. Time for opening and closing polls.** On the day of any election, each election board shall open the polls for voting at eight o'clock in the morning, shall close the polls for voting at eight o'clock in the evening, and shall keep the polls open during the time between these hours. The election board members shall report to

the polling place at the hour shall be during the polling time, that 1960; am § 11

**Effect of amendment.**  
The 1973

**Sec. 15.15.090.** The place shall be the election board adjoining precinct (§ 8 ch 38 SLA

**Editor's note.**  
was repealed by

**Sec. 15.15.100.** The clerk shall perform the duties of the clerk not having his office to another jurisdiction at the time at which 3.11 ch 83 SLA

**Effect of amendment.**  
amendment inserted the second sentence

**Sec. 15.15.110.** During the polls. During the polling place, may at candidate, pre warning notice prescribed by am § 20 ch 11

**Effect of amendment.**  
amendment substituted

**Sec. 15.15.120.** keep an original ballot shall show address. A register provided for the do not vote, the register certified to vote. am § 9 ch 38 S

**Chapter 57. Election Pamphlet.**

<b>Section</b>	<b>Section</b>
10. Contents of pamphlet	30. Publication
20. Statement and photograph to be filed by nominee	40. Charges to nominees for space
25. Information and recommendations on judicial officers	50. Distribution
	60. Order of appearance

**Sec. 15.57.010. Contents of pamphlet.** The lieutenant governor shall mail to each registered voter of the state before each state general election an election pamphlet containing photographs and campaign statements of eligible nominees who desire to participate in the pamphlet and information and any recommendations regarding the retention of judicial officers supplied by the judicial council. The pamphlet shall also contain

(1) on a separate page, a map of the election district or districts to which the pamphlet has been directed, together with a narrative description of the district boundaries;

(2) for each ballot proposition,

(A) a neutral summary of the proposition prepared by the Legislative Affairs Agency;

(B) a statement by persons or organizations supporting the proposition; and

(C) a statement by persons or organizations opposing the proposition; and

(3) for each bond question a statement of the scope of each project required by AS 24.30.037 to be included in the authorization bill. (§ 2 ch 76 SLA 1974; am § 4 ch 87 SLA 1975; am § 27 ch 197 SLA 1975)

*Effect of amendments.*— The first 1975 amendment added “and information and any recommendations regarding the retention of judicial officers supplied by the judicial council” to the end of the first sentence.

The second 1975 amendment substi-

tuted “each registered voter” for “all voters” and “an election pamphlet” for “a candidate pamphlet” in the first sentence and rewrote the second sentence, designating the former provisions as paragraph (2), and adding paragraphs (1) and (3).

**Sec. 15.57.020. Statement and photograph to be filed by nominee.** No later than 60 days before the applicable state election, each nominee for the office of United States senator, United States representative, governor, lieutenant governor, judicial officer, state senator and state representative may file with the lieutenant governor a typewritten statement advocating his candidacy. The statement may not exceed 150 words of biographical information and 200 words of information regarding issues and may be accompanied by a photograph not more than five years old and suitable for reproduction. (§ 2 ch 76 SLA 1974)

**Sec. 15.57.025. Information and recommendations on judicial officers.** No later than 60 days before the applicable state election,

the judicial council shall submit to the superior court a statement of the retention of judges and such statements

**Sec. 15.57.030.** nominees and well as statements set out in §§ the lieutenant governor 1974; am § 6

*Effect of amendment* beginning “and o

**Sec. 15.57.030.** one page of a

(1) United States nominees for each;

(2) judicial

(3) state

(4) state

(5) no ch

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*Effect of amendment*

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**Sec. 15.57.030.**

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office of the

HOUSE FINANCE COMMITTEE  
Thursday, April 29, 1976  
8:20 a.m.

Members present: All members were present except  
Reps. Itta and Buchholdt.

PRESENT

Others present: Bob Grogan, Fiscal Analyst, Legislative  
Finance; James Owers, Research Analyst, Legislative  
Affairs; and Sharon Lobaugh.

The meeting was called to order to discuss HCR 123.  
Chairman Malone asked Mr. Owers to comment on his  
memo of 4-28-76 (see bill file).

HCR 123

Mr. Owers said the real problem with the resolution  
is that there's a good chance of losing federal funds  
available under the Coastal Zone Management Act  
because, 1) resolutions call for only voluntary  
guidelines on private lands. This would not constitute  
an acceptable plan from the federal point of view.  
They will be unwilling to fund and you will lose  
federal funding to implement the plan. Federal agencies  
are under no obligation to keep the plan in mind in  
their other activities. The other problem is,  
2) you would be changing the lead agency from the  
executive branch to the legislative branch, and if  
any disputes arose between administration and legislature  
it would involve some time delays. The federal govern-  
ment would be unwilling to get involved in such a  
dispute.

Mr. Owers continued, right now the program is a grant  
program where 2/3 is federal money and 1/3 is state  
money. Some of the state's match is in services, not  
money. The funds that could be jeopardized in 1977  
are \$900,000.

Rep. Haugen asked how much the state match was. Mr.  
Owers said it was \$250,000 in the budget, but the  
main thing that the Coastal Zone Management Act does  
is that if you have an approved plan the federal agencies  
are supposed to be keeping your state plan in mind when  
they plan their activities.

Rep. Haugen asked if the direction hadn't been to put  
the money in the hands of the communities instead of the  
hands of the state.

Chairman Malone said he looked at HCR 123 in a different light. One of the basic problems with development of a coastal zone plan and a program for coastal zone management, regardless of who develops the plan, unless the legislature has a good idea of how it works, the governor or the federal government can develop plans as long as they like, but they are unlikely to get anything passed by the legislature. HCR 123

Rep. Cowper asked if there had been any indications from the federal people about this. What do the people who are responsible for administering the funding say? Mr. Owers said if you look through the Coastal Zone Management Act, they only want to deal with one agency. Rep. Cowper asked why the Legislative Counsel wouldn't be an appropriate agency. Mr. Owers answered that lots of technical work would have to be done by the executive branch. There's already a coastal zone management office in the Governor's Office. The lead agency originally was the Dept. of Environmental Conservation and then it was transferred to DPDP. That transfer lost about six months.

Rep. Naughton said he didn't see that DPDP's management was being taken away but rather that the legislature was going on its own to look at coastal zone management planning. Both houses have been looking at this already. Was there any intention to designate the Legislative Counsel as the lead agency. Rep. Malone said that was also a question in his mind. The resolution addressed the need for the legislature to do a full scale study of it so we would be in a better position to enact the legislation. We just want the executive branch to carry out the wishes of the legislature according to the law.

Sharon Lobaugh asked to speak to the committee. She said that the original draft appeared to designate the Legislative Counsel as the lead agency. It didn't seem that the public interests were involved as directly as they might be.

(tape changed to H76-66)

Ms. Lobaugh handed out a proposal (copy in bill file). She said this would combine HB 519 and HB 711 and initiate progress toward a solution for the next legislative session. The legislature should have a role in coastal zone management. The legislators are the most directly close to the people in the state, and

they should monitor the people's response. The Legislative Counsel doesn't necessarily represent the coastal areas. Chairman Malone said HCR 123 and also the Committee Substitute points out the necessity for legislative participation in at least a hearing and study process. That isn't covered in the proposal. Ms. Lobaugh said she felt the language involving the legislature's role could be strengthened. From the discussion this morning it appears there's genuine concern to meet the needs of the people.

Chairman Malone said the resolution talks about developing a study including the use of lands in the coastal zone. It talks about the different uses to which that land might be put, the areas to which the legislature should place emphasis. The type of study we are talking about is an attempt to survey the different political and economic factors throughout the state so that legislation could be designed that would resolve the most important questions without running into an outright rejection by the legislature.

Ms. Lobaugh said her concern was with the study. Lots of material has already been gathered.

Rep. Buchholdt joined the meeting at 8:50.

Rep. Haugen asked if it wasn't possible for members from the administration and members from the legislature to sit down together and work something out. A joint committee could draw out what the public feels.

Chairman Malone asked Mr. Owers what the fiscal note for the proposal would be. Mr. Owers answered that if the same functions were done as were done before but without federal funds, it would be \$900,000. Rep. Naughton said he didn't think the legislature would need that much. There would be some travel to get input from people. One of the unfortunate circumstances is that little of the money went to the local governments. We don't need to fund any state employees in the process of generating a plan. The idea of needing another \$900,000 is out of line.

Rep. Duncan said he didn't understand the concern because the function of DPDP is not being replaced. Rep. Guy said it was not the resolution's intent to take the leading role away. The effort was to include people residing in coastal areas. Mr. Owers said he

didn't think the problem was with the intent of the legislation. It was with the language; the reference to the Alaska State Legislature doing the study. You want to be sure there is a lot of public input.

HCR 123

Chairman Malone appointed a subcommittee of Reps. Duncan, Guy, and Haugen to consult with Mr. Owers and come up with wording for a Finance Committee Substitute by 2 p.m. this afternoon.

SUBCOMMITTEE  
APPOINTED

The meeting was adjourned at 9:10.

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Tape:

Beg. H76-65 1605

End H76-66 0735

HOUSE FINANCE COMMITTEE  
Thursday, April 29, 1976  
7:20 p.m.

Members present: All members were present.

PRESENT

Others present. Rep. Osterback and Rep. Davis;  
Jay Hogan, Director, Legislative Finance; and  
Jim Rhode, Assistant to Rep. Malone.

Chairman Malone called the meeting to order and  
said the Democratic caucus would like a chance to  
look at the total bond package before they consider  
parts of it. The total preliminary bond package is  
\$262,600,000.

BOND PACKAGE

The first topic for the evening was HB 917--disaster  
relief for Western Alaska. Rep. Davis was present  
to speak on the bill. He then handed out documentation  
from the Alaska Disaster Office (copy in bill file).  
The Disaster Office has enough money to cover this, but  
they need the authorization to do so. If they do not  
receive that authorization by June 30, the funds cannot  
be expended. The losses occurred in Nome and Bethel.

HB 917

Rep. Cowper asked for an explanation of the insurance  
on these losses. Rep. Davis said that the items were  
insured at 100%, but the company couldn't pay all the  
insurance. There was an agreement to pay 40% this year  
and the rest over the next three years. The company is  
Northland Barge.

Rep. Guy moved to report the bill out. Rep. Gruening  
objected. Chairman Malone said the money represented  
by the authorization is \$436,000. The money has been  
appropriated already.

MOTION TO  
REPORT THE  
BILL OUT

Rep. Naughton questioned the \$72,000 listed as being the  
loss of revenue from power due to the disaster. Rep. Cowper  
said he felt \$72,000 was too much money. Rep. Davis  
said these were applications for reimbursement from the  
Disaster Office. They might deny some of the cost.

Chairman Malone asked if there was any objection to  
reporting the bill out. There was none, so the motion  
was adopted. The committee report was circulated with  
the majority signing do pass recommendation. So,  
HB 917 was reported out with a "do pass" recommendation.  
Chairman Malone recommended that Rep. Davis get more

HB 917  
REPORTED OUT  
DO PASS REC

back up material in case this bill got to the floor.

HB 917

Rep. Buchholdt asked a question on insurance to which Rep. Davis replied that it was 100% insurance, but it covered the cost of the things when they were new. The prices have escalated, so those things couldn't be replaced for the same amount of money.

On the bond bills, Rep. Gruening suggested listing all projects and trying to come up with an overall recommendation for the caucus.

BOND PACKAGE

Chairman Malone said that regional fire fighting was at \$9,500,000. Rep. Duncan said they could go to \$7,100,000 if need be. The cut would not be in equipment, but rather in classrooms in all cases. They feel they could use existing classrooms.

REGIONAL FIRE FIGHTING

Rep. Malone listed other preliminary bond figures as: health facilities, \$7,500,000; courts, \$1,650,000; Fish and Game, \$20,000,000; highway maintenance, \$1,500,000; U of A, \$25,000,000; correctional facilities, \$10,000,000; airports, \$5,100,000; roads, \$50,400,000; ports, \$25,500,000. As regional fire fighting was reduced to \$7,100,000 that would drop the total to \$260,200,000.

PRELIMINARY FIGURES

On jails, Chairman Malone said that the \$10,000,000 would have to all go to Anchorage or none at all. Rep. Itta suggested 0.0 for the Anchorage jail. Rep. Gruening said the place they have now is pretty miserable. It's impossible to interview people there. Rep. Duncan said it appeared to him that if jails were put in at all, it would have to be for higher than \$10,000,000 in order to do any good. Chairman Malone moved that the committee recommend to caucus that funding not be provided for correctional facilities this year. The motion passed 5-4.

JAILS

On National Guard facilities, Chairman Malone said the Anchorage armory was in for \$2,000,000. Originally the committee struck this item. Rep. Gruening objected to removing Anchorage armory. Chairman Malone moved to delete National Guard facilities. The motion passed.

NATIONAL GUARD FACILITIES

On the CS for HB 609, Chairman Malone said it was not in the form that it was sent to Legislative Affairs. In addition to that, the contingency is too small. Suggest putting \$1,000,000 in the contingency or going

HB 609

back to original subcommittee recommendation of \$2,600,000. HB 609  
A large number of the projects are under funded, so  
to get any good from the contingency it must be larger.  
Rep. Duncan objected to Legislative Affairs saying that  
it was impossible to lump Juneau development and  
small boat harbor together. The contingency fund can  
be used for both. Chairman Malone said the problem  
could be cleared up by repealing 30.015.030 which  
provided for the matching portion. Rep. Duncan moved  
to increase the contingency by \$1,000,000 making it  
\$2,400,000 and changing the total on the bond issue  
to \$26,000,000. The motion was adopted. Chairman Malone  
moved to recombine the allocations as they were previously  
and have a bill drafted for introduction by the committee  
repealing 30.15.030. There was no objection, so a new  
CS will be drafted. Rep. Haugen asked to have time to  
gather some further information on Wrangell's problem  
before having the CS drafted. Chairman Malone said it  
would be held for his input.

MOTION TO  
RECOMBINE  
ALLOCATIONS  
ADOPTED

NEW CS TO  
BE DRAFTED

Chairman Malone said the total for preliminary bond package  
now stood at \$248,500,000. \$20,000,000 is still a  
good working figure for Fish and Game and \$1,650,000  
for courts. BOND PACKAGE

Rep. Gruening said he had a proposal on elderly housing  
at Eagle River from Bob Bradley for \$809,000. He  
feels this is a high priority. Rep. Gruening moved to  
amend HB 806 to change the amount to \$7,000,000 and  
allocate the \$809,000 to the Eagle River project.  
The committee should ask that the bill be returned from  
Rules to work on it. There was no objection, so the  
bill will be requested.

On the health bond issue, Rep. Duncan said the way the  
\$7,500,000 proposal was come up with was that health  
centers were left in Kenai at \$150,000 and Barrow at  
\$350,000. Alcoholism treatment centers were: Anchorage,  
\$2,000,000; Fairbanks, \$2,000,000; Juneau, \$1,200,000;  
Kotzebue, \$400,000; Nome, \$400,000; and Bethel, \$500,000.  
Chairman Malone said there was a request from Bethel for  
a pre-maternal care home at \$1,100,000. Rep. Cowper  
suggested putting \$1,000,000 in Fairbanks for alcoholism  
treatment, phase I. Rep. Naughton said Kodiak was in  
SB 185 for \$500,000 and that is a priority. Rep. Guy  
said that the regional association has requested each  
village to donate \$1,000 so that construction can  
begin on the pre-maternal home. Chairman Malone  
asked if \$1,000,000 was a reasonable figure. Rep. Guy  
said that it was. Rep. Itta said that on the Barrow

HEALTH

health center originally the request was for \$500,000. The Governor cut that down to \$350,000. Recommend that the amount be put back at \$500,000 and the local contribution will be \$200,000. The health proposal stands as follows: Kodiak, \$500,000; Bethel, \$1,000,000; Fairbanks, \$1,000,000 for alcoholism, \$500,000 for Hope Industries, and \$500,000 for senior citizen nutritional center; Barrow, \$500,000; Anchorage, \$2,000,000; and Juneau, \$1,200,000.

BOND PACKAGE

HEALTH

Rep. Malone suggested keeping the limit on bonds at \$250,000,000.

The meeting was adjourned at 10:00.

HOUSE FINANCE COMMITTEE  
Saturday, May 1, 1976  
2:30 p.m.

Chairman Malone called the meeting to order. Those present were Duncan, Naughton, Buchholdt, Guy, Haugen, Gruening, Cowper and others present were Rep. Mike Bradner, Rep. Bill Bradley and Alison Farnon, Budget Analyst and Jay Hogan, Director of Legislative Finance. PRESENT

Chairman Malone asked for Rep. Cowper's report on SB 547, teacher retirement fractional credit by Tuesday. SB 547

Referring to SB 564, bond issues on rural schools, Chairman Malone said there was a problem with the bill as it now stood because the \$4,600 amount in the bill did not fit into the program to sell bonds at \$5,000 each. A committee substitute was drafted to correct that figure to \$5,000. SB 564

A second problem with SB 564 is mixed somewhat with provisions in SB 398, which provides for REAAs to receive school construction grants from the Department of Public Works, whereas the appropriation in SB 564 would go to the Department of Education. Should that become law, the question is could the Department of Education allocate funds set in the bill or could that be the domain of the Department of Public Works? Discussion from members tipped toward Public Works. Asked for his opinion, Mr. Hogan said if responsibility was shifted to Public Works it would be cleaner to make the appropriation there. The chairman asked the committee if they wished to change the bill to make the appropriation to the Dept. of Public Works as set out in the original Senate bill, the justification being the DPW does not get the program support otherwise. Under SB 398 the administration of their own program would be possible. SB 398 COMPARED WHO SHALL CONSTRUCT?

A motion was called for to adopt a Third Finance Committee Substitute making technical revisions in the amount of issue from \$59,289,000 to \$59,290,000. The various appropriations would be changed from D.O.E. to D.P.W. An extra \$400 should be added to the Southeastern Alaska MOTION FOR 3RD FINANCE CS

REAA. Naughton moved and asked unanimous consent that the total be revised from \$59,289,600 to \$59,290,000 adding the \$400 to REAA 19, and to have a committee substitute prepared reflecting the appropriation to the proper agencies under terms of SB 398. There being no objection the motion was adopted. SB 564 is to be held in committee pending a motion to report it out, upon receipt of the committee substitute.

REVISIONS ARE  
MOVED

SB 564 TO BE HELD

Next, the chairman brought out CSHB 609, G.O. bonds for port facilities and developmental projects. Naughton made a motion to adopt the committee substitute which discussed, then held over for further consultation with CSHB 609 Legislative Affairs and a future motion to report it out.

The chief problems with the bill centered around the reallocation and combining of projects and/or monies and the legal question raised by Stew Hall, Senior Legislative Counsel, who wrote in memo to Chairman Malone:

PROBLEMS OUTLINED

"The precise format you requested, however, could not be adhered to. As we see it, because port facility development projects, under AS 30.15, require a local match of 10 or 20 per cent depending on the population of the community to which the grant is made, the projects must be set out separately from those for small boat harbors which do not require any local contribution/match under AS 35.15. Flood control projects also involve an outright grant to the community and require no match."

LEGAL COUNSEL  
OPINION

A discussion of the allocations for communities began. Haugen asked that his district be apportioned and named Petersburg Port Development, 675.0, Wrangel Port Development, 450.0 and Wrangel Harbor Improvements, 250.0.

ALLOCATIONS

Duncan asked that for his district, names and amounts read: Haines Port Development and Small Boat Harbor Improvements, 1.0.0, Juneau Port Development, 1.750.0.

The amounts read by Malone can be seen in the committee substitute for HB 609.

Malone mentioned that the amount listed for Port Lyons was requested to be moved to Sand Point by Osterback. Naughton objected. He said that Pt. Lions does not have a harbor, and has the entire Gulf of Alaska lying outside the town, whereas Sand Point has at least, a half harbor.

OSTERBACK'S REQ.  
NO CHANGE

It was noted that the contingency of 2.4 mm is for port development and small boat harbor projects.

Chairman Malone said the rivers flood control monies for Fairbanks is 4.5 mm. If there is still a legal problem the committee should strike the original law

CHENA-R. FLOOD  
CONTROL MONIES

from the books and repeal it. He said he had voted for the law but if it put a restriction upon this, he would vote to repeal it. The law should not have been dictation to the Legislature how to write bond issues, he said. Then the chairman put the question to the committee: shall we put these all in one bond bill?

DISCUSSION OF  
RESTRICTIVE LAW

Naughton moved to prepare a committee substitute for HB 609 to reflect the allocation changes. Hearing no objection, the motion was adopted.

HB 609  
CS MOTION

Haugen left.

Jay Hogan was asked to prepare the committee substitute, and as to the problem with legal counsel's memo information, the committee concensus was to let Mr. Hall know they noted the objection. The chairman made an observation under 30.15.030, the state will fund ninety percent of the projects under communities of under 5,000 and eighty percent for communities over 5,000 and thought whatever local share is available to fund it, it should be used. Both Naughton and Haugen, (Haugen had returned), were of the opinion that that would not happen. "On the other hand," said Malone, reviewing the memo from Stew Hall, "I don't think it makes much difference".

TO BE PREPARED

MOTION TO REPORT  
OUT WITHDRAWN

Duncan made a motion toward reporting out the bill but after discussion, recognized unsolved problems and withdrew his motion. The bill was left open for future consideration.

Next, the chairman brought out SB 731, the parks G. O. bond bill for \$7 million dollars in capital improvements. A definition of captal projects and of what the constitution states was discussed briefly with one question: can the money also be for the purpose of state fairs? The body could not "bond" for operating budgets. While JNU vs. Hixon was located and read by Cowper, Gruening returned and asked about monies for the handicapped facilities at Nancy Lake provided for in the bill. Chairman Malone answered it was in HB 231, CS, now in Senate Finance, with an appropriation of 100.0 in general fund monies and 100.0 federal and other receipts for developing group camp facilities for the handicapped in Nancy Lake Recreation Area.

SB 731  
STATE FAIR ISSUE

Gruening asked: "What do we gain by sticking the two together and complicating it with a legal question? Might not state fairs hurt park laws? The amount is 1.065.0 for state fairs."

Haugen said: "Stick it in the budget and get to it in free conference."

Gruening said: "I feel uncomfortable putting state fairs together with parks. I move we treat these as

separate bond issues. (Didn't we have a motion prior to this to combine these two?) My motion includes reporting out the bill."

Chairman Malone referred to action of 4-19-76, SB 731, where several motions were made and incorporated into a committee substitute which was adopted and then the bill reported out. This was the previous action to which Gruening had just addressed his question. PRIOR ACTION ON SB 731 REFERRED TO

Gruening clarified: "My motion is for an all new second committee substitute which severs state affairs from the parks portion."

MOTION FOR NEW CS SB 731

Chairman Malone restated the motion. Discussion stated it was a motion "to include simply the parks in the bill". Cowper objected. Duncan also objected, saying state fairs would help the bill because the timing would be good when voters vote.

SEPARATE PARKS FROM STATE FAIRS

Recalling the rural community beautification aspect of SB 731, Guy asked what would happen to that? Buchholdt asked for a definition of it, as she had been absent, and Guy explained it would make villages neat and clean, fill in pot holes, clean up after spring flood litter, make lawns and in general try and imitate the bigger cities. Buchholdt asked "Is it a garbage collection?" It would be partly that, Guy replied.

RURAL BEAUTIFICATION QUESTION - GUY

Gruening's motion failed. He made a second: to delete the section of the bill which related to state fair, HCS SB 731. Naughton objected. In discussion he asked, "Should another bond issue be prepared?" He pointed to the lesson interpreted out of the recent bond vote in Anchorage as it related to parks. A vote was taken, and the second motion failed 4 to 4.

MOTION FAILS

SECOND MOTION FAILS

Gruening made a third motion: page 2, after #17 Eagle Crest, put #18 Fairview Park Acquisition and Development 250.0. Discussion followed. Buchholdt asked where it was. "By the clinic," said Gruening. His motion was adopted.

THIRD MOTION CARRIES

Chairman Malone called attention to the need for a motion to adopt a committee substitute.

MOTION FOR CS

Duncan made the motion to prepare a committee substitute and to report out SB 731. The motion carried, and the committee report circulated. The committee report dated April 19 was then voided by the chairman with consent of the committee.

SB 731 REPORTED OUT

Next, the review of CSSB 547, teacher retirement credit/military service was brought out. Page 1, lines 12 and 20 had changed words, the chairman announced. Line 11 delete the word "fractional credit" and replace with the words

CSSB 547

"partial year service credit"; and also change the effective date p. 2, line 20 to July 1, 1976.

CSSB 547  
CHANGES

Duncan moved to prepare a committee substitute incorporating the two amendments and to report out a HCS for CSSB 547. The motion carried. Mr. Van Hout, lobbyist for "education", then left.

REPORTED OUT

HB 612 was next considered in its relationship to SB 585, the former is a governor's bill. Which bill should be sent out and what should be pulled? Duncan suggested the Juneau money be changed from the alcoholic center to a juvenile facility. Naughton read off the list of facilities; Gruening commented he was all in favor of it, and supported Steve's idea of a juvenile facility for Fairbanks. He supported the idea of breaking it out, make it broader -- health, juvenile and care facility for the elderly. He wanted \$800,000 for an elderly care facility for Eagle River.

HB 612  
SB 585

FACILITIES  
WANTED BY  
MEMBERS

Suggestions by both Cowper and Duncan were incorporated. Then Haugen made the comment that Wrangell Institute was "perfect" for the Juneau and Fairbanks juvenile detention needs. "Isn't the cost a \$1,000 a bed? You want to pay that? Plus they get the debt service?"

INCLUSIONS

Duncan replied that on the Senate side the bill had \$1,500,000 in it for the Juneau facility. Malone totalled up 9.0 mm if these suggestions were to be adopted.

OBJECTION  
BY HAUGEN

Naughton moved to report out H. B. 612 with the changes as listed, as follows: Page 1, lines 27 through 29 and continue numbering consecutively through number 9 before continuing with Section 3.

NAUGHTON  
LISTS

- |   |             |
|---|-------------|
| (1) Bethel Pre-maternal Home                            | \$1,000,000 |
| (2) Fairbanks Juvenile Facility                         | \$1,000,000 |
| (3) Juneau Juvenile Facility                            | \$1,200,000 |
| (4) Anchorage Alcoholism Facility                       | \$3,000,000 |
| (5) Kodiak Alcoholism Facility                          | 500,000     |
| (6) Barrow Health Facility                              | 500,000     |
| (7) Fairbanks Senior Citizens Nutritional Center        | 500,000     |
| (8) Fairbanks Facility for the Developmentally Disabled | 500,000     |
| (9) Chugiak-Eagle River Senior Citizen Housing          | 800,000     |

Naughton moved to report out House Bill 612 with the amended changes, above, plus a changed title. The title change was discussed briefly and agreed to be "Health and Social Service Facilities". Any further descriptors would be getting down to specifics, Hogan said. The motion carried and the bill was signed out.

MOTION

CARRIES

Then Cowper made a motion: to rescind action on HB 612 and send out SB 585 committee substitute with the selfsame changes incorporated into HB 612. There was no discussion.

MOTION TO  
RESCIND  
HB 612

The motion was adopted over an objection by Chairman Malone. The previously signed committee report for HB 612 was thereby voided.

HB 612  
CS VOIDED

SB 729, G. O. bonds for trunk and secondary airport construction, was presented with committee substitute prepared to reflect the present HB 622, providing for G. O. bonds, \$5,575,000 cost of trunk and secondary airport construction.

SB 585 CS  
ADOPTED  
SB 729  
CS ADOPTED

Malone read the projects and the changes. "A few additional projects were put in," he said. An error also had been found in the Senate bill where 1.262.000 should have been an amount instead of 1.712.000. Naughton made a motion to report out CSSB 729. No discussion, Mr. Guy called for the question and it was voted majority do pass.

A short interim followed and then Chairman Malone announced a bonds bill summary: leaving highways at the governor's figure, highways maintenance at 1.5 million, Fish and Game at 20 million, and fire training at 7.1 million, with these four items, the pending total is 250.0.0 million.

BILLS ASSIGNED

Bill reports and also assignments followed: Naughton reported on its current status; Malone would take HB 557's committee substitute which had been reported out, got lost and was being drafted, and also he would have HB 741 on Monday.

HB 41  
HB 557  
HB 741

To Cowper went HB 878, Governor's Alaska Mining Tax, SB 174, State Royalty Oil and Gas, SB 510 and SB 511, Revision in the Alaska Income Tax Law, Tax Involvement Law. To Gruening went SB 267 dealing with Department of Environmental Conservation, and SB 690, regional resource center areas and boards, both to be ready by Wednesday. To Chairman Malone went HB 896, REAAs Teacher Sick Leave Bank, HB 901, Appropriation to Alaska's housing finance corporation and SB 694, Appropriation to the capital site selection committee to continue their hearings. To Naughton went SB 335, Fish and Game Fees, to be ready by Wednesday.

HB 878  
SB 174  
SB 510 SB 511  
SB 267  
SB 690  
HB 896  
HB 901  
SB 694  
SB 335

Hearing no further business to come before the committee, the chairman adjourned the meeting to meet again 8:30 a.m. Monday. The time was 5:45 p.m.

ADJOURN

mb

HOUSE FINANCE COMMITTEE

Monday, May 3, 1976

8:55 a.m.

Members present: Reps. Haugen, Duncan, Buchholdt, Malone, and Cowper were present.

PRESENT

The first bill on the agenda was SB 694--an appropriation to the Capital Site Selection Committee. Chairman Malone said the purpose of the appropriation is to allow the committee to hold hearings on their findings on the capital sites and provide information for the voters. They have included benefits in their extended fiscal note, but the decision was made last year not to fund those. There also is a merit increase of \$500, but they aren't those kind of employees. The total with benefits is \$41,500 for salaries; \$51,900 for transportation and per diem; \$28,600 for contractual; \$1,200 for commodities; and \$300 for equipment. Rep. Haugen moved to table the bill. The motion passed 3-2.

MOTION TO TABLE  
THE BILL PASSED

Chairman Malone brought the CS for HB 901 to the attention of the committee. He said that the people from the Alaska Housing Finance Corporation said that \$400,000 is all they can use. Rep. Haugen asked who they were building houses for. Chairman Malone replied that it was low income housing, but except for the reserve fund there's no other subsidy involved. By selling their own facilities and by providing for the mortgage insurance and the reserve they are able to save about 2% on the going rate of mortgages. They are directed to provide housing in the low income, remote, and blighted areas. In 1975 they provided almost unsecured material loans for housing in remote areas for home improvements, making it possible for low income people to do their own work on their houses but gets them the materials. They have a reserve fund for this. They are getting paid back, but they are long-term loans.

HB 901

Rep. Cowper moved to report out a CS for HB 901 changing the level from \$500,000 to \$400,000 at the recommendation of the Alaska Public Housing Board. There was no objection, so the motion was adopted. The committee report was circulated with the majority signing do pass recommendation. So, the CS for HB 901 was reported out with a "do pass" recommendation.

CS for HB 901  
REPORTED OUT  
DO PASS REC

Rep. Naughton joined the meeting at 9:25.

The next item on the agenda was the CS for HB 893. Chairman Malone suggested that in the section where it reads "type of project" it should be changed to "types of projects". He also suggested deleting Sec. 5 of the bill. He assigned the bill to Rep. Naughton to review it with Mr. Hogan and give a recommendation to the committee. Rep. Cowper objected to the language in Sec. 3 about "action can be changed by subsequent action". Chairman Malone said that if people had questions they could contact Rep. Naughton. The main purpose of this bill is to allow the necessary flexibility in designing a bond issue, but at the same time provide to the voters such information as really is available on the bond issue.

HB 893

Chairman Malone said that the CS was back for SB 731. Rep. Cowper moved and asked unanimous consent to report out HCS for SB 731 incorporating the amendments adopted by the committee. There was no objection so the motion was adopted. The committee report was circulated with the majority signing "do pass" recommendation. So, HCS for SB 731 was reported out with a "do pass" recommendation. The committee report will be held for a Chairman's letter.

SB 731  
HCS REPORTED OUT  
DO PASS REC

The meeting was adjourned at 10:00.

HOUSE FINANCE COMMITTEE

Monday, May 3, 1976

3:30 p.m.

Members present: All members were present except Reps. Cowper and Gruening. PRESENT

Others present were Gene Smith, Financial Officer, Administrative Services, Health & Social Services; Ron Lind, Deputy Director, Budget and Management; and Mary Eldemar, Social Services.

On HB 549, G.O. bonds for fire fighter training, Chairman Malone said that previous research indicates a level of \$7,100,000 would be sufficient. Rep. Duncan explained that the original amount was \$9,500,000. State Affairs made a CS for SSHB 549 at the new level with a breakdown of: Anchorage, \$2,300,000; Fairbanks, \$2,300,000; Kotzebue, \$500,000; Bethel, \$500,000; and Juneau, \$1,500,000.

HB 549

Rep. Naughton moved to adopt the CS and report it out of the committee. There was no objection, so the motion was adopted. The committee report was circulated with the majority signing do pass recommendation. So, CS for SSHB 549 was reported out with a "do pass" recommendation.

CS FOR HB 549  
REPORTED OUT  
DO PASS REC

The next topic was HB 866, a supplemental appropriation for Health and Social Services. The committee asked lots of questions about the Harborview settlement for \$180,000. Mr. Smith explained that it was for overtime worked but not compensated for by employees of Harborview. This was not in compliance with the Fair Labor Standards Act. When asked if there was a possibility that this problem would arise again, Mr. Smith said this was a unique situation, and the statute of limitations has expired for that time period.

HB 866

Rep. Itta asked for an explanation of summer recreation. Mr. Smith explained that they took a number of mental retardates and they constructed a camp from scratch. The program was successful. The primary reason for discontinuing it was the FLSA. When asked why the level of request had dropped so much from the original request, Mrs. Eldemar said the change was primarily a drop in case loads.

On the Social Services BRU Mrs. Eldemar said that rents and utilities were much higher than anticipated when the budget was prepared. The reason for the \$10,000 request for personal services is the low vacancy rate. One person is retired but had annual leave to be paid, so with the replacement it amounts to paying double for that position.

Rep. Gruening joined the meeting at 4:07.

Chairman Malone asked about the total administrative costs for the state with Title 20, general fund. Mrs. Eldemar said that for Social Services BRU it is about \$1,300,000. In the Administration BRU it's about \$700,000.

On Alcoholism, Chairman Malone said that when the committee approved the \$82,800 it in fact wasn't there, so we have \$22,000 in program receipts short fall that would be funded in the supplemental. Chairman Malone asked what procedures existed to make sure that federal funds will materialize. Mr. Lind explained that if a person has not gotten a grant or approval the grant would be restricted. If approval is given, the entire amount would be available for spending. It would be an agency responsibility to monitor collections.

On the \$50,000 request for the Violent Crimes Compensation Board, Mr. Smith said these were some additional awards made for claims during the prior year based on this legislative action for which no money had been encumbered or was available. There is more than enough money to pay these claims during the current fiscal year appropriation. When asked what would be done if the supplemental wasn't approved, Mr. Lind said they would prorate the claims.

Chairman Malone had a general question in the area of program receipts. To what extent is it possible under present systems for an agency that is not receiving budgeted program receipts to expend that authorization? Mr. Lind said it was very possible and it probably has happened in some cases. There is now a comparative printout, so we can keep an eye on these things. Chairman Malone asked for a list of activities that have taken place up to March. Rep. Naughton asked for a list of claims pending.

REQUEST FOR  
INFORMATION

Chairman Malone thanked Mr. Smith and Mrs. Eldeman, and they left the meeting.

The three supplementals for funding contracts for Tri-Trades, supervisors and confidential employees, and marine engineers--HB 924, 925, and 926 were the next topics of discussion. Rep. Haugen asked if these weren't obligations under negotiated wage settlements. Chairman Malone answered that they were. Mr. Lind interjected that the marine engineers contract had not been signed yet, HB 926. This bill is Marine Transportation's estimate of the final offer of the state that has been made.

HB 924  
HB 925  
HB 926

On HB 925, supervisors and confidential employees, Mr. Lind said there had been an error in per diem. It should be \$120,000 making the total cost for 1976 of this contract \$237,000. Mr. Lind outlined the provisions of the new contract. One thing that will add to the cost in coming years is the new provision for cashing in a portion of annual leave.

HB 925

On HB 924, Mr. Lind outlined the provisions of the Tri-Trades contract. Mr. Lind suggested on all of these supplemental wage bills adding a statement that would allow Budget and Management to parcel out the money as it was needed instead of the full amount appropriated.

HB 924

There was some discussion on HB 926, marine engineers, but since the contract has not yet been signed the committee decided to hold the bill for a few days.

HB 926

Rep. Haugen moved to report out HB 924. Chairman Malone moved to amend the motion by incorporating the language suggested by Mr. Lind pertaining to Budget and Management's transferring amounts between appropriations. There was no objection, so the amendment was adopted. There was no objection to reporting out the bill, so the committee report was circulated with the majority signing do pass recommendation. So, CS for HB 924 was reported out with a "do pass" recommendation.

CS for HB 924  
REPORTED OUT  
DO PASS REC

Rep. Duncan moved to report out a CS for HB 925 incorporating changes suggested by Mr. Lind. There was no objection, so the motion was adopted. The committee report was circulated with the majority signing "do pass" recommendation. So, CS for HB 925 was reported out with a "do pass" recommendation.

CS for HB 925  
REPORTED OUT  
DO PASS REC

The meeting was adjourned at 5:30.

HOUSE FINANCE COMMITTEE  
Monday, May 3, 1976  
7:00 p.m.

Chairman Malone called the meeting to order. Every member of the committee was present. Also present were Representatives Bob Bradley, Terry Gardiner and Keith Specking. From the Governor's Fish Advisory Council was Bob Palmer and from F.R.E.D., Dick Logan, Bob Lium, and director Bob Roys. House Resources staff assistant Guy A. Van Doren, Jim Owers from Legislative Affairs and Jim Rhodes and Bob Grogan, budget analysts were also present. From United Fisherman, Phil Daniels was present.

Chairman Malone introduced the subject for the evening: an act providing for the issuance of G. O. obligations bonds in the amount of \$19,735,000 for the purpose of paying the cost of capital improvements to fish and game management and development facilities, House Bill 615. HB 615 FISH  
HATCHERIES BOND  
BILL

He introduced persons present from the administration as well as those other representatives in the room. Then the bill overview was mentioned before introducing Bob Palmer as the administration's first spokesman. BOB PALMER  
FISH ADVISORY  
COUNCIL VIEW

Palmer: Thankyou, Mr. Chairman for this opportunity to present our overall view of HB 615 as the administration sees it. At the present time, 70 million salmon are missing each year from our streams and to the fishermen of Alaska. (Palmer outlined data by which he arrived at the figure.) At \$3.00 a fish, we are looking at a \$210 million dollar loss of 70 million missing fish from our annual harvest. In Kenai, for example, it is considered the average new dollar turns over four times in the community before leaving. Five hundred billion dollars and five to six thousand jobs is what it means to us in Kenai. HARVEST LOSS

In 1974 the nations of the Pacific Rim sent 2.1 billion fry, Japan, 850 million, Russia, 800 million, Washington State 450 million, (and figures for Oregon and British Columbia), but Alaska sent six million salmon to sea. The Japanese harvest more chum salmon than all the rest of the world put together and most of them came from their hatchery system. Japan and Russia both are expecting to vastly exceed their production supply; B. C. has great expectations; the State of Washington has an HARVEST GAIN  
AMONG  
PACIFIC RIM  
COUNTRIES

has announced a two hundred million dollar program -- we have much more potential, opportunity and need than British Columbia or Washington. We are harvesting 1/3 of what we have in the last few years.

COMPARISON MADE WITH OREGON, B.C. & STATE OF WASHINGTON

The Fisheries Council was charged by the state to scale the long range state-wide fishery enhancement to restore fishing. Studies conducted by the Alaska Department of Fish & Game, drawing on the expertise of the National Marine Sciences Fisheries, together produced the package which is the bottom issue before you tonight. (He outlines the three pieces of this.) The third section considers the private sector. (Palmer then peruses the list of sites of the state hatcheries to be developed under F.R.E.D.)

There are two schools of thought among the biologists; one, some are for building hatcheries and managing and two, that hatcheries are unnecessary. All you had to do is return enough fish stock to the streams. The problem with that is they come back with mixed fisheries and you harvest more than you need and you can kill off a specific stream with that kind of management.

HISTORY OF MNGMNT ATTITUDE

(Palmer then went over the history of hatchery management, including information about that of Japan's.)

Three advances in technology recently have made management very feasible: 1) the Oregon moist pellet which is a feed that can be stored. Highly nutritious, it serves as a breakthrough; 2) gravel incubator streambeds which combine both quality with high numbers successfully; 3) disease control with new inoculation methods.

TECHNOLOGY ADVANCE

Our method of farming the fish in Alaska can be compared to a primitive farmer who casts his seed upon the soil and hopes. The eggs are planted in the stream by the adults and will be getting a crop in four to five years.

(Palmer explains the capital bond issue price tag, saying that 130 million dollars over a thirty year period is the broad plan including the operating cost, considering one side of the equation and not the other, it is not relevant. The Department (F&G) has considered that and calculated fish to become a 100 million dollar benefit return to the fisherman, a three to one benefit. Figuring the cost without benefits is not very realistic.

COST BENEFIT RATIO

Cowper: Mr. Chairman, may I address a question to Mr. Palmer? Of course, I am not from fishing area, but in sponsor substitute for HB 116, Item 6 -- has an allocation to Southeastern Alaska for 14 million. What's the Department going to do to decide where to put those facilities?

SITE QUESTION

Palmer: When the Council was putting this together, what we did was to consider the needs of each place, the harvest level, species, the allocation of funds to the various areas of the state; we did not have before us specific sites we could consider at the time. The Department speeded up their investigation of specific sites. Final selection of all

proposed sites will be completed by August. (Palmer lists what sites will be included see bond proposal.)

PRINCE WM. SOUND

F.R.E.D. and the Department have had many critics and I have been one of the severest in the past; but there are problems -- for instance the Prince William Sound area 1974 allocation. The Legislature had not done enough homework on that site. Cannery Creek location is better for a fifty million egg hatchery; Crooked Creek also, perhaps.

(Explaining Prince William Sound again, Palmer said they had problems because of silt loads that weren't known about, because of a question at first about the hydrogen sulphide toxic levels which were later considered all right and not dangerous to natural stock and therefore okay for hatchery fish.

SITE READINESS

(He next read a Dick Holden memo regarding construction of F.O. salmon hatcheries, where they would go to big by April 1, 1977 if the bond bill should pass; therefore the construction will become a function of the Department of Public Works rather than that of F.R.E.D.)

DPW COULD BUILD

Cowper: It might take you a couple of years or so to investigate the suitability of the sites. Is not this bond bill then premature? Shouldn't we wait until further investigation creates better justification for it?

SUITABILITY

Palmer: It may be, but there are many variables we had not solved before but have now. (He lists them, for example a hydrogologist study. When talking about so few sites, it is not a problem.)

Cowper: What its leading to -- we don't want to authorize hatcheries to be built in places where it is not feasible.

LEVEL OF  
PLANNING QUESTION

Palmer: I think this time we have got a good handle on it.

Naughton: Was that cost ratio for salmon return computed on the initial cost?

Palmer: The 130 million was the initial bottom cost and then the operating expense over twenty years. In Japan, the island of Hokkaido gets 4% return caused by timing of the release of fry with photo plankton bloom. Bob Lium said in one spot they were getting 5% return. Anyway, these cost estimates -- 2 to 3% for pinks and 1-1/2% for sockeye, three percent is a pretty conservative figure. We will get 414 million dollars worth of fish for 100 to 130 million worth of expenditure.

COST RATIO

Gruening: Regarding the estimated \$414 million return, will these fish return to their origin or are they caught by Alaskan fisherman, or also by those from out of state?

Palmer: They are caught at the site. They are available for commercial and sports fishery. At least 30 million Silver King smolts will be caught just from facilities near Anchorage.

Please understand that this is Phase I. Forty million dollars is just a good start. We will need a 500 million dollar private sector and overall state program. It may not take that much, (and by then it still will be behind the investment of Washington State). Even if it all had to be done with state funds it would all pay off.

HB 615

Gruening: Are Oregon and Washington still in the building stage or have they shown results and gone into production? BOND ISSUE IS PHASE I

Palmer: The best results, 2,000 adults returning to 17,000 last year were coming back to little Auke Creek right out here. They are coming from astroturf, gravel incubators, using a small staff.

EXPERIMENTS DONE

Gruening: Has British Columbia expanded their 300 million dollar program?

Palmer: No, they just announced this program.

HATCHERY PLAN VS. NATURAL SPAWNING

Rep. Gardiner: They are talking about four to five million sockeye on the Fraser River, so it is more than just experimental. It is production level. Based on what they have experienced or what they have produced, they have gone ahead and announced it. It isn't just a province program, either. The federal government is supporting this, so it is a national program.

Palmer: B.C. has the advantage of natural gravel spawning channels. Alaska's terrain is so precipitous we don't have those numbers of spawning grounds.

Gruening: Oregon and Washington, have they experienced production or are their programs still experimental?

Palmer: No.

STATUS OF OTHERS' DEVELOP. PHASE

Bob Roys: The green document we handed out shows statistics in Oregon, Washington, B.C. and Japan. I think you will find your answer there.

Palmer: The Fisheries Council is not only charged with planning but with implementing this state-wide plan.

Malone: Regarding the 70 million fish missing -- is it a result of over-fishing or mismanagement? QUESTION OF THE MISSING FISH

Palmer: There are climactic and environmental factors which play a big part in this -- flooding, drought, (etc.). The amount of eggs were the same but the productivity changes. As long as we depend on the natural environment, we will have this wide cyclical swing. Dr. McNeil and other scientists express their concern that left alone, these spawning streams may not survive even the natural predators which now may overcome the remaining stock in the streams -- not to mention excessive gear still in existence. That "critical mass" is necessary to be productive. MAN-MADE FACTOR

MAN FACTOR

Malone: Are man-made changes in the environment affecting the fish runs and is it enough to significantly change Alaska's fish stream conditions?

Palmer: Some streams are being killed off as other streams take priority. It appears we have lost production in streams that have been logged. We may have lost it anyway through natural degradation of those streams; we don't know.

LOGGING VS.

Malone: If you put 100s of millions in hatcheries, you might have to put monies into more things than just providing fish, (considering the pollution and other man-made environmental effects). The concensus I get listening to you is it is not a significant factor in the scheme.

NAT'L CAUSES

Palmer: Certainly not, when you see the hundreds of sites of non-polluted waters. Another aspect -- it is difficult to take a large number of eggs, eye those eggs out, plant them back in the streams before they hatch -- it can be a very considerable spinoff flow -- it's not programmed into this cost factor ratio; then maybe we can get a handle on the damage in the streams by looking at (another inventory of variables having to do with environmental damage).

MIXED FISHERIES  
PROBLEM &  
SOLUTION

Gruening: You mentioned several times the problems of a "mixed fishery".

Palmer: If you have fish coming in through the ocean, through a main channel such as Icy Straits and they break up going to various streams furnishing adults of broad stock and where major producing levels can be in good shape, others in poor shape, where they are mixed you don't know what you are harvesting. You may be killing off fish that could be going to a good stream and not those going to a poor stream (one which the environment has damage). So it is a very complex problem. Commercial Fish's Carl Rosier tells us the south end of Baranof Island could be dedicated to hatcheries and they would not be mixed with other stocks. You wouldn't worry about killing wild stock by doing it there; there would be no wild stock mixing in. A chum hatchery for fall run, for example, can be planned to avoid mixing with wild stocks. Plans can be developed by both state and private to avoid this kind of complication.

BENEFIT TO STATE  
TREASURY

It is a very good bill, Mr. Chairman. As the oil goes out and fisheries rise, you can go down in history as doing a good thing for the fish resource and for the state of Alaska.

Malone: What benefit could be returned to the general government purposes?

That would take somebody from the Department of Revenue to answer that. He prefaced his next remarks with qualifiers that they might be unpopular to say.) I believe if we see limited entry stay, and I think we will, if we see a hatchery program help get fish back into healthy condition, then we will see a severance tax on these fish so there will be a return to the people. (He referred to the current difficulties

of fishermen and to the commercial fisheries severance payments.)

Malone: Are there other questions? Mr. Haugen.

HAUGEN QUESTIONS

Haugen: Mr. Chairman, I support this program. In Japan they harvest 66 short tons (of a certain salmon); 132 million pounds of fish, an 18.8 million fish average. They weren't very particular about the quality of the fish. I know we need severance tax. I will support this bottom issue.

JAPANESE SUCCESS  
CITED

Bob Roys: Mr. Chairman, in answer to Mr. Haugen's question, the feds put \$50,000 into the Auke Bay hatchery facility and ADFG put in \$15,000. When you get into major production facilities, its 20 to 50 million fry.

Lium: In response to Haugen's question, as an engineer for F.R.E.D. I visited 21 hatcheries in Japan. The size fish varies and there are 14 to 100 million eggs in a hatchery. They had so many eggs coming back to the streams last year and they could not handle it. Any place they had a water source they were putting in hatcheries.

Haugen: In five years they have 300% increase. It's possible as early as next year they can harvest 100,000 short ton.

Palmer: You have made a point -- there is a limit to that ocean pasture. Noone knows what it is yet. The nations of the Pacific rim, realizing the adults are getting smaller and smaller, are going to get together and make agreements and go into allocations; and historic use will be a very important part of national claims --

AYK AREA PLANS

Gruening: What plans does your Council have for the AYK areas?

Roys: Nothing. The cost-benefit ratio beyond Cook Inlet is too much. At 38 cents a pound for salmon there compared to \$1 a pound in Southeast, overall the AYK fisheries are as good as they have ever been. Also we have to deal with a lack of technology in the colder climates. Seeding eye'd eggs back into the stream works quite well so we will be trying on the Eek, on the Kuskokwim, experiments such as that.

Guy: The kings have declined drastically in the last three years

CLOSURE MANAGEMENT  
ON THE  
KUSKOKWIM

Roys: They are harvesting now 18 to 19 tons of roe, subsistance fish needed upstream. For a long time there has been that upstream-downstream conflict.

Cowper: Fish and Game was going to close that down.

Roys: It's hard to know what's happening in the area. The commercial fishermen wait for the opening and when they go in there they are in and out so fast, the department doesn't have enough bodies to monitor and on a day to day basis, they don't find out until its too late to make a closure. Again, thankyou for your time and consideration.

Chairman Malone stated he wished the committee to read through the sponsor substitute for HB 615. (Tape 64 ends here.)

Tape 65: 0000

SPONSOR SUB.  
FOR HB 615 READ

Mr. Palmer spoke, explaining costs in the bill. Gruening asked him a question regarding conflict between commercial and sports fishermen as it pertained to hatchery development. Using the technology now existent, the fry could be produced in large numbers for both coho and kings which need food supply in the fresh water cycle, which had been the limiting factor before because Alaska's streams are not fertile such as those in the lower 48. At Little Pt. Walter, they produced enough adult silvers coming back so they had to sell them to a cannery which harvested almost 15,000 silvers because they were using some of "these waters", raising the fry to float size in the pens where they could supply the artificial feed or take some to the nearby lake, and stock it, taking advantage of the vital plankton in the lake to let them (fry) float over the falls. That's the kind of thing we can do in Cook Inlet. We are getting the bugs worked out of it and there is no end of what you can produce. You can keep the eggs separate as you raise them from fry to smolt, take them back to the streams hoping they will imprint, then they go to sea, then come back to the stream in which they imprinted in much larger numbers. Hopefully then, you can satisfy the demands of all the groups, although you will never do that as people are greedy.

COOK INLET

Roys: Regarding Cook Inlet situation, let me demonstrate the problems there. (He draws out visual aids of F.R.E.D. installation for Seward Pn., Valdez, Whittier, which will be intense, Anchorage, Cook Inlet, Halibut Lagoon. describing each plan. He said the commercial fishermen suggested the development of sports fishery tied in with the Pt. Walter Naughton asked Roy the status of the Little Pt. Walter state vs. federal monies. No funds were from F.R.E.D.. The question arose about AYK about the department's deal to deliver some of those salmon to Japan. Was there any deal they need to know about to Washington to be considered when the committee gets to funding?

SALMON TO JAPAN-?

Roys repeated the question, as a question of his own. Haugen asked if they were talking about the cohos in Tenakee area, as that was a pink and chum area. There was a strong recommendation from the commercial people who were tied in with the troller group, Roys answered. One of the things they have in Tenakee are both harbor and floating concrete pens, a "doggone cheap rearing facility". A lot of these fish are coming back to Tenakee and will be harvested offshore, he added.

TENAKEE

RUSSIAN RIVER  
FISH PASSAGE

Palmer: Mr. Chairman, the next item is a facility which I urge your approval on -- Russian River Fish Passage Facility. In 1971 the water flow over the falls was so great, that large numbers of fish could not get over. The Department actually packed some over on their backs. Four to five thousand were estimated by the falls. I saw them myself, stacked like cordwood. Research in B.C. shows if reds are delayed more than ten days, although they get to their spawning area,

many do not spawn when they have reached it. Alaska experience has also corroborated this finding.

Roys: We have a good specialist in Maro Bell, who we call FISH PASS for fish pass work. He consulted on the Fraser R. Fish Pass EXPERTISE and those problems we have had his help on, he has dissolved in a hurry.

A question regarding the allocation for Dillingham brought the answer that Com Fish cannot evaluate or enumerate fish with the silt, the visual counting being poor. Part of the money would go to that so there could be a better method of enumerating for escapement purposes. The administration passed on their request for it. DILLINGHAM

Malone asked what is the rest of that 1.4 million for? It was undecided at that time. Palmer summed the governor's figure rounded off to a 40.0.0 million request, plus a 4.45.0 already in HB 116.

AYK QUESTION

Guy asked referring to AYK about the method they were recommending. How was it different from the other? Palmer explained the holding of the eggs, the correct value in the waters until reaching the eye'd stage, what various experts have said and done, the technical process used for care and growth of aquaculture as compared to Prince Wm. Sound group, and that 65 to 75% egg-to-fry development of eggs were handled that way there. It was an inexpensive method, and it offered a lot of promise, he said.

Malone asked are there any other comments of the committee before making our revisions? He then called a 9:00 recess.

At 9:25 the meeting was called to order again. (Tape 65: 798).

F.R.E.D.'s Mr. Logan presented several charts pointing out the highs, averages and declines in all five salmon, explaining the major thrust now is in the pink and chum. As for sockeye, they are awaiting further development of vaccines before prioritizing them. Chart 2 showed outside facilities needed, while Chart 3 showed inside facilities. Chart 4 illustrated constructed boxes or pens and other facilities for sockeye and coho. CHARTS SHOWN TO EXPLAIN STATISTICS & FACILITIES

FACILITIES

As to Gruening's question about source of power, Lium said the cheapest will be (at the site discussed), hydroelectric power plant. It would provide lights and residential heating. No water heating was necessary.

THE POWER SOURCE

The chairman thanked Mr. Lium and asked Guy Van Dorn to explain the view of the House Resources Committee, and to present facts as he could not justify or defend the views.

H. RESOURCES COMM VIEWS

Van Dorn: Thankyou, Mr. Chairman. In determining the amount of bonds, House Resources Committee first gave consideration to HB 615, original request by Dept. of Fish & Game and the governor. Most projects were accepted by the committee. In fact, the Bear Lake facility was increased. Consideration in the committee substitute authorized the natural passages

Mr. Palmer discussed -- Russian River and Anan Creek were included. The overall hatchery program was considered. They did not feel enough background research had been done to put the proposal before us. The committee felt it was an experimental program. The committee felt they could gather data from one hatchery in each district and apply the knowledge first.

VAN DORN  
TALKS

AYK REASONING

In AYK region, research could be carried on through the area throughout AYK not just the Fairbanks area. Also, F.R.E.D. was not staffed adequately to carry out the 44.0.0 program. Also, the public might not accept this amount but would accept Phase I, a 19.0.0 proposal. Briefly, that is the background behind it. One hatchery each area is sufficient; one area left out, Prince William Sound, because there is a private aquaculture program there which provides information to the F.R.E.D. Division. If the hatcheries prove feasible, then the division could come back and ask for more money for others.

Malone asked for reasoning behind P. 2 for small projects in the AYK area. Van Dorn said the philosophy was it was experimental program therefore smaller facilities should be used throughout the AYK area. The figures taken for each of the hatcheries in each of the areas are reflected in the report the F.R.E.D. Division has put out, and the expense was a median one for each hatchery cost, excepting two, he added.

HAUGEN QUESTIONS

Haugen asked for information about the Alaska Peninsula. Russian Creek, Cold Bay area, there are pinks and chums out there. Then, asked Haugen, what is the 122,000 on the resolution for? What are they going to do? Van Dorn said they had minutes available of the meeting on the original HB 615 version. It was included in because the committee had previously agreed on the basic concept of the 4.550.000 bond appropriation. (Malone read specs from the Fish & Game section of capital budget description, page 257, capital improvements.)

Specking was invited to comment. He said he had not appeared before the Resources Committee, and wishes he had because he could have put up a pretty good case for not deleting Prince William Sound. Gruening said he was not there to object, either. He asked what #15 was in there for. Van Dorn answered it was up to them where they wanted to select the site.

OBJ. TO DELETION  
OF PRINCE WILL.  
SOUND

Chairman Malone thanked Mr. Van Dorn for the presentation and introduced next, Mr. Gardiner, Rep. Ketchikan. He gave a history of support of hatcheries from the first legislatures to now, the support and non support from the Department of Fish & Game. He then presented the alternatives the department had prepared for consideration by the Legislature. Past performance of the department was one of the reasons the committee wanted to cut it back to 19.0.0. There has been a substantial increase in F.R.E.D. so they have enough persons to staff the projects. It had been a problem where one year the Legislature gave enough money for staff, and not program,

TERRY GARDINER  
TALKS

the next year for program and not staff. Second, the general economics are better. Figures are based on conservative estimates. Technology and ideas have advanced -- gravel use, astro turf, short term rearing of chum salmon extensively in Japan -- they are now discovering this, and imprint technique, all makes a lot of sense in Southeastern Alaska to put a hatchery in a central location and bring eggs in from a large bay area, take them to streams where you want them to imprint. This has the advantage of increasing the production in a stream below its natural level. You will see increased production from the increased technology rather than bigger hatcheries. Gardiner asked the committee to adopt a middle ground proposal between the governor's at 40.0.0 and the Resources Committee's at 19.0.0. His amount for the proposal was 29.0.0, and that was politically balanced.

SPONSOR SUBSTITUT  
29 MM AMOUNT

INVESTMENT ASPECT

Referring to AYK area, he said there are funds from the 1974 bond issue that will be combined with this bond issue amount. "If you are going to be able to utilize this money you will have to have someone from F.R.E.D. come up with the technology for use in that area; but that expenditure will have to be done in free conference committee."

READINESS OF  
CURRENT PLANS

He said the department can go out and build these facilities at all listed sites, and will be able to have them constructed in 1977. He stressed the importance of that. An experimental facility would be providing one to ten million, and the state has already done that in addition to what has worked in Oregon, Washington, Japan and B.C. which can work in Alaska. The department is trying to invest money and get a return on it.

A lot of this activity had been ongoing in doing some of the things such as site selection, so some of the information presented to the committee now was not available to the Resources committee. One of the sites is still to be resolved but by August selection will have been completed.

Palmer said the Resources Committee asked questions about specific locations and there were yet 29 streams under investigation and it caused some concern in the committee.

Each balance in the 1974 bond balances was listed together with the monies which were to be applied to a given project. Further explanation was given to Mr. Guy of interior developments and biologists' observations. To Naughton's question as to status of subsistence eggs, Roys said F.R.E.D. has been aware of the value. The Japanese chum salmon is getting to the place where they may or may not saturate their own egg market. When they they calculated a benefit cost they did not include that in -- the egg market. Roys called attention to the green document where they would see a series of professional opinions carefully arrived at and which are to be considered very serious opinion of the direction and potential success factors, and it all says "Let's go!"

1974 BOND BAL.  
LISTED

SPECKING SPEAKS

Mr. Specking, Rep. Hope was introduced to speak. The hour was late and his remarks, he said would be short. "As one

who has followed the F.R.E.D. development over the years and listened to then Senator Palmer from my district go through tortuous times, the Governor has summed up the position we are in now. Since statehood we have seen Alaskans stating strong desire to take care of their fish resources. (He listed voter interest and action over the years.) The Legislature in a sense has a mandate to move forward with some trust that was positive and in the realization we may have to pull back to a 29.0.0. position is one evidence of a mandate the public has given to the Legislature. The Cannery Creek is especially important site and all ready to go.

VOTER MANDATE

Malone commented about the Whittier coho rearing facility for 300,000, saying if they look down the rest of what it costs for fry production for some of the major proposed hatcheries -- Cannery Creek and Hidden Falls -- it works out at ten cents a fish or less -- but in Whittier it will cost \$3 a fish.

QUESTION ON COST  
FOR WHITTIER  
HATCHERY

Palmer replied the timings were different -- one month's time compared to quite a number of months' fry-to-smolt, a significant difference. One has to look at production, then look at survival; those coming out of incubators survive ten percent higher than those that come out of gravel incubation right into the ocean. Regarding smolts, they are talking about a floating system that uses tides for oxygen and waste.

FACTORS & VARIABLE

Phil Daniels representing United Fisherman testified next. He touched on concern to preserve fish, the lack of salmon and what could be done about it. They endorse the bill. He compared with what Japanese are doing on Hokkaido where they don't have the water. Had they our environment, they would do a lot more hatchery development, he said. The technology does exist. There are not similiar kinds of opportunities and they would like to move very strongly into major production. Asked by Duncan for his recommendation as to the 29.0.0 dollar proposal, Daniels said it was equitably divided, and seemed all right to him.

UNITED FISHERMEN  
PHIL DANIELS  
TESTIFIES

Naughton brought up one aspect which the committee had not seen discussed -- the disease control of hatchery rearing. Roys explained advances in this area, citing the several laboratories' developments, experiments done in Washington, Oregon, B.C. and Japan. He said they were right on the verge of having total protection due to tremendous advances made in the last two years.

DISEASE CONTROL

The chairman thanked Mr. Daniels. He said if there were no further questions he would conclude the meeting. After a very brief recess, he announced they would reconvene at 8:30 a.m. the following day to come to a decision. The meeting was adjourned at 11:30 p.m.

ADJOURNMENT

Tape H66 0770 - the end  
Tape H67 0000 - the end  
Tape H68 0000 - -227

HOUSE FINANCE COMMITTEE  
Tuesday, May 4, 1976  
3:30 p.m.

Chairman Malone called the meeting to order. All members were present. In addition, Jim Owers, research analyst from Legislative Affairs was present.

Chairman Malone asked Owers to give his views based on his research as an economist. The issues to consider, Owers said, were: 1) SB 589 provided non-profit hatcheries and if this is the case, should the public become involved in something which could be handled by the private sector; 2) economic problems with hatcheries -- such a turnover of fishermen that solving the problems now won't be helpful to fishermen right now -- no Bristol Bay facility planned because technology lags to support the king salmon production; 3) the sale of cases of salmon compared between 1970 on up to the present project a drop which could come with increased production and cost benefit ratio question needs reevaluating; 4) technology is advancing so fast the state should wait a while; and 5) many non-resident fishermen will benefit while the operational side will go up. Owers was not up to predicting cost on site factors, he said. SB 688 provides regional planning for enhancement, which he thought to be fairly comprehensive. He advised to go slow, although he could see need for some state hatcheries along with private ones.

Chairman Malone asked, last night when talking about cost-ratio benefit did they say that it was on first wholesale value or returns to the fishermen? Owers did not know.

Gruening asked about private hatcheries. They were in Cordova, Sheldon Jackson and Prince William Sound.

Rep. Specking pointed out it was practically impossible to go into private hatchery construction until the state goes into a lower interest rate. In his view it was not even practical for why should anyone want to even get into that thing to produce the fish for common property return? If the money cost comes down, he said, to 3% money, one could make it appear economically desirable; those are the figures the Prince William Sound boys are working with, he added.

Owers said they were also interested in a performance grant from the state.

Specking continued, "Jim Owers said there is a ten percent turnover in fishermen, which I think is very high in the area I am familiar with. In general the trend in licensing is more and more permits are being held by Alaskans, and his "unproven technology" argument is no reason why we shouldn't get into it. There will always be that problem.

Haugen asked the status of the two Senate bills mentioned. They went from Senate Finance to the committee, back to Finance, to the floor and were now in the House. Haugen said one thing, he did not think they should manage fisheries with private management. They are going to have the ability to get fish back to make money, then they will need to put more and more pressure on the Fish and Game. They would have a property right to something which should be common property. It was why he opposed limited entry. He would like to see this fish renewable resource bill protected enough to pay for fisheries enhancement.

Malone summarized saying fish is either for the few or for all the people. He personally felt it was for all.

Haugen said, "Mr. Chairman, I have shown you the figures of Japan and the Fish & Game have been the biggest opposition to fisheries enhancement -- there is no question you could invest and get good production provided you have good strong management."

Malone alluded to general interest in this type of program, and that it was real. He suggested the 27 million dollar proposal. Discussion of project differences followed.

The committee wished to round off the figure to \$27,815,000 and set to work deciding how to do it. Duncan moved to leave the totals at the top part of the page, (Estimate Summary 1976 Fish & Game Fund Enhancement Projects, page 1), to be listed by regional totals and not broken out, leave the amounts the same as the administration proposal, and at the bottom of the page, leave the list as is with one deletion: the "Salmon development projects statewide" in the amount 1,390,000 dollars. This rounded the total from its former 1,390,100.

Discussion allowed Gardiner to ask for designation of so many fry or salmon--numbers to be placed on the bill and on the voters' pamphlets. The motion was adopted, and then the main motion was adopted.

Itta brought out the total of bond issues would now come to 255.400,000 dollars.

Next, CSSB 580 was brought out. There had been a previous motion to report out the bill. Gruening moved to reduce the

amount to \$404,000,000. He asked Item 3-I and Item 4 be deleted. Malone objected saying it doesn't take that much change to get it into free conference. Gruening countered it was to get the bonds total below 250 million.

Malone amended Gruening's motion: leave the total at 41 million as set out in the bill. Gruening objected, asking it had cancelled his motion. It was applied to only one section. Malone's amendment carried six to three.

Duncan moved an amendment to Gruening's motion to restore the \$300,000 to the Auke Bay staging area (Item 3-I). Gruening objected. Naughton concurred with the need at Auke Bay. Motion carried five to two. Gruening withdrew his motion. No objection.

Naughton moved to delete on page 2, Item 3A vessel renovation, and Item 4. Malone looked it up and read the options 77 IA and B. Gruening called for the question. Haugen objected. Motion carried six to three.

Cowper moved to report out a committee substitute on SB 580 with the amendments previously adopted. Gruening objected. Haugen called for the question, no discussion and the motion carried eight to one with a majority do pass on the committee report.

S.B. 730 G.O. bonds of \$3 million for constructing and equipping highway maintenance facilities was agreed upon for indefinite postponement and tabled by members of the committee.

Hearing no further business, Chairman Malone adjourned the meeting at 5:45 p.m.

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