

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2590

HOUSE FINANCE COMMITTEE

Tuesday, May 4, 1976

9:15 a.m.

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

PRESENT

Others present: Rep. Specking and Rep. Gardiner.

On SB 258, Highways, Rep. Gruening suggested holding
it until the conclusion of Fish and Game facilities
consideration. Chairman Malone said the largest
item is \$41,000,000 state funds that would go to
match available federal funds. Of that amount
\$11,000,000 would actually refund an appropriation
we made this year in SB 605. Rep. Naughton said
he would like to propose a change in line 22, page 2,
changing it from cafeteria conversion to a dolphin and
dock construction at Ouzinkie. Chairman Malone said that
was the type of project on which a match could be made
at 88% federal funds, 12% state. Rep. Haugen asked
what kind of food service they have now on the Bartlett.
Rep. Specking said they have a dining room, but they
need a fast food service because they have no cabins
and a high volume of people. Rep. Naughton said that
with the match if we add \$36,000 in G.O. bonds that
they would be matched with federal of \$264,000. If
a dock was built in Ouzinkie the Tustemina would go in
there.

SB 258

On Rep. Gruening's suggestion to delay action, Chairman
Malone said there was a limited amount of time to delay.
The federal match portion of the funds for highways is
calculated on the past estimate of the department for
federal funds. If that amount were changed or reduced,
the most likely case is that at some point a direct
appropriation would be necessary to acquire the federal
match.

Chairman Malone said he was satisfied with the number
in SB 580 as a good estimate of the required match
for the highway program.

SB 580

On the sewer issue, Sam Cotton had given information
to the committee from the Dept. of C&RA saying that
\$26,000,000 worth of state match would be required
for water and sewer project. They say if the state
funding for the water increases to 50% of the non-
federal share, the amount required will jump from

\$14,200,000 over the next few years to \$28,400,000.

On the subject of reducing the total bond package, Chairman Malone said that aside from changing allocations in legislation, the only place you can actually reasonably reduce bond issues is in the area of local service roads and trails, which is only \$7,000,000 to start with. BOND PACKAGE

Chairman Malone commented that bond issue decisions had to be completed soon. The meeting was adjourned at 10:00.

HOUSE FINANCE COMMITTEE
Wednesday, May 5, 1976
3:50 p.m.

Members present: All members were present except
Reps. Malone and Cowper.

PRESENT

Others present: Jim Rhode, Assistant to Rep. Malone;
Jay Hogan, Director, Legislative Finance Division;
Billy Berrier, Director, Legal Services; Bob Van Houte,
NEA; Gary Jenkins, Dept. of Revenue.

In Chairman Malone's absence, Vice Chairman Buchholdt
called the meeting to order.

Jim Rhode was asked to explain the changes in HB 557.
He said the committee had already acted on the changes
and a Committee Substitute was drafted, but the bill
had been laid to the side. Rep. Guy asked for an
explanation of the \$400,000 figure. Mr. Rhode said
the Dept. of Highways has \$400,000 in money that can
be used for the movement of utility poles but only if
they are relieved of the agreements they work under
today. Those agreements say that they must pay for
the moving. This says that the utility companies
are off the hook. The cost is borne by the federal
government instead of consumers. The Dept. of Highways
will no longer make these agreements with the utilities,
so that alleviates the problem. Rep. Gruening moved
and asked unanimous consent to report out the Committee
Substitute for HB 557. There was no objection, so
the motion was adopted. The committee report was
circulated and CSHB 557 was reported out with a "do pass"
recommendation.

HB 557

CS REPORTED OUT
DO PASS REC

Rep. Buchholdt described HB 896, sick leave bank for
REAAs, as a housekeeping measure. Rep. Itta moved to
report it out and asked unanimous consent. Bob Van
Houte said there were two intents in the bill. One is
to include REAAs. The other is for a set number of
days to be allowed at the first of the year. There
was no objection to reporting the bill out, so the
committee report was circulated. So, HB 896 was
reported out with a "do pass" recommendation.

HB 896
REPORTED OUT
DO PASS REC

Billy Berrier was asked to speak on HB 893. He explained
that the current law created substantial difficulty in
drafting bills that are acceptable to the bond council.
The deleted language in Sec. 4 is impossible to meet.

HB 893

The bond attorney suggested the new language on page 2, lines 12-14. The allocation/appropriation section that was bothersome has been deleted. Rep. Naughton moved and asked unanimous consent to report out HB 893 CS(Finance). There was no objection, so the motion was adopted. The committee report was circulated, and the Finance CS for HB 893 was reported out with a "do pass" recommendation.

HB 893

CS (Finance)
REPORTED OUT
DO PASS REC

On CSSB 510 am, Gary Jenkins explained the provisions of the amended bill. On Sec. 1 he said the current law incorporates any amendments in the internal revenue code. The problem with that is that sometimes the provisions are not in the best interests of the state of Alaska. This section would provide for a waiting period of one year so the legislature could act to exclude it. The intent is to give legislature time to act and affirm or delete from our law any new law passed by congress. Sec. 2 provides for a maximum tax rate for individuals in the state of Alaska. The intent is to establish a rate in our law which is comparable to the rate in the federal law--16% for individuals and 18% for corporations. On Sec. 3, currently our law exempts income from public retirement systems from taxation but not private retirement income. This would mean that all retirement annuities would be exempted from taxation. Sec. 4 makes some technical revisions. The words "adjusted gross income" should not appear. This would delete that phrase. Sections 5 and 6 provide for effective dates.

CSSB 510 am

Rep. Cowper joined the meeting at 4:20.

Rep. Duncan mentioned that the words "gain on sale" no longer appeared in the bill. It was in the original Senate Bill page 1, line 11. Mr. Jenkins said that was deleted by the Senate. Rep. Gruening asked about Sec. 4, page 2. Mr. Jenkins said this way Alaska income could not be used as a tax base. It's aimed mainly at corporations. This would preclude them from deducting another state's taxes in determining their Alaska income. Rep. Duncan asked for the justification for not including the first section of the original bill. It appears that we are not reporting the deferred gain. Mr. Jenkins answered that that was what they were trying to get at. The Senate Finance Committee felt it might create problems for some tax payers.

On SB 511 Mr. Jenkins said this would set up uniform provisions for assessment and collection of taxes which would apply to all taxes.

SB 511

Rep. Buchholdt thanked Mr. Jenkins and he left the meeting.

Rep. Gruening moved and asked unanimous consent to report out CSSB 510 am. There was no objection, so the motion was adopted. The committee report was circulated and the bill was reported out with a "do pass" recommendation.

CSSB 510 am
REPORTED OUT
DO PASS REC

On SB 511, Rep. Naughton said he would like to hold this one for a day. There was no objection.

SB 511 HELD OVER

On HB 782, Rep. Gruening explained that this would create a game refuge for Susitna Flats. The total acreage of private land is 371 acres. Most of it is in Matsu borough with a corner in the Kenai borough. The Natural Resources Committee reported the bill out with an amendment that would take care of Kenai borough's problem. Rep. Gruening moved to add the amendments to the bill and asked unanimous consent. The first one, page 3, Sec. D, "Nothing in this designation as a refuge shall alter existing rights of access to set net site leases". Also, add a new Sec. E, "Nothing in this designation as a refuge shall impair or alter existing rights of a borough or city to selection of state land under AS 29.18.190 or AS 29.18.200". There was no objection, so the amendments were adopted. Rep. Gruening moved to report out a CS for HB 782 incorporating the amendments. There was no objection, so the motion was adopted. The committee report was circulated and the CS was reported out with a "do pass" recommendation.

HB 782

CS REPORTED OUT
DO PASS REC

Rep. Buchholdt said Rep. Naughton had reviewed HB 609. Rep. Duncan moved to report out the CS for HB 609 and asked unanimous consent. There was no objection, so the motion was adopted. The committee report was circulated and the CS was reported out with a "do pass" recommendation.

HB 609

CS REPORTED OUT
DO PASS REC

The meeting was adjourned at 5:15.

HOUSE FINANCE COMMITTEE
Wednesday, May 5, 1976
7:30 p.m.

Members present: Reps. Buchholdt, Cowper, and Guy.

PRESENT

Others present: Sens. Chance and Bradley; Reps. Ostrosky and Sullivan; Lois Jund, Debbie Staak, Marsha Hubbard, and Jan Gates, Dept. of Health & Social Services; and Milt Barker, Fiscal Analyst, Legislative Finance.

Noting the lack of a quorum, Rep. Buchholdt called the meeting to order to hear testimony.

The first bill was SB 615. Sen. Bradley said he had conducted a survey of senior citizens this summer and found that most of them were never on public assistance until their later life. Something should be done for these people who have spent most of their life working in this state but now can't afford to live here.

SB 615

Marsha Hubbard said that the figure in the original bill was higher. The Committee Substitute only deals with the COLA that will be applied this year. The COLA applied July 1 will be 6.7%. See bill file for analysis.

Rep. Duncan joined the meeting at 7:35.

Debbie Staak said that the increase per recipient averages about \$13.90. When a person is on case assistance roles they are eligible for Medicaid. The total cost of the bill is \$686,000. The bulk of that is state general funds. The only federal funds are through the Medicaid program. \$606,000 in state general funds would be the cost to the state of Alaska.

Rep. Cowper said this would be amending the 1975 session law that set a ceiling at \$300 per month. Ms. Hubbard said that the ceiling last year was \$250. This would establish another needs level of \$334. Sen. Chance interjected that we are removing a ceiling and putting in a floor of \$334 so that federal COLA comes right through. It's a needs level, not a payment level. Ms. Hubbard said that the Social Security COLA of 6.7% was used and the people of Anchorage objected to that.

Rep. Buchholdt said that the action would be deferred on SB 615 until there was a quorum. The next bill was HB 665. She asked to hear from the HESS Committee.

HB 665

Rep. Sullivan said she felt that one of the most exciting things is the Public Health Service Agency concept. The people of the three HSAs established this year have gotten together and created an incentive for each HSA to get funding of their own. Lois Jund said that the people of the HESS Committee had worked closely with the Dept. of Health & Social Services in the drafting of this bill. It contains the minimum requirements to be in compliance with P.L. 93-641. The whole basis of P.L. 93-641 is to get planning to take place at the grass roots level. Mrs. Jund referred to the position paper (see bill file). The Dept. of Administration supports the Committee Substitute for HB 665. Jan Gates was introduced as being the expert on P.L. 93-641.

HSAs

Rep. Sullivan began an explanation of funding. The total cost the first year would be \$265,000--the state grant would be \$100,000. The second year the total would be \$350,000 with the state grant at \$75,000. The third year the total would be \$375,000--state grant \$50,000. In 1980 it would be \$400,000 total, \$25,000 state grant. In 1981 there would be no state grant.

FUNDING

Rep. Guy noticed that the fiscal note assumes a maximum local match. Mrs. Gates said she felt that the communities could come up with that much, but if they couldn't the state's cost would be less. Health planners and actual money from municipalities could be used as an in-kind match. The objective is to get all the planning people together in one place.

Rep. Duncan asked for an explanation of the relationship between HSAs, Health Planning Council, and the department. Mrs. Jund answered that each HSA would develop a plan, an annual implementation plan. These are fed into the state health coordinating council. HSAs are public non-profit bodies. The state health coordinating council will have memberships from each of these HSAs. There are also individuals on the council. These individuals will look at the plans and make a final determination. There would be six members from each HSA. We envision 25 maximum on the council. The majority would be consumers and there would be some providers.

Rep. Duncan said this appeared that the state was taking **HB 665**
the administering of hospitals out of the hands of the
city government. That could cause some problems. Mrs.
Jund said some of the hospital administrators were the
most strongly in favor of the certificate of need approach.
The addition of services because of need will be more
common than the deletion of services from lack of need.

Rep. Buchholdt asked if there was a limit on the in-kind
match. Mrs. Gates said there was no limit. Rep. Guy
asked where the HSAs were located. Mrs. Jund said they
were northern, southcentral, and southeastern. The boundaries
follow regional corporation lines. Rep. Buchholdt said
it seemed odd that each of these HSAs would be getting
the same amount because southcentral would need more travel
money.

Mrs. Jund said that down the line if the state is not
complying with P.L. 93-641 we will lose federal funds
of approximately \$10,000 annually. Rep. Ostrosky said
that losing the money would be a bad thing, but in the
positive way implementing this would be a healthy idea.
It involves the people already doing this sort of thing.

**LOSING FEDERAL
FUNDS**

The meeting was adjourned at 9:00.

HOUSE FINANCE COMMITTEE
Thursday, May 6, 1976
4:00 p.m.

Chairman Malone called the meeting to order. Those present were Buchholdt, Duncan, Itta, Naughton, Guy, and Haugen. Milt Barker, budget analyst was present and Gary Jenkins, Dept. of Administration, a visitor present.

The chairman asked Ms. Buchholdt to review the bills on which there had been a hearing during his brief absence.

Buchholdt began with SB 615, Assistance to the Blind and Disabled to receive the cost of living allowance. There is a 6.7% - 4.43 allowance difference for Anchorage COLA. The difference is \$334. The person who would qualify to receive benefits in this kind of program receives up to \$334 a month. Buchholdt referred to Chart A from the handout, "Analysis of CS SB 615". Duncan stated he was satisfied. Haugen asked about local contributions. Buchholdt said the intent was never that. The new figure \$334.00 a month is an acceptable figure by the Governor. A retroactive pay factor in the original bill that went to July 1, 1975 had been changed in the substitute to July 1, 1976.

SB 615
BLIND & DISABLED

PASSES OUT
MAJORITY

Duncan moved to report out committee substitute for SB 615. There was no discussion and no objection. It was majority do pass on the committee report.

Mr. Duncan left.

HB 665, Statewide Coordination of Health Planning, had been through a hearing the day previously in Finance with House HESS persons present, including Chairman Susan Sullivan, and Kathy Ostrosky, David Freer of the Commissioner's Office and others. Buchholdt also referred again to the position paper in everyone's file folder. There are at least ten million dollars that come to the state of Alaska for health planning activities and this bill would be a vehicle required in order to acquire these funds.

HB 665
HEALTH PLANNING
COORDINATION

Three separate health planning agencies would exist in the state, Southeast, Southcentral, and the Interior which will include the Arctic slope and Kotzebue. The three agencies

would work together but in their own sections of the state, to formulate health systems. There would be one health systems agency in each region.

HB 665

Buchholdt then reviewed the funding plan both from the fiscal note and plan chart seen in the Analysis sheet.

Mr. Cowper arrived.

HOSPITAL BD.
OPPOSITION

Haugen objected that the state hospital association is violently opposed to this. Should local government need to subsidize, as we inferred from local match on the given chart, it would rob the necessary support of local hospital boards, he indicated.

The chairman asked, but did not receive an answer to his satisfaction as to why there should be the three and not one health systems agency.

HELD OVER

The HB 665 was held over for that reason and others which needed to be studied.

Next, SB 511, an act relating to the administration and enforcement of state revenue laws, was brought to the attention of the committee by the chairman.

SB 511

Mr. Cowper, whose bill it was to investigate, presented this. Naughton moved and asked unanimous consent to report out SB 511, administration and enforcement of state revenue laws. The chairman inquired whether Mr. Duncan was ready on the legislation and the answer was, that he was. No discussion, nor objection. It was majority do pass on the committee recommendation.

PASSES OUT

The chairman adjourned the meeting to reconvene in the morning at 9:00 a. m. The time was 5:00 p.m. ADJOURN

mb

HOUSE FINANCE COMMITTEE
Friday, May 7, 1976
2:20 p.m.

Members present: Reps. Malone, Buchholdt, Haugen,
and Guy.

PRESENT

Others present: Bob Schroeder and Milt Barker, Fiscal Analysts, Legislative Finance Division; Lt. Col. Ray Holmsen, Alaska Army National Guard; Kathy Martinson, Dept. of Military Affairs; Gene Smith and Mary Eldemar, Dept. of Health & Social Services.

The meeting was called to order. There wasn't a quorum, but hearings on HB 698 began--Naval Militia retirement. Chairman Malone said State Affairs had prepared a Committee Substitute and reported it out with a "do pass" recommendation. The estimated cost in general fund for FY 77 is \$46,400.

HB 698

Reps. Itta and Naughton joined the meeting at 2:25.

Lt. Col. Holmsen said that the retirement bill is the third of three incentive measures that we are working on. This measure is designed to correct shortcomings in the current law. The way the current law is interpreted the individual must have 20 years service in the Alaska National Guard only, so they don't get credit for other duty. A descriptive summary was handed out (copy in file). Another provision of the law is that a man has to be active at age 55 in order to receive retirement. Chairman Malone said that the projected cost for FY 77 was \$86,400. Of that cost \$40,000 was a current program, an additional cost would be \$46,400. Bob Schroeder asked where the \$40,000 was in the current budget. Lt. Col. Holmsen said it was counted as a benefit in personal services. Rep. Buchholdt asked how many would be added on with the inclusion of the Naval Militia. Lt. Col. Holmsen said none would be included now for retirement, but they should be included in the bill for the future.

Rep. Itta moved to report out the CS for HB 698. There was no objection, so the motion was adopted. The committee report was circulated and the CS was reported out with a "do pass" recommendation.

CS REPORTED
OUT, DO PASS
REC

Lt. Col. Holmsen asked to speak on another matter. A CS for SB 534 was offered today and the House State Affairs amended it in a manner the department would like to object to. They passed the disaster bill, but they attached to it HB 498 which deals with the organization of the National Guard, and from the departmental viewpoint it has a negative impact.

CS for SB 534

On HB 866, Chairman Malone said it hadn't been explained why an additional appropriation was necessary. Milt Barker said that their appropriation level was adequate for foster care and day care. They say they will need more money in institutional care. They expended 77% of the money through 75% of the year. They are transferring \$75,000 from protective services and other services to cover part of the deficit. Rep. Haugen objected to the poor information provided by the department.

HB 866

On Violent Crimes Compensation, Rep. Buchholdt asked how long it took to process a claim. Mr. Schroeder said that some have taken two years. Chairman Malone recommended the requested amount of appropriation but sending a letter to the agency and one to the legislature asking them to revise their procedures so that claims are paid from their current year's appropriation.

Rep. Duncan joined the meeting at 3:00.

Rep. Naughton asked if any money was lapsed. Mr. Schroeder said they re-encumbered \$88,408 to cover pending claims. They encumbered the money from the '75 appropriation. Chairman Malone suggested that the Budget & Audit Committee might want to review the current budget and review information as it comes in on future budgets. He then recommended adopting a CS for HB 866 appropriating \$957,200 in Sec. 1 of the bill; social services, same as originally; program services, \$341,000; Alcoholism, same as the original bill; Harborview, \$180,000 and prepare a letter on this suggesting that they pay Violent Crimes Compensation claims when the award is made from the current year's appropriation.

Chairman Malone told Mr. Smith that if prior year's claims continue to build up they should be considered for payment when the claim is settled, not when filed. Mr. Smith said the only long term answer is a continuing appropriation. Chairman Malone disagreed.

Rep. Naughton moved to report out a Finance CS for HB 866 incorporating the following figures: Social Services, \$118,400; Program Services, \$341,000; Office of Alcoholism, \$317,800; Harborview settlement, \$180,000; and \$50,000 to the Violent Crimes Compensation Board. There was no objection, so the motion was adopted. The committee report was circulated and the majority signed "do pass", so, CS for HB 866 was reported out with a "do pass" recommendation.

HB 866
Finance CS
REPORTED OUT
DO PASS REC

Chairman Malone said he wanted to take action on SB 694, an appropriation for the Capital Site Selection Committee. Rep. Buchholdt asked what would happen after the election. Chairman Malone said they would be providing information to the voters. Rep. Buchholdt suggested that we should cut down on the cost after the election. Rep. Naughton moved to report the bill out. Rep. Duncan objected, but the motion carried. The committee report was circulated with the majority signing "do pass" recommendation. So, SB 694 was reported out with a "do pass" recommendation.

SB 694
REPORTED OUT
DO PASS REC

The meeting was adjourned at 3:50.

HOUSE FINANCE COMMITTEE
Friday, May 7, 1976
7:30 p.m.

Chairman Malone called the meeting to order. Those members present were Buchholdt, Duncan, Itta, Naughton and Cowper. Jim Rhodes, House Finance Administrative Assistant and Jim Edanso, Deputy Commissioner Dept. of Commerce were also present.

HB 846 was before the committee. Discussion began regarding contract advantage and qualifiers. Haugen said the local residents couldn't get work with certain restrictions the State could allocate the legislation. HB 846

Malone asked if there was anything in the bill that provides for prevailing wage. The answer was no. LOCAL
HIRE

Regarding contractors, p. 3, Buchholdt said she was interested in Mr. Haugen's opinion that resident hire be moved into the regulations. Edenso said the bill addresses that problem.

Haugen: What we are trying to do is get these salmon enhancement facilities down on a force account basis; as at Auke Creek -- Auke Bay, put a little gravel there, let the local people do the work. If we used this resource planning money with Department of Public Works overseeing the work, they could do all of it on a force account basis and the end result would be that a couple of people would gain employment and we would get more salmon coming back to the area.

Enesco: Regarding Ms. Buchholdt's question, "residents of the area shall be employed where they are available and qualified" the bill says.

Buchholdt: Do they have to be members of a union?

Haugen: No. We are trying to get the unions to waive going to the hiring hall. It's just plain manual labor that would be involved.

Buchholdt: Would the passage of this bill eliminate the one that has developed in the Bristol Bay area where they have their own council, (page 3, line 1 - 4, assistance grants provided to these subsistence areas) -- would there be development areas of the state that will claim to be depressed areas

in times of fishing? How would you provide grants for these areas?

Enesco: On the last page, the Department of Community and Regional Affairs will determine those areas and how the grant shall be awarded. Mr. Chairman, there are three major areas of the bill:

- 1) Fisheries Impact Council (defined); Identification of fisheries failure; and guidelines for the council.
- 2) Stimulate employment through contract preference.
- 3) Fisheries "economic impact fund", which provides a further means of identifying fisheries failure.

Chairman Malone asked what it was the Resources Committee added to the renewable resource fund which would place an upper limit on it, and provide an upper limit on it. There were estimates of computed amounts from the Department of Revenue, 1.2 million in FY 77, but that would call for an appropriation from the Legislature to pay money into the fund. Another question Malone asked: What criteria would the council use to base a recommendation to the Governor that his area be dedicated as economically impacted as a fisheries failure?

LIMIT

CRITERIA

Enesco said the average family income would be evaluated, referring to page 4, definitions, in the bill. Rhodes responded there must be a number of areas that are immediately eligible, even before the fishing season. Enesco said he did not know the average family income throughout the state.

WHO RECEIVES

Rhodes asked if this payment included in welfare payments? Enesco believed it meant just poor income, not welfare payments.

Haugen referred to a study made last year of all incomes in the area and his understanding of it was the average (median) was less than \$800.00 a family in many of the villages -- \$700.00 in Hoonah. Enesco stated the average family income in Southeastern Alaska was \$1450, but did not indicate from which areas he was drawing those figures. Haugen reemphasized poverty, especially where no fish were evident, such as in Icy Straits.

Rhodes put a question to the chairman: What does the 15 million dollars mean -- every year, or forever? The chairman thought it unclear, also.

LOCAL HIRE

Haugen returned to the idea of relieving unemployment in these fishing areas by hiring local people to build gravel incubators, referring to the use of the renewable resource fund, wanting to get that fund a permanent fund in case the law could be thrown out. It would have to become part of the constitution.

Cowper asked the status of the revolving fund. Haugen said it starts to generate money this year if someone doesn't

declare it unconstititutional. Rhodes went to bring estimates he had prepared of what the fund will renew. The bill was set aside.

HB 698 was next brought out -- National Guard & Naval Militia Retirement & Death benefits. Without adoo, it was passed out of committee on a majority do pass.

HB 698
DO PASS

Returning to discussion on HB 846, two questions yet lingered to be resolved: 1) what grant level criteria was there and 2) was it a steady fund? Haugen emphasized he wanted a guarantee of a renewable resource fund. It would get its money from the percentage of production of non-renewable resources he maintained.

HB 846

AGAIN
DISCUSSED

Hearing no further business, the chairman adjourned the meeting.

ADJOURN

mb

HOUSE FINANCE COMMITTEE
Saturday, May 8, 1976
9:50 a.m.

Members present: Reps. Malone, Buchholdt, Itta, Naughton, PRESENT
Guy, Haugen, and Cowper.

Others present: Jim Rhode, Assistant to Rep. Malone;
Milt Barker, Legislative Finance.

On HB 887, Chairman Malone said it was introduced by
the Finance Committee at the request of the Commissioner
of Administration. They have a problem keeping licensed
physicians working within the Div. of Mental Health.
The problem is the state salary scale. The previous
practice was to pay these people under contract. They
can't do that any more. This is an outgrowth of the
IRS directive. The rates in the private sector
are considerably higher than the state is allowed to
pay. Rep. Cowper said this problem was not confined
to the Div. of Mental Health. We should consider
exempting certain petroleum engineers working on natural
gas. Jim Rhode read sections of a letter from Guy
Martin saying that the state is not competitive with
industry and it's impossible to attract good people.

HB 887

Chairman Malone said this bill as it stands would take
psychiatrists out of the partially exempt service and
put them into the exempt service.

Rep. Duncan joined the meeting at 10:00.

Rep. Naughton moved to prepare a Committee Substitute
incorporating medical personnel, psychiatric, and
petroleum professionals and move the bill out after
we have a fiscal note in hand. Rep. Cowper said that
Sec. 1 would be amended by adding a new paragraph (20)
"Petroleum geologists and petroleum engineers employed
by the Division of Oil and Gas, Dept. of Natural
Resources". Chairman Malone said there should also be
a change in the title. Rep. Naughton said it would be
necessary to put the money back in free conference for
one of the positions that had been taken out. There
was no objection to the motion to adopt a CS, so
it was adopted. We will have Legislative Affairs
draft a CS and then consider it for reporting out of
committee.

MOTION TO
PREPARE A
CS

On SB 320 Chairman Malone suggested reporting it out but holding it to see if there's a fiscal note. Rep. Buchholdt moved to report out CSSB 320. There was no objection, so the motion was adopted. The committee report was circulated and the bill was reported out with a "do pass" recommendation.

SB 320

CS REPORTED
OUT, DO PASS
REC

There was not enough information available to consider SB 640 am, so the bill was held over.

SB 640 am
HELD OVER

The meeting was recessed at 10:55 and reconvened at 11:20. Reps. Osterback and Anderson; Jim Edenso, Dept. of Commerce; and Alison Farnan, Legislative Finance, joined the meeting.

RECESS

Rep. Anderson reported on the Resources Committee's handling of HB 846. They basically took the Governor's bill and set up a mechanism to respond to areas that had experienced an economic decline. The idea was to take a portion of non-renewable funds derived from severance taxes and fees on oil and set a limit so that these funds would be available at all times. The fund could be invested by the Commissioner of Revenue.

HB 846

Rep. Naughton was bothered by the definition of "fisheries failure". If average income of all residents is measured the overall salary average would not drop enough and fishermen would be precluded from getting help. There was discussion of possible changes in wording.

Rep. Guy moved Chairman Malone's suggestion to delete language on line 27 "but not to exceed \$15,000,000". On Page 8, line 28, after "fund" add a new sentence: "The fund balance may not exceed \$15,000,000. There was no objection, so the motion was adopted. Rep. Duncan moved to eliminate the last sentence in 37.11.100. There was no objection, so the motion was adopted. Rep. Buchholdt moved to add a new section to include an effective date clause. There was no objection, so the motion was adopted. On page 4, Rep. Duncan moved to add "who are participants in the fishery". The motion was adopted. Rep. Guy moved to make an amendment on page 5 line 1 inserting "in the designated area" after "availability of alternate employment". The motion was adopted. Rep. Duncan moved to draft a Finance Committee Substitute for HB 846 incorporating amendments adopted by the committee and report the bill out of committee. There was no objection, so the motion was adopted. The committee report was circulated and the CS reported out with a "do pass" recommendation.

AMENDMENTS

CS REPORTED OU
DO PASS REC

Chairman Malone said the next item was HB 870 appropriating \$36,000 from the general fund for Bristol Bay Development Council. They are asking that an additional year be put into existence so work can begin to develop program for broadening the economy. Chairman Malone moved to adopt a Committee Substitute with a new Sec. 3 providing that the unexpended and unobligated balance of the appropriation lapse into the general fund June 30, 1977, and that the CS be reported out of committee. There was no objection, so the motion was adopted. The committee report was circulated and the CS for HB 870 was reported out with a "do pass" recommendation.

HB 870

CS REPORTED
OUT, DO
PASS REC

The meeting was adjourned at 1:10.

HOUSE FINANCE COMMITTEE
Monday, May 10, 1976
3:15 p.m.

Chairman Malone called the meeting to order. Those members present were Duncan, Itta, Naughton, Guy and Haugen. Representatives Ted Smith, Red Swanson and Lisa Rudd were also present. Joe Bennett, legal counsel, Legislative Affairs also was there.

First on the agenda for the afternoon was HB 656 relating to assessment on state lands. The chairman described it as a cleanup bill. It had no fiscal impact. Naughton made a motion to report out HB 656 and hearing no objection the bill was adopted with a majority report. HB 656
DO PASS

Next on the agenda was HB 909, special appropriation to the Department of Education. It was to fund replacement of an elementary school at Anderson. The question was whether to allow the greater amount now being requested to add to it from DOE, to follow architect's plans (presented before the committee), or to assign the responsibility to DPW which could build a less expensive building, a modular one. Red Swanson testified as to the background, as this school is in his district. He said there were monies enough in the insurance plus the money in the appropriation to "just about build" that building which the DOE recommended. HB 909

Gruening entered.

Swanson said a delegation from Anderson had lobbied for the greater amount. The school would house their 80 children in grades K6. Had the Dept. of Education not entered the picture the building would have gone to bid by July 1, under the Department of Public Works.

Itta made a motion to report out HB 909, then revised her motion to make the appropriation changed to the Department of Public Works. During discussion, Haugen questioned

the intent of the motion. If the motion carried, the chairman asked that a Letter of Intent be attached to read:

HB 909

"HB 909 makes an appropriation of \$520,000 to the Department Public Works for the contract of a school in Anderson where the elementary school recently burned. The committee has been advised there is between \$300,000 and \$340,000 in additional funds available in the insurance on the elementary school at Anderson which should be combined with the appropriation in HB 909 for the purposes of the school construction.

Rep. Osterback arrived.

HB 767, special appropriation to the Department of Public Works was brought up. Osterback spoke. "If you could put a boat harbor in there you could get a processing plant. There are 60 people out there. This is the only means of making a living since sealing has stopped. With storms, this is the only place boats can pull in. I talked to Commissioner Harris last year and he had indicated that \$50,000 would be adequate for a study of rock formation and harbor depth to see if St. Paul was a feasible harbor. St. Paul has no way of making a living. They are right in the middle of crab country. They have lots of blue crab which are like king crab, only blue shelled."

HB 676

To the question of the chairman, Osterback answered the state had to examine sites yet, test rock formation; some of the rocks crumble and the bay had to have a sounding done. The study could proceed with a 10/90 state/fed match.

Naughton looked up the appropriation passed in 1972 for a bond issue, which did pass, and which included appropriations for many harbors, including St. Paul and Pt. Lions. Noone on the committee could say why those monies were not used for the way in which they were intended.

WHAT HAPPENED TO
BOND APPROPRIATIONS
FROM 1972

Alison Farnan, budget analyst arrived and Rep. Duncan departed. A list of reappropriations was obtained and passed to members of the committee.

It was felt that there was a need to go ahead on the bill but that they wanted to check first with the idea expressed on the current fiscal note, that the feasibility study might be done "in-house" rather than contracted and thereby save considerable money. The bill was laid aside with no action until further work had been done with Roger Shaw, director of Division of Aviation.

FURTHER
INFORMATION
REQUIRED

Hearing no further business come before the committee, the chairman adjourned the meeting at 5:00 p.m.

HOUSE FINANCE COMMITTEE
Monday, May 10, 1976
9:20 a.m.

Chairman Malone called the meeting to order. Although a quorum was not present with Buchholdt, Cowper and Duncan in attendance, a hearing began with Joe Bennett, legal council for Legislative Affairs, on HB 654.

Bennett said there were provisions in SCSCS HB 411, related to this bill, eliminating agricultural lands. He would discuss four amendments: 1) disposal of school lands; 2) disposal of minerals as affected by HB 411 and its relationship to it; 3) leases that terminate whereby the lease holder in good standing is given a bid right at a public auction; 4) timber sales and rights therein.

Bennett went on to say a large portion of the committee substitute dealt with lands within six miles of boundaries of municipalities, and this was a substantially reworked section. Basically it will require a more stringent public notice requirement for notice and hearings.

Section 6, he said, negotiated sales and leases for public utilities when the carrier can demonstrate the need. The land to be disposed of under negotiation procedure of a public utility.

Section 7 takes out secondary roads and makes applicable to all roads. Bennett quickly perused the remainder of the bill which seemed to be self explanatory.

The mental health lands amendment was still to be worked out. Lands would be prioritized to go to those with 1) the most need; 2) the nearest nearby land; 3) veterans and 4) if all else is equal, would go to the person who submitted application first. If this amendment is not passed, then lands would go to those who first submitted applications.

Mr. Haugen entered the meeting.

Chairman Malone asked Bennett why in one section of the law a hearing was required and in another section, it was not? He answered school lands do require a hearing. Malone commented the policy of disposing lands was more involved than the dollar question which would arise. Malone then explained the committee substitute under consideration to Haugen. Mr. LaRocca of the press entered.

Rep. Lisa Rudd of Anchorage had entered and was ready to speak to her amendment. She said education lands were limited to school recreation or public park use. There was quite a bit of concern in her Anchorage area the result of that would be to keep down development. On the other hand, feeling ran high in one case where development was opposed because of the issue of putting in sewers, etc. Yet if the land was not developed public revenues were lost if lands converted to parks. She wanted the director of the Division of Lands to have to give notice of development on lands for sale and to give approval upon public hearing to be given by the local planning commission. (La Rocca left.) Her amendment is included in the section "School Land Dispossession Procedures". She pointed also to second page language and explained it.

Pointing out Section 7, a Natural Resources committee substitute relating to agricultural lands, Rudd said it had to do with notice to native corporations when lands were being disposed of outside the boundaries of municipalities. She expressed real concern whether putting into law the "bestowing of public status on native corporations -- as if the City of Detroit had to speak to the Ford Motor Company first -- " was a good policy. Politically and realistically it would of course, have to be checked; but the question was restated, whether making a quasi-governmental function out of private profit making entities should be firmed into a law.

Chairman Malone referred to Sec. 385.305, subsection 4 on page 3 of the proposed finance committee substitute, line 26-28. He announced intention to propose a finance committee amendment later on to provide that on the request of a municipality that the director shall hold a public hearing.

Mr. Malone asked Mr. Bennett to draft another committee substitute as a vehicle by which they could accomodate the following amendments: 1) The Rudd Amendment on education lands; 2) the Mental Health Lands amendment by Sullivan; 3) the Smith amendment for mineral leasing lands; 4) the Finance Committee amendment for Agricultural Preference and 5) the Finance Committee Amendment to allow public hearing in municipalities, to 305 (a) (4).

Hearing no further business come before the committee, the chairman adjourned the meeting at 10:00 a.m.

HOUSE FINANCE COMMITTEE
Tuesday, May 11, 1976
9:00 a.m.

Chairman Malone called the meeting to order. With Duncan, Buchholdt, Naughton, Guy and Haugen present, he declared a quorum. Cowper arrived shortly. Kathryn Jung and Janice Gates from the Department of Health & Social Services as well as Rep. Susan Sullivan, chairman of House HESS were present.

The Health Coordination Planning bill, HB 665, was before the committee for review and a second hearing. Gates, research planner, and Jung, deputy commissioner testified alternately to the questions of the chairman and others. Health Agency composition was explained. The federal government sets out stiff rules for basic composition -- so many providers of services, so many users of services as well as strict geographic representation. COMPOSITION OF HEALTH AGENCY BOARDS

Malone asked how the people get on the board or participate. It became apparent the agencies were run by boards which were in turn elected by both local representatives elected by town and village councils, or representatives who just come to the elections, providing the participating voters come from equal proportions of consumers and providers.

Malone asked what steps a community should take to participate to select a representative in the Health Systems Agency or to be on the board. The whole review procedure, including any meetings, is public. Notification, review of this participation is published. The public may have input both formally and informally. The whole system was designed to be as open as possible in choosing health needs and establish priorities for a region, Jung and Gates explained. PROCESS OF PARTICIPATION

Malone asked if the governing body of HSA excluded anyone from participating. Naughton wanted to know if Health Systems Agencies had approval and disapproval power over federal grants. The answer is the Health Systems Agency has review power but the native corporations are exempt from approval of HSA's. This definition of exclusivity is written into the land claims law. NATIVE CORPORATION PARTICIPATION

A second question arose over the hospital association concern with the bill. Haugen pointed out the \$505,000 fiscal note cost and asked what it paid for, which was primarily to administer the "Certificate of Need" program mandated under P.L. 93-641.

CERTIFICATE OF
NEED

Another objection by Haugen was the hospital boards should assume the function which will be assumed by the new Health Systems Agency. The hospitals are all in financial trouble and therefore their problems should be addressed first. Gates explained from page 6 of the law, health facilities description, that the scope goes way beyond hospital care; health planning was at the grass roots level. Total health services were considered and fed up from grass root level to regional planning. Regional health care would provide health centers and that would be very significant. Southeast Alaskans were very anxious to have this bill, she said.

Cowper asked how would it be if there was no P.L. 93-641? Gates answered the state has been considering "certificate of need" (SB 133), for some time, so the department has been supportive of a certificate of need system of review of health facilities based on need at the local level.

HB 655
JUSTIFICATION

Cowper commented, what it means, then, is that the City of Bethel, for example, would not get a clinic without a certificate of need? Jung answered, "We don't have the problem in Alaska yet that they have in the lower '48, where there may be several hospitals and too many beds and you don't want another hospital to come in because it would drive up costs. That is the purpose behind certificate of need -- to keep spiraling health costs down, make the health dollar go as far as it can to provide care."

We don't need a Health Systems Agency like this, said Haugen, to go to meetings and discuss what they think they want. Every single hospital in the state is in a financial bind right now.

We shouldn't forget, said Jung, the HSA just isn't looking at hospital beds. These review and approve grants coming into the area -- in native corporations they have grants coming in also. Control is put at the local level.

LOCAL LEVEL
CONTROL

Haugen showed doubt the HSA's could control the variety of health services now prevalent, both public vendors and other entities. Gates said the HSA's are funded by federal law and it was a non-profit private corporation. Rep. Sullivan spoke up saying there are plenty of hospitals in the state -- and she felt Haugen's point was well taken -- too many beds, and that was why they were now having a hard time. The certificate of need determination would help that type of situation. For example Nome and Anchorage are contemplating hospitals, costing multi-millions, where perhaps these are not really

needed. A lot of thrust of this bill was to meet the problems with which Haugen is concerned, she said.

DEFINITIONS

Malone asked regarding health coordinating councils, if the government proposes some facility, would they need the same certificate of need. They would, but this specifically excludes, p. 14, Sec. 1513, "functions of health systems agencies" sec. E6, "a health systems agency shall not approve a proposed use in a health systems area of federal funding---" (of native regional corporations, excluded by the land claims act).

NATIVE VILLAGE
GRANTS

Malone said the section in the law, 1613 Eb that federal monies having control of facilities in Alaska Native Villages are NOT within the pervue of the organizations set up within a state to either approve of or disapprove funds; if the federal government wanted to put in a hospital in an Alaskan native village, under terms of their exclusion in the law, they could.

Haugen then turned his attention to the "money-match" chart on the wall State, as well as local match was discussed. It had nothing to do with Hill-Burton monies, he was told. Most of the budgets submitted by the HSA's total \$300,000. Haugen said the state eventually gets out of the business and the local match increases. Was that right? The answer was the bulk of their costs are organizational and from there on they will be more self supportive. Once they get going, they will review needs.

Haugen was of the opinion the hospitals faced a siphoning off of funds, leaving them with a low occupancy rate. When he heard federal funds would be lost if this bill did not pass, he said he did not care as he was tired of federal intrusion. He added that nurses were underpaid, which the state has caused because of wage scale and this problem ought to be given attention. His attitude toward SEACHIPI (Southeast Alaska Council Health Interests Planning Inc. was they were ineffective and had done nothing. He feared a bunch of people running around with TR's and black bags, he said.

HAUGEN
OPPOSES

Malone asked if the department and the administration supported the bill. The answer was affirmative. Malone thanked the persons who testified and announced it was time to attend floor session and they would take up the bill in the afternoon meeting. He further made announcement the Senate had selected their free conference committee and the House would do so that afternoon, so that by the next day at 1:30 p.m. free conference would begin.

BILL DELAYED

ADJOURNMENT

Hearing no further business, the chairman adjourned the meeting.

HOUSE FINANCE COMMITTEE
Tuesday, May 11, 1976
3:45 p.m.

Chairman Malone called the meeting to order. Those present were Buchholdt, Itta, Naughton, Haugen, Guy and Cowper. Milt Barker, budget analyst was present. Also present were Janice Gates, research planner, Dept. of H&SS, Rep. Red Swanson D-Nenana, Jim Croll, Alaska Executive Broadcasting Commission and Eric Eckholm, Governor's office, telecommunications.

Chairman Malone asked for questions on HB 665 for health coordination planning for health systems agencies. Haugen asked where the money was coming from. Beside from the general fund, it would be matched by both federal and local dollars. A wall chart was consulted for this.

HB 665

MONEY SOURCES

Haugen said he had received telephone calls on this bill today and one person said the staffing was more than adequate, that the state hospital association was opposed and he, Haugen, felt they could pick up this appropriation in January if there was a hue and cry. Also they were going into free conference tomorrow.

Itta brought up her home district saying the public health services ran the hospital there and it was not the same as in communities Haugen had referred to. She felt the need for local input.

RURAL NEED

Malone asked if the Senate had been working on a version of this legislation. Buchholdt replied that Senator Chance supported a version of this bill on that side but were awaiting outcome of the House's version first.

SENATE
INTEREST

Malone brought up his concern of the certificate of need -- especially the power to stop flow of funding if the funding originates from the federal level. It was agreed, by Gates, that hospitals in Nome and Bethel would not be stopped by this process, but would get their federal funding.

Haugen asserted that in Petersburg the health systems agency board could say to them "No, you don't have it

because the rate of occupancy is only thirty percent in your present hospital".

CERTIFICATE OF
NEED QUESTION

Malone: This law requires a certificate of need, which for all intents and purposes is a permit and without that certificate of need they stop the operation by obtaining an order from the court.

Haugen added that was because federal funds are involved.

Mr. Gruening arrived.

Malone: This legislation goes further than withholding funding: it says, in Article II, "No person may undertake the funding of the following unless authorized: (and he read the description on page 2 of the bill see attached). Any member of the public can go to court and can have conjunctive relief.

Haugen: If I had a million dollars to build a hospital I could be prevented from building such a facility.

Naughton asked if clinics were included, and they were not; p. 6 reads "health care facility". Gates described an intermediate facility such as those who need some kind of prolonged care not provided for at home.

Naughton made a motion to report out HB 665. Hearing no objection, the motion was adopted. There were five "No recommendations" and three "Recommendations" with Duncan absent.

HB 665
MOTION
REPORT OUT

SB 696, special appropriation to Office of Governor, office of telecommunications, next came up for review and discussion.

SB 696

Mr. Croll stepped forward to explain the bill. He listed funding breakout as \$75,000 for RCA, \$15,000 for capital expense for a console and the balance of the money for four reporters who would be hired on a part-time moonlighting basis to cover news in the state. Gruening asked specific questions about each of the above items Croll listed. Location of the console would be on "G St." Anchorage as there was no cost there since the state lease was still in effect.

TELEVISION
COVERAGE

Rep. Fred Brown had arrived meanwhile and spoke to the bill. Rep. Osterback also arrived as a listener.

Brown had expected Mr. Duncan's presence to submit an amendment, but proceeded to explain the bill. Cowper asked what effect the bill would have upon Fairbanks reception which they did not have now. Getting football games and other programs were discussed. The difference between programs which would be picked up by the commercial stations and by public stations was delineated.

DUNCAN AMENDMENT

Rep. Duncan arrived and announced he had an amendment to the bill to add \$100,000 to the Office of the Governor, office of telecommunications for the purpose of providing television production costs for legislative coverage. The purpose, he said, was to provide rural villages with half hour clips of select floor sessions, or of certain committee meetings on given issues, or when the Speaker of the House of President of the Senate or the Governor wished to speak. It also could be tied in with existing network so audio from the village could be looped back into the legislative process being filmed live. SB 696

Buchholdt said she was confused when examining the expenditure list of Croll's how any monies could be expended for this broadcasting but Croll said it was like when you buy a bigger package, things get more efficient and one of the reporters could be a legislative reporter that could send the material out statewide.

BILL HELD FOR
FURTHER ACTION

Brown explained that sections 2 and 3 are independent, but could be complimentary. In Section 3 the funding is for the purpose of providing television production costs for television coverage according to Duncan's amendment and therefore they plan to have it done on that \$100,000 amount.

Hearing no further business, Chairman Malone adjourned the meeting at 5:00 p.m.

ADJOURN

mb

HOUSE FINANCE COMMITTEE
Wednesday, May 12, 1976
3:30 p.m.

Members present: Reps. Malone, Itta, Naughton, Cowper, PRESENT
Gruening, and Duncan.

Others present: Reps. Al Ose, Red Swanson, Lisa Rudd;
Sharon Lobaugh; Jack Roderick, Deputy Commissioner,
Natural Resources; Rod Begues, Attorney General's office;
Bob Grogan, Fiscal Analyst, Legislative Finance;
Jamie Love, Board of Education; Joel Bennett, Legal
Services.

The meeting was called to order to consider HB 654, HB 654
administration of state lands. Chairman Malone told
the committee that there had been a number of suggested
amendments to the bill and Dept. of Natural Resources
had been asked to review them and give some background
and recommendations.

Mr. Roderick said this bill would solve most of the
little problems that have cropped up over the past
few years for the Division of State Lands.

The committee worked its way through the suggested
amendments at the direction of Mr. Roderick.

Rep. Haugen joined the meeting at 3:37, Rep. Duncan
joined the meeting at 3:45, Rep. Guy joined the
meeting at 3:55, and Rep. Buchholdt joined the meeting
at 4:00.

The committee adopted the Lisa Rudd amendment, and ADOPTED
asked Joel Bennett to clean up the redundancies (see file). AMENDMENTS

The amendment of 38.05.135 was adopted with the
inclusion of mention of sec. 345 (see file).

An amendment to page 3 of the proposed Committee Substitute
was adopted, line 28, after "comment", add "hearing held
under this provision shall be attended by the commissioner
or his designee" (see file).

The following amendment to page 6, between lines 11 and
12 of the proposed Committee Substitute, was adopted:

"* Sec. 9. AS 38.05.035(a)(13) is amended to read:

(13) select, administer, and dispose of mental health
lands for the support of the mental health program except

that no mental health lands may be disposed of without the approval of the Commissioner of Health and Social Services." (see file)

ADOPTED
AMENDMENTS

An amendment was made to AS 38.05.069(a) which will change the means of judging people with equal qualifications from first person through the door back to the way it was originally. Also, an amendment to (b) was adopted which would return determination of priority to "lot".

Another amendment was adopted, "The Board may retain council and take such action as it deems appropriate to protect the trust". This amendment was made at the request of the Board of Education. (See file). Rep. Haugen objected to the amendment.

An amendment was made to Sec. 2. AS 38.05.035 (a)(14) adding a new paragraph to read: "with the consent of the commissioner and upon written finding that the interests of the state will best be served, approve contracts for the sale, lease, or other disposal of available lands, resources or interests in them; in addition to the conditions and limitations imposed by law he may impose additional conditions or limitations in the contract as he, with the consent of the commissioner, determines will best serve the interests of the state; no contract for the sale, lease or disposal of available lands or interests in them is legally binding on the state until the commissioner formally records his consent to the contract; but if the appraised value is not greater than \$10,000 in the case of the sale of land or an interest in land, or \$1,000 in the case of the annual rental of land or interest in land, the director may approve and issue the contract without the consent or approval of the commissioner;" (see file). Also, add a (b) which would make the finding a public document and subject to public scrutiny.

Another amendment was made to page 4, line 14, adding the word "hearing".

Chairman Malone asked Mr. Bennett to draft another Finance Committee Substitute and review it with Rep. Gruening. Rep. Gruening will bring the draft of the CS back to the committee for consideration.

The meeting was adjourned at 6:00.

HOUSE FINANCE COMMITTEES
Wednesday, May 12, 1976
7:30 p.m.

Chairman Malone called the meeting to order. All committee members were present were Duncan, Buchholdt, Itta, Naughton, Guy, Haugen, Gruening and Cowper and a quorum was declared. Note was made of the large number of persons in the room to listen and testify on CSSB 720, the Kachemak Bay oil and gas leases requisition bill. In addition to staff members Jim Rhodes and Bob Grogan were present. Also present were Representatives Red Swanson D-Nenana, Al Ose, D-Palmer, and Terry Gardiner D-Ketchikan. From the administration were Bob Palmer, director of Fisheries Council and Commissioner Gallagher, Dept. of Revenue. Those attending from Homer were Leo Rhodes and Frank Tupper, fishermen. Others listed on the roll were Brian Rogers, Rebecca Burch, Jack Chenowith, John Greeley of the AP, Sharron Lobaugh, R. Resche, Glenn Akins, Lois Kramer, Mike Coumbe, Frank Cook and Phil Daniels, the latter representing United Fishermen, and Doug Pope, assistant to Senator Rader.

CSSB 720

Howard Weaver of Anchorage Daily News also was present.

Bob Palmer spoke saying at the time time of the Kachemak Bay Sale he was a chairman of a senate committee which held extensive hearings on this matter. While he also felt that the oil and industries, plus the fishing industry could be compatible in the Kachemak Bay area, he became convinced that the country was now too great a risk for oil development. The shellfish resources were far too vulnerable. He pointed to some of the reasons why he reached this conclusion: first there was a whirlpool or "guyer" area there where shellfish grow and larvae develop. He went on to explain the technical knowledge there is now about oil in the water and toxic levels where larvae will not survive. He referred to the U.S. Coast Guard ballast discharges and the results of that. "This small oil concentration might be invisible and not seem to be dangerous but is great enough to kill all larvae present", he said. Anything going into that whirlpool may stay sixteen to twenty days, and if it occurred at the crucial larvae development time, it would be devastating.

PALMER
TESTIFIES

VULNERABLE
SHELLFISH

TOXINS

In Kachemak Bay area, anyone looking for a boom economy will find it, he said. Development should be planned in the lower lands, tourism, rather than to develop and extend the oil boom. The federal government withdrew a number of their federal lease tracts from the lower Cook Inlet because spills would be carried out on the Inlet rather than into Kachemak Bay.

Palmer next revealed the frustration of the people in Homer and the area there who tried again and again to learn of the processes leading to the original leasing, during the time of the former administration. He read an excerpt from a letter of November 16, 1973, (and the sale was to be December 12), from Jesse Nelson to the administration asking for information. The Governor's November 23 response carried the message that the people of Homer could be assured that "should development be contemplated ...", whereas on October 23, the oil industry was already notified and told hearings would be held in Homer prior to the sale. The people wanted an open hearing. A telegram was sent to Joe Keenan stating the residents of Homer and Seldovia should not be alarmed. Legislative actions would be instituted prior to the sale. So the oil companies knew the sale might be tainted, said Palmer. The whole issue is before the courts, he said is an incorrect approach. It is not the issue whether leases were legally issued. "The court will not decide whether the lands were improperly leased."

PALMER'S
TESTIMONY

Palmer said the legislature had a moral obligation. The government should be responsive to matters that would so monumentally affect lives. "If you don't do something about the situation, we are condoning these actions," he stated.

To the question it would cost the state \$75,000 to \$100,000 to condemn the oil leases: so did they want them condemned?", Palmer cited the overwhelming support of people in Kachemak Bay area. He cited the hearings which he had attended with the attorney general there. Approximately 200 people stood up and said "yes" they wanted to terminate the leases. And the industry was there.

KACHEMAK BAY
SUPPORT
ANTI-LEASE

Cowper compared the type of conservation noted in the lease to the general understanding of conservation of the people and Palmer agreed with him. However, the court holds to conservation as a descriptor of other resource values.

Cowper asked Palmer if it was his impression that the bonuses paid for these leases were depressed because of the tainted nature of the leases he stated before? To the contrary, stated Palmer. So-Cal left a big amount of dollars on the table which should tend to go counter to that belief. Palmer then listed some of the factors which probably led to depressed prices such as exploration cost, towing charges, standby charges, refurbishing charges, (he then explained the problems with the Ferris rig, plus problems with other sites.) Things weren't calculated just right and the George Ferris spent most of the time in Kachemak Bay under repair.

Referring to condemnation aspect of the bill, the price one has to pay the owner, Cowper said is it not necessarily what he had to pay for them. Was the gentleman referring to price paid for the lease and interest on that money and auxiliary costs? That is not the determining factor when value is set, he said. The sale was in December 1973, after the "Opek" boycott, so they would have added those higher prices to the bidding process wouldn't they? The condemnation price in dollars was then discussed. The bill had been discussed in Judiciary, said Malone, and the only firm figure available was money paid for the leases. An assessment could be necessary to determine court value.

CONDEMNATION

Mr. Chairman, you could do wonderful things in a courtroom, commented Cowper.

RESIDENT RESPONSE

Gruening referring to a telegram sent to Division of Lands to all potential bidders made notice on October 23 including maps of Kachemak Bay -- did this not state that legal action was likely? No, it did not, said Palmer, and explained. November 23 people were still being told "If we contemplate those things --" and this was to the 308 petitioners. Gruening probed for further reaction of the Division of Lands to the people's reaction, but there had been none.

BIOLOGICAL
THREAT

Haugen questioned the kinds of biological specimens outlined and placed in table statistics in the hands of committee members. Guy referred to the moratorium and the commissioner power in declaring eminent domain.

Rep. Gardiner stepped forward to explain the Judiciary bill. The process of using negotiation rather than to "just bang -- condemn them" was the idea. This puts a burden on the companies to go ahead with good faith negotiations and that is exactly what the condemnation does, he said. Gardiner discussed Section D, limitations and provisions which broaden the administration's ability to negotiate, plus the change in Section D made at their suggestion. Gardiner then explained the new Section 1. He said the question was: is the moratorium itself a condemnation? The Attorney General's opinion last Saturday was, he felt, in keeping with the findings. It is a confined moratorium to one year and was confined to conservation purposes.

NATURE OF THE
MORATORIUM

Reading from the second page, Gruening asked if the consumer then had condemnation process outside this bill. Gardiner explained he doesn't but there may be power for a moratorium for condemnation purposes. This process could take place under existing statutes.

WHO
TESTIFIED

Of the several listed lease holders, Shell and Standard has testified before Judiciary committee. Gruening asked if anyone discussed the possibility of outlining boundaries of what the commissioner could control.

(At this point H7669 tape begins)

Gardiner reported it was open the way it was drafted. Gruening then discussed with Gardiner the concepts of negotiated settlement, and definitions of Sections B and C.

Haugen wanted clarification on whether the legislative process would enter into a cash settlement agreement or would the executive branch alone handle this? Chairman Malone read the answer at (c), p. 2. Cowper explained the Legislature retains a constitutional right to come back and subtract or add to it, or whatever. While the executive is delegated authority to take some of this action, the legislative can come back and change it. The Governor could appropriate monies for certain things but not from the general fund. LEGISLATIVE INPUT VS. ADMINISTRATION

Mr. Daniels was asked to speak. He gave strong testimony of backing on behalf of United Fisherman, for this bill. Because that was a spawning ground and vulnerable to spills, it could destroy a crab sanctuary, the only one in the state. The question is, he said, "Are there any areas in the entire state that deserve special consideration because they are unusual?" He pled with the idea to do "your biology first and then proceed with the sale". He admitted not being able to testify to the biological hazards, but there were 2500 king crab boats alone in the area, plus tug boats, supply boats and others in and out. UNITED FISHERMEN SPEAK

Sharron Lobaugh for the conservationists lobby presented their stand for the bill. CONSERVATIONISTS SPEAK

Mr. Palmer stepped forward again to conclude his testimony with scenario about the Ferris rig, stuck in the mud of Kachemak Bay. He referred to the many repairs, the unwillingness of the interests to spend \$3,000 a month "to press that thing in -- but leave it out at the end of the spit, and as a result, look at what it has cost them and what it has cost the resource. PALMER ADDS INFORMATION

"Dr. McCoughlah says it will take 250 mm barrels of oil to raise the waters of Kachemak Bay. If the federal government people had been drilling that first exploratory well in that lease area, it would have done exactly what it has done. But the spill that is happening now would have been taking place right now in that Kachemak Bay area and right now the larvae are developing in that whirlpool and it would have been enough, with that light sheen, to have been very detrimental to the larvae."

Palmer then explained the process of oil containment boom equipment and the impossibility of trying to use it. The willful decision to save \$3,000 a month to have access -- with the experience they had last year with Union Carbide last year "was discharging oil into Cook Inlet -- we find they are also keeping two sets of books and they settled out of court \$400,000 as a state fine -- there are enough of these things happening for some of us to conclude: "Hey, it just ain't worth it to the state." Palmer summarized with points about technology, poor maintenance, failure after failure and the "cosmetic approach".

Following a brief recess at 9:20, Frank Tupper of Homer was invited to give testimony to CSSB 720.

TUPPER TESTIFIES

Tupper: Mr. Palmer, Chairman Malone, members of the committee, I am a full-time resident of Kenai Peninsula and am very interested in the outcome of SB 720. (See remainder of the prepared testimony in master bill file.) What Mr. Palmer said is true -- everything they are using in Alaska now is being used in Homer, and it is not working.

Tupper indicted the oil companies based upon their performance history. He referred to the editorial in the Juneau Empire dated May 11, the previous evening. He concluded by reading a parody on Robert Service's poetry, "The Old Steel Rig".

Chairman Malone then stated he had conferred Judiciary Committee during the interim as to aspects of the lease in Kachemak Bay that had not been discussed in the testimony. If there are leases that are not consistent with Section 1-A of the bill, the state under terms of the bill would not be required to either negotiate or condemn those leases.

MALONE'S

Malone then drew attention to the file folder size map he held showing lines of lease areas and habitat areas, plus the three mile limit offshore described in another bill. A discussion with Palmer was concluded with reference to the oil companies having been notified of this hearing but did not or could not attend. Also, the Senate Resources, House Resources and House Judiciary committees -- all three have had hearings with summaries of those testimonies coming to this committee.

COMPENDIUM

GRUENING'S

Gruening made a motion to report out House Judiciary Committee Substitute for CSSB 720 with the same title.

MOTION

Discussion brought Malone's concluding remark that as a representative from the district in which Kachemak Bay is located, and seeing the situation which has evolved for two years, that where "we are today is not the result of the failure of previous administrations or the greed of the oil companies, but the failure of some of those attitudes and policies we have had toward the resource development in Alaska since statehood. I find the idea of using eminent domain to acquire private interests abhorrent. But I don't see any other way out of this situation. That development and exploratory activity can take place in the bay without damage is very hard for me to believe now that we have seen what has occurred with the rig George Ferris.

USE OF POWER

Naughton asked regarding eminent domain -- does it mandate the power be used? The answer was no. Gruening added that he hoped it won't have to be used.

Mr. Guy asked about cost estimates and found it was 25 mm dollars but there was no current estimate of costs.

Cowper mentioned that it ought to be understood that if the power of eminent domain is invoked, there is a chance of a very large judgment against the state; it could very well be in excess of 25 mm dollars.

POSSIBLE
JUDGMENT
COST

Naughton threw in the idea that the legislature could write into public law a tax bill in excess of 25 mm dollars to take care of a very large judgment.

The chairman returned to the motion and called for objection. Hearing none, the bill was adopted with majority do pass. Malone thanked people in the room who came to testify and then he adjourned the meeting at 10:30 p.m.

ADJOURN

mb

H-76-68

Tape begins at half-way position to the end

H-76-69

Tape begins 0000 to 1193

HOUSE FINANCE COMMITTEE
Thursday, May 13, 1976
9:30 a.m.

Chairman Malone called the meeting to order. Those members present were Duncan, Naughton, Guy and Gruening. Cowper came later.

HB 930, a supplemental appropriation to Legislative Affairs Agency for \$250,000 was first on the agenda. Malone made a motion to change the amount to \$288,200 so the amount needed on HB 661, still "bouncing around in committees" could be included. HB 661 is a money bill for HB 877 which was heavily amended in the Senate side and seemingly stuck there. The motion was adopted. Naughton moved to report out HB 930 and hearing no objection the motion was adopted.

HB 930

CS

REPORTED
OUT

HB 889, making special appropriation to the Steering Council for d-2 lands; and effective date, was next brought out. Duncan asked the chairman to allow Sharon Lobaugh, a conservationist and natural resources interest groups lobbyist, testify. Ms. Lobaugh mentioned it was the House Speaker's bill and addressed the concern as to the Governor's proposal. It also opposed putting all "apples in one barrel". Mr. Bradner, the speaker, was hoping to include native corporations, development interests, a broad spectrum, in fact, in this process.

HB 889

DISCUSSED

Mr. Duncan registered a negative argument to the bill, saying he needed more time to investigate. (Rep. Ose and Smith arrived to observe.)

Gruening offered two amendments to the HB 888 to be incorporated as a Finance Committee substitute to read:

Amend Section 1

AMENDMENTS
FOR
INCORPORATION

"Steering Council for Section 17d (2) land withdrawals: There is created in the office of the Governor the Steering Council consisting of nine members as follows: five members appointed by the Governor, two members appointed by the speaker of the State House of Representatives and two members appointed by the president of the State Senate.

Amend Section 4(a) line 21

After the word "represent and before the word "before", insert "accurately the range of Alaska's interests".

Each amendment was offered in form of a motion to which there were no objections and therefore adopted. Mr. Gruening made a motion to report out House Finance committee substitute for HB 888 incorporating the two amendments. No discussion nor objection, the motion was adopted. It was recognized there should be an effective date, and with no objection from the committee, an addition will be made to incorporate an effective date July 1, 1976.

HB 889, the appropriation for HB 888 was next brought before the attention of the committee. Naughton moved to report out the bill. Cowper averred to the \$200,000 amount as perhaps too high; Naughton brought out there were professional lobbyists in D.C. included. Hearing no objection, the motion was adopted.

HB 888

HB 889

EACH
REPORTED
OUT

The chairman adjourned the meeting at 10:15 so committee members could attend the session on the floor of the House.

mb

HOUSE FINANCE COMMITTEE
Friday, May 14, 1976
8:30 a.m.

Chairman Malone called the meeting to order. Those committee members present were Naughton, Guy, Haugen, Gruening and Cowper. Bob Grogan, budget analyst was present as were members of the press; and Kerry Romesburg from Department of Education and from Sheldon Jackson College Jim Leonard. Rep. Itta entered during the meeting.

TALKEETNA
STATE PARK BILL
HB 580

First bill before the committee was HB 580, Talkeetna Park bill. Before starting to discuss this an explanation of another bill was given, HB 887, placing licensed physicians employed the the division of mental health in exempt service. A committee substitute had been prepared to include petroleum geologists and petroleum engineers employed by the division of oil and gas, Dept. of Natural Resources with a title change. Cowper, saying it was to include profession personnel in that division, moved to report out CS for HB 887. Hearing no objection, the motion was adopted and the committee report was a majority "do pass".

NAUGHTON'S
MOTION

Rep. Buchholdt arrived.

There was a motion immediately from Rep. Naughton to report out HB 580, but he asked that this motion be held in abeyance in order to hear testimony.

Rep. Ose D-Nenana spoke first, saying the people in his district were not in favor of the state park, that better needs were evident and that it was too expensive. He gave a description of the area to point out coal deposits that would be locked up, and once a park is in it would be almost impossible to revert to mining. He defended the charge that the area was in need of maintenance, saying people who have used the area were keeping it clean. People who have been given a little responsibility will come through. Second, hunting would have to be ruled out there. Also, the mushers in Anchorage are opposed to a park. It was

TESTIMONY

REP. OSE
NENANA

a successful multi-purpose area now. Furthermore, the cost in this budget will have been only a fraction of the eventual cost once the difficulty with the road is taken care of, plus the acquisition of private lands.

ROAD COST
DISCOUNTED

Cowper asked Ose if he had any figures that were in conflict. The answer was negative. There was nothing in the note to build roads, parking areas, or to acquire property. It represented "personal services". Cowper then chafed slightly and said the committee should not be called upon to make decisions on this part of the bill; that it was here to consider fiscal matters and impact -- that they had seen it and were going ahead and pass it out. Where it was located, was not the business of the committee.

Ose commented that it was an expense and there was no need for it. Russell Cahill, Division of Parks, said the work would be accomplished in 1978-79-80. To Buchholdt's question he answered that the money was adequate for existing roads for recreational purposes. He described traffic load and condition of the road. Naughton said regarding hearings on the bill, it had been extremely prejudicial, and explained.

Sharron Lobaugh representing a consortium of conservationists testified, saying recreational management was needed.

Mr. Guy related the park development to cutting back on hunting and indicated opposition because of subsistence dependance upon hunting as a way of life in his asrea. CONSERVATIONISTS SPEAK

Mr. Naughton renewed his motion to report out HB 580 and asked members to place their recommendation on the committee report. The committee report circulated with a "Do Pass", four recommending, and two, "No recommendation".

Next, HB 899 relating to student financial aid came out for review. Dr. Pomesburg, executive director of the Commission on Higher Education, and who drafted the legislation explained it underlining the changes.

Mr. Duncan arrived.

ROMESBURG

The SJ input was described on page 3. Page 4 was put in largely at the bidding of Alaska Methodist University, he said. The fiscal note was projecting a large increase and will require more money. \$606,000 is what they will have given them at this time, he said -- \$411,500 over this year is what they need with projected enrollment. The need will be \$606,000 to \$1,270,000 next year, without including in an inflation factor, but simply the enrollment.

SHELDON
JACKSON

FIGURE
ADJUSTMENT

Buchholdt asked what the item was, p. 1 of the committee substitute, line 18? Kerry Romesburg answered "We tied it back to cost of living adjustments with state salary schedule and it will probably be a year behind by the time we get it into effect".

Malone: "Is that an annual index, an area index, or both?"

Romesburg: It is annual. I think it will be restricted to the state salary schedule in this area.

Cowper questioned the fiscal amount which registered an increase from \$1,850,000 to \$2,500,000 in Select Committee. Why was that?

Romesburg said Sheldon Jackson is increasing on-campus tuition next year and off-campus programs are being raised and they requested the \$2,500,000 figure. "I cannot defend it," he said.

SJ TUITION
INCREASE

Cowper: Okay. Because we raised it last year.

Guy: On page 2, line 17, at S. J.'s request is it?

Cowper: What kind of continuing education courses are we in Section 5 talking about?

Romesburg: The fisheries program, specifically.

Cowper: What does it mean -- special programs and part-time continuing education courses? Does continuing education mean something like pottery making?

Romesburg: The commissioner would not approve that kind of a program nor those that are competing in nature.

QUESTIONS FROM
THE COMMITTEE

Cowper: Although those things are very good I don't think the state should subsidize them.

Romesburg: I agree.

Malone: What administrative problems for residency requirements do you foresee?

Romesburg: If we change to two years, and not one, it could become a problem in administering it because of the necessity to determine residency. They prefer a one-year residency.

MR. LEONARD SJ

Mr. Jim Leonard was introduced by Mr. Romesburg. Leonard is in charge of program development at Sheldon Jackson College.

Cowper: Mr. Leonard, don't you see a problem occurring with the request to raise tuition ceiling on tuition grants at the same time there exists a lowering of tuition pressure upon the University? Wouldn't you see eventually a full state subsidy?

TUITION HIK

Leonard: I hope not.

Cowper: It's apparent to me -- it won't happen this year -- where we are going is a system of tuition vouchers. Have you and your board discussed this?

Leonard: I was head of the New Hampshire voucher process and there I saw many problems with it. Yes, we have discussed this and see a problem and rejected it. The built-in cost has an upper limit to the amount you can draw it down to below cost of the community college in Sitka. We are in the middle of a change that is dramatic and it is rather hard to understand just what is happening.

EXPLANATION
BY LEONARD

Malone: I see (a) and (b) combined in the present law in the new Section A, plus adding a Section B instead of mechanically adding a Section C.

Leonard: We request a fiscal note adjustment, a reduction of \$65,000 for one-hundred slots.

Malone: The fiscal note will reduce to one mm dollars if they are not being included with Barrow.

Cowper: Let me be clear on the fiscal note -- it will be \$400,000 increased, with a reduction of \$250,000?

FISCAL NOTE

(By this time Rep. Itta had entered the room. Chairman Malone brought her up to date by way of quick summary and asked her for her opinion because, he said, this matter affected her district.)

ITTA
QUIERIES

Itta asked a question about the grants equalization program due to the "standstill" of the Barrow program: "What is the purpose of Sheldon Jackson recommending this move?"

Leonard: We have been trying to track records on the students from there and these records have not been forthcoming -- we are not able to obtain them; so we decided not to continue with our involvement in that program.

RESPONSIBILITY
DISCUSSED

Itta: Isn't that record keeping part of your responsibility with the staff there, as part of your contract to Inupiak University?

Leonard: No. He then explained why Sheldon Jackson felt it was not their responsibility to keep the student records.

Itta: I haven't seen the contract and I think part of the blame should rest with Sheldon Jackson, also. You should not put the blame all on Inupiak. Wasn't that part of your responsibility to train people -- (so they could know how to keep these records)?

INUPIAK'S
ROLE

Leonard: We accept part of the blame. We have not divided the leadership in the beginning -- too much was adopted too fast.

Malone: The House is scheduled now to convene. We will continue our deliberations after that. Meeting is adjourned. (The time was shortly after 10:00 a.m.)

ADJOURN

HOUSE FINANCE COMMITTEE
Friday, May 14, 1976
3:05 p.m.

Members present: Reps. Malone, Buchholdt, Duncan, Itta, PRESENT
Cowper, Haugen, and Guy.

Others present: Glenn Vernon, Legislative Finance; Dr. Romesburg, Post Secondary Education; Jack Leonard, Sheldon Jackson College; Dr. Lind, Commissioner, Dept. of Education; Beulah Ruby, Department of Education; Vera Gassoway, Juneau teacher; Vern Larson, Principal, Harborview School; Bob Van Houte, NEA; Laverne Bruce, classroom teacher.

Chairman Malone called the meeting to order and said the first order of business would be HB 899--tuition equalization grant program. Rep. Itta asked why we were considering this considering the Attorney General's decision on aid to private institutions. Chairman Malone said that the question would be resolved in the courts, and it's fair to consider the legislation. HB 899

Rep. Itta was upset because there was said to be an agreement between Sheldon Jackson and Inupiat University to give credits to students in the Barrow school. Now it turns out that there's no contract. She stated objection to funding anything to Inupiat as long as Dr. Milne is president.

Rep. Cowper asked what percentage of Sheldon Jackson's operating expenditures the state provided last year and what will they provide under this bill. Mr. Leonard said this year it was 24%--next year it would be within the 35% range. Rep. Buchholdt asked if enrollment was expected to increase. Mr. Leonard answered that a program was started in business management in S.E. Alaska. That will increase enrollment.

Rep. Itta moved to reduce the figure to go to Sheldon Jackson by \$250,000 which was scheduled for Inupiat. There was no objection, so the motion was adopted. Glenn Vernon will prepare a revised fiscal note in consultation with Dr. Romesburg. Rep. Duncan moved to report CSHB 899 out of committee. Chairman Malone moved to amend the motion by preparing a Finance CS which would delete Sec. 7 which changed the residency requirement. The motion to amend the bill was adopted. (Rep. Gruening joined the meeting at 3:40.) There was no objection to the main motion, so it was adopted.

FISCAL NOTE
REVISED

FINANCE CS
TO BE PREPARED

The committee report was circulated and the Finance CS for HB 899 was reported out with no recommendation.

FINANCE CS FOR
HB 899 REPORTED
OUT WITH NO
RECOMMENDATION

Dr. Lind was present to speak on SB 599. He said the Dept. of Education supported this legislation and wanted to bring to attention throughout the state the concern for basic skills. The districts are trying to approach the problem with existing dollars, but they need help. We feel they should be required to justify what they say they need. Rep. Gruening said he wondered if districts should be encouraged to develop basic skills programs from their own money. Rep. Buchholdt agreed with this approach. Dr. Lind said districts have lots of expenses and he felt the passage of this bill would act as a stimulus to districts. If it doesn't work, the program should be discontinued. Rep. Haugen felt that this bill was a professional admittance of a job poorly done. The districts should carry the burden for this year. Rep. Duncan disagreed saying he didn't think the problem would get resolved if the districts were told to do it on their own.

SB 599

Rep. Guy asked about reading programs in rural areas. Mrs. Ruby answered that DOE was in the process of identifying promising programs. The problem discovered statewide is that students do well in pronouncing words, but comprehension is low. 60% of the schools in the state do not have a well-defined reading program.

The committee heard testimony from classroom teachers present attesting to the need for this program. They also told of ways their schools were meeting the challenge.

Rep. Gruening asked for more time to consider the bill. Chairman Malone assigned the bill to him for a recommendation by Tuesday morning.

BILL ASSIGNED
TO GRUENING

The next topic was HCS for SB 690 am. Dr. Lind pointed out the change in the fiscal note. The original one had \$200,000 for the FY77 request; that figure is now \$360,000. The number of regional resource centers would be raised to seven. This past year we attempted to set up area learning resource centers. We are looking for a way to set up a government structure which is separated from the Dept. of Education and from the school districts but governed by a separate entity that's made up of school districts served. We see the need for districts to get together to arrange for special services cooperatively. I think the regional resource center

HCS for SB 690am

concept has a lot of merit in the state because of the size of the state.

SB 690 am

The committee had no immediate recommendation on SB 690am so discussion turned to SB 491 and SB 725. Chairman Malone outlined the suggested amendments from the Select Committee on Education. The committee decided not to act on these bills at this time.

SB 491, SB 725

The next bill was SB 521 am which was introduced by the Governor. Rep. Duncan moved to report it out. The committee report was circulated and SB 521 am was reported out with a "do pass" recommendation.

SB 521 am
REPORTED OUT
DO PASS REC

There was no further business to come before the committee, so the meeting was adjourned at 6:10.

HOUSE FINANCE COMMITTEE
Saturday, May 15, 1976
3:30 p.m.

Vice-chairman Buchholdt called the meeting to order in the absence of the chairman. All committee members were present with the exception of the chairman and Mr. Gruening.

Mr. Van Hout, education lobbyist was present to testify on SB 48, SB 48 relating to teacher retirement. It makes possible for a teacher who has retired to get an adjustment in his retirement benefits to keep pace with cost of living rises.

Haugen asked about the costs to the districts. School districts will pay 1.100 mm dollars, state will pay 2.0 mm dollars and the employees will pay 1.250. mm dollars.

Duncan asked Van Hout if he was in agreement with the changes in the House Committee Substitute, and he was. Buchholdt asked about the 648 people retired who will be covered; the intent was to have a bill that is actuarially sound. The personal service cost of \$348,300 is the cost of running the program.

FISCAL NOTE
QUESTIONED

Noting that 2,069,000 mm was the Senate-approved figure, Naughton asked that Mr. Gates come over and talk about it. Cowper expressed desire to move the bill and to reserve action on the fiscal note until later. He then moved to report out SB 48 with the understanding that there may be a revised fiscal note issued. Hearing no objection, the motion was adopted with majority do pass. "Madam Chairman", said Cowper, "I suggest we hold the bill with signed report until Mr. Gates gets here."

MAJORITY
DO PASS

Mr. Jensen testified on SB 534. He objected to the insertion of HB 484 in order to get it on the books this year. Due to the fact the bill had failed twice in the Senate, because it would have given the governor greater power with that inclusion, he asked it be left in the current version, SB 534. Duncan moved to report out SB 534 House Finance CS. A fiscal note would also be needed. The bill would then be SB 534 am rather than the HCS, the version dated 1-19-76. Buchholdt registered objection. Cowper thought they could hold the bill in committee until a fiscal note could be gotten. SB 534 am was adopted by vote of the committee.

SB 534
SB 534 am
SB 534
H Fin. CS

FISCAL NOTE
REQUIRED

Helen Bierne spoke to HB 467, financial aid for illness or injury. The fiscal note was \$340,000. Although the explanation was in the body of the bill, the definition of "catastrophic illness" was a question. Ms. Itta thought a letter of intent ought to be included with the bill if reported out. That, then would guide the three persons who formed guidelines or criteria when selecting who could qualify for this aid. The aid would relief middle class wage earners who could not afford long term maintenance care and did not qualify for G.R. Medical.

DO PASS

Haugen made a motion to report out HB 467. It was majority do pass. It will go with letter of intent.

An accompanying measure to fund a study for "catastrophic illnesses", HCR 120 was briefly explained by Bierne. Milt Barker suggested getting a fiscal note so they could fund it in the appropriate act when it comes up to do so. Duncan made a motion and asked unanimous consent to report out HCR 120. Hearing no objection, it was adopted.

DEFINITION
CATASTROPHIC
ILLNESS

Cowper presented the work on CSSB 542, relating to medical assistance for needy persons. As a fiscal note had not been prepared to reflect twenty individuals, the bill would be held until a revised fiscal note had been received. Cowper offered an amendment to be incorporated into a committee substitute on page 1, line 22 after the word "services" and before the word "and", an inser to read "treatment of speech, hearing, and language disorders". This was put in form of a motion asking unanimous consent. Hearing no objection the motion was adopted. Naughton moved to report out CSSB 542 (Finance), as had been amended. Hearing no objection, the motion was adopted.

CSSB
542

FINANCE
CS
ADOPTED

Don Clocksin testified for SSSB 659 am. The issue was who in state government would take care of collecting child support since the court system had a ruling that this was not in their jurisdiction, (excepting to collect for out-of-state child support).

SSSB 659
am

Mr. Clocksin, of Alaska Legal Service Corporation, read the background, then explained what this bill would do. (See explanation in master bill folder.) He explained how many people it would take to do the job and where the coordinated funding would be coming from.

CLOCKSIN
AK. LGL
SERVICES

Referring to the determination of paternity, Cowper asked Clocksin if it was his understanding that the agency, (if the bill is approved), could initiate paternity suits with permission of the mother only or could they go out and do it without permission? "If it is in the best interests of the child to do so..." was read off the bill, (p. 2, l. 17-18, applying to AFDC mothers.)

AGENCY
POWER

Discussion also centered around the number of people to do the job so as to fit rules of the federal government and receive their

funding. Cowper thought the job could be done regardless of what the federal government said with four extra people.

DEFINITION
DISCUSSION

Duncan inquired as to the new cost being referred to in the fiscal note. Deputy Commissioner Fred McGinnis said \$29,000 plus contractual arrangements with the Department of Labor reflected new cost. The court had offered four to be subtractible from the 22 new persons they are adding leaving 18 new persons.

McGinnis went on to explain the relationship of the Department of Health and Social Services to this program was very delicate, but it was a major program and should be considered so -- equal but different in load required by the food stamp program, Medicaid, AFDC and they all tied into federal requirements. He explained the direction, process and tempo of phasing in the program. He felt there were many unknowns yet and if the committee would trust them they would spend only what was absolutely required to do an effective and responsible job for the people in the state. If they could do it for less, they will but it is such a new program that forecast of how much will be required is not possible with any accuracy.

Returning to the discussion of permission from the mother to collect from the father, Buchholdt asked for an explanation to assess the affect of Cowper's motion which was: p. 2, line 14, after the word "court" and before the word "application" strike: "on proper" and insert: "only on voluntary". The motion was adopted. Duncan objected. This motion was at first part of one whole motion which was divided on a motion made by Gruening, adopted. The second part was on p. 2, line 19, after the word "if and before the word "the" insert: "the mother concurs and if". During discussion Clocksin said it was his interpretation that this motion might risk losing the five percent funding from the federal government. This amendment was adopted.

SSSB 659
am

MOTIONS

Gruening asked if penalty would accrue for each violation of the standards. Chairman Malone arrived. Itta called for a point of order as the dialogue began between Clocksin and McGinnis.

Naughton asked for clarification of line 19. Absent the amendment, the decision within to press the maternity question of an AFDC recipient of the consent or not of the mother -- would this be made by the social worker involved? He said he would never trust the judgement of the social worker and never vote for this bill without that amendment. Gruening's earlier objection was withdrawn, but Duncan objected for the record to the second amendment. Cowper moved to report the bill out but Naughton objected for purposes of submitting another amendment. Cowper withdrew his motion. Naughton moved that on p. 1, line 28 after the word "so" and before the word "the" insert: "and the person having custody concurs,". The motion was adopted.

Duncan at this point moved to amend the bill to add several sections into the bill incorporating another bill, HB 290, the child care bill. He said much testimony to support this bill had been heard and no other bill presently stood a chance to carry this intent. Malone objected. Following a vote, the motion

DUNCAN MOVES
INCORPORATE
HB 290

failed. It was the opinion of the committee that Duncan attempt this move with another bill.

McGINNIS
TESTIFIES

The fiscal note was then taken and examined. McGinnis explained they would expect a major load flow expectation from the people especially regarding "evenness of treatment". They would have to choose what cases to do, starting with the most people related to the best cost effectiveness. He stressed a realistic approach because a lot of people across the state will be watching the progress of this bill.

The URESA aspect was discussed in the light of the adopted amendments. Clocksin said there would be reduced from the case load of between 8 and 9,000 the AFDC people who would not want to cooperate. Of the 8,000 or more cases of child support in the state, ninety percent do pay, it was brought out, and 10 percent do not pay.

CASE LOAD

The discussion of cutting down the number of persons to do the job brought reaction from McGinnis. He said the bigger and more automated the operation, the more effective field service they will get. The ratio diminishes rapidly with understaffing due to burdensome things they have to do in paper work for the federal government, including auditors. The number of reports was mentioned. Cowper wanted to know if the \$50,000 FY76 was the same as was put into the budget last year. Yes, it was. Cowper said he thought the net of the fiscal note ought to be "zero", regardless of the federal/state matchable. Long explained the \$150,000 in general funds included a 75/25 matchable through June 1975. Since July 1, only AFDC portion could be related to federal reimbursement.

TIE-IN WITH
FED FUNDING

Chairman Malone suggested not reporting the bill out but to hold it until a new fiscal note will have been made. It was laid aside, with a committee substitute to be prepared.

HELD OVER
CS TO BE
PREPARED

HC SSB 670 relating to the number of superior court judges was next brought out. Mr. Snowden spoke to the bill. With no objection a motion to prepare a finance committee substitute incorporating the third judge, line 11 strike 19 add 20, line 14 strike 4, add 5 was adopted.

HCSSB 670

CS ADOPTED

SB 601 am relating to recording was explained by Snowden. He stated in the state, the federal courts assumed a lot of the functions the federal government had. This was a bill to deal with administrative problems and recording operations will not be taken away from any place they exist. If the recording job gets to the level where it takes a fulltime person, he will transfer those person(s) over, he said. A motion was made to report out SB 601 am. Naughton objected. The motion carried.

SB 601 am

OBJECTION

ADOPTION

ADJOURNMENT

Chairman Malone adjourned the meeting. The time was 6:40 p.m.

mb

HOUSE FINANCE COMMITTEE
Monday, May 17, 1976
9:10 a.m.

Members present: Reps. Malone, Buchholdt, Cowper,
Gruening, and Haugen.

PRESENT

Others present: Ernst Mueller, Commissioner, Dept.
of Environmental Conservation; Jon Tillinghast,
Assistant Attorney General; Norm Gorsuch, Alyeska;
Sharon Lobaugh, conservation interests.

The first order of business was SCR 106, a resolution
approving gas sale to Alaska Pipeline Company. Chairman
Malone said he was in favor of this legislation. It
extends the supply of gas that Anchorage has for about
five years. Chairman Malone moved to report SCR 106
out of committee. The motion was adopted. The
committee report was circulated and SCR 106 was
reported out with a "do pass" recommendation.

SCR 106

REPORTED OUT
DO PASS REC

The next topic was CSHB 654 (Finance). (Rep. Naughton
and Rep. Duncan joined the meeting at 9:30). Rep.
Gruening moved to report the bill out. Rep. Haugen
moved to amend the bill by striking the language on
page 1, line 26--"The board may retain private counsel
when necessary to carry out its duties as a trustee".
Rep. Gruening objected to the amendment. The motion
for the amendment failed. The motion to report the
bill out was adopted. The committee report was
circulated and CSHB 654(Finance) was reported out
with a "do pass" recommendation.

CSHB 654(Finance)

REPORTED OUT
DO PASS REC

Ernst Mueller was present to speak on SB 267am.
He said the Department of Environmental Conservation
wanted to increase the funding for the state to a
50% matching funding. This would affect water
supplies and sewer systems. He suggested adding
an immediate effective date. Chairman Malone asked
Mr. Mueller to provide an estimate for a fiscal note
on the bill. Mr. Mueller submitted copies of letters
from EPA for the file (in bill file).

SB 267am

REQUEST FOR
ESTIMATE OF
FISCAL NOTE

Rep. Gruening asked why the showing of physical
irreparable harm was removed from the bill. Jon
Tillinghast said the problem is that in an environmental
or public health related suit, proving irreparable harm
is difficult. It depends on who's looking at the
problem. The public interest in an immediate closure

might be outweighed by people wanting to continue work. Norm Gorsuch said Alyeska would suggest that there be inserted a provision that would require the department to approve the plans submitted to it within a set time period. Chairman Malone asked for recommended language for an amendment.

SB 267am

REQUEST FOR
LANGUAGE FOR
AMENDMENT

Sharon Lobaugh asked to speak on the bill. She said her organization feels that the bill should be maintained as it is now without further amendments. This bill allows the state to sue for damages for facilities in the state. This bill establishes criteria for the court to assess situations. This bill allows the department to have some jurisdiction over thermal pollution. It's important for the Dept. of Environmental Conservation to keep the injunctive powers that this bill allows for. Chairman Malone asked Rep. Gruening to see that the requested information was forthcoming.

There was no further business to come before the committee, so the meeting was adjourned at 10:25.

HOUSE FINANCE COMMITTEE
Tuesday, May 18, 1976
9:15 a.m.

Vice chairman Buchholdt called the meeting to order. Those present were Duncan, Naughton, Guy, Cruening and Cowper. A quorum was declared.

First item of business was CSSB 599 the "right to reading" bill. Those present to testify were the reading director from the State department of education, teacher legislative representatives Jane Gustafson and Vera Gazaway.

CSSB 599
READING BILL

Foundations units per full-time equivalency showed smaller communities could not participate. There, then, the reading program suffered. The Anchorage attempt to teach remediation in the RISE program was pointed to with pride as a prescriptive approach to reading problems.

TESTIMONY

Gruening asked why school districts were not teaching kids to read -- why the nine mm dollar funding was needed for specialists. He was concerned they get a workable plan. It seemed the Legislature poured money equitably to the districts and districts should teach reading better.

It was explained that this was not the case. Districts favored high visibility programs to appeal to parents. Naughton told of having an art specialist travelling in his district, but no reading specialist.

Pupil-teacher ratio was questioned and research results were explained. Amounts spent in elementary schools on basic reading compared to monies spent on other subjects was brought up by Cowper. He thought this bill would throw money at a problem which it wouldn't solve. He felt it needed solving at the university training level, or, as suggested by Naughton, that tenure not be granted unless teachers took courses (for all levels) in teaching of reading.

QUESTIONS

Duncan proposed to delete the term "grants" because there were smaller communities which might not be able to match the twenty percent. It was argued that the parents or volunteers could provide match in kind. Duncan held the word causes problems and that a cosmetic change in wording would still provide the same thing without threatening anybody. This was in form of a motion which also included proposing to delete "shall" and insert "may" on page 1, line 15 and again on page 2, after line 1 and the word "new" the following phrase: "a commissioner may waive a requirement for a contribution as the commissioner determines the district cannot meet the twenty percent matching". Malone had entered during the discussion and threw his support to the Duncan motion.

DUNCAN'S
MOTION

CHANGES

Naughton presented a motion, which carried, to divide the question. The first half of the motion failed. The second carried. Gruening made a move to report out the finance committee substitute for SB 599. It carried majority do pass.

DIVIDED MOTION

FIRST FAILS
SECOND CARRIES

SB 599 REPORTED OUT

Vice-chairman Buchholdt handed the gavel back to chairman Malone who announced the two bills SB 474 and HB 539 on revenue sharing would be reviewed that evening.

The chairman adjourned the meeting at 10:20 a.m.

ADJOURNMENT

mb

HOUSE FINANCE COMMITTEE
Tuesday, May 18, 1976
7:30 p.m.

Chairman Malone called the meeting to order. Those present were Haugen, Guy, Naughton, Duncan and Buchholdt. In addition, Rep. Mike Miller and Marilyn Miller, Bill Berrier, Legislative Affairs, Sharon Mitchell, administrative assistant to Rep. Keith Specking, Rep. Red Swanson and Palmer McCartney, Director of Community Programs, DC&RA were present. Alison Farnan, budget analyst was present.

SB 474

The chairman declared a quorum and announced two revenue sharing bills on the agenda, SB 474 and HB 539. In present form, SB 474 makes some amendments in the status requiring registration of minimum standards in municipal services to comply for revenue sharing grants. He advised if the committee wanted to see it move that night, they would incorporate basically the provisions in HB 539 as a committee substitute for the bill. He then invited testimony from Mr. Mike Miller.

REVENUE SHARING
GRANTS

Miller stated he had worked with the interim committee that originally proposed this piece of legislation, SB 474. To begin with the biggest bill, 474, and use it as the vehicle to incorporate the house bill, he thought, was the best move. They took five alternatives to the A.F.N. convention and held a hearing in conjunction with the convention. All alternatives were presented. They later did the same thing with the Alaska Municipal League, which serves the larger cities and towns. The legislation before the committee was the legislation that came out of those meetings basically with only a few minor changes. This bill has, he said, the endorsement of every elected and non-elected official that he had had contact with. As its twin aims it would provide for services on the local level and keep taxes down on the tax level.

MILLER GIVES
BACKGROUND

Miller said, "Where we departed greatly from the past is in the smaller communities -- the base grant amount is \$25,000 for any municipality. Any municipality

can apply for this if they want to. These basic grants should be as generous as possible. At either convention there was no criticism of the total amount. It takes so much money to have a person hired to take care of the paperwork and this represents a sufficient but not overly generous amount. It has stood the scrutiny.

"Another basic difference is the makeup of the plan. Right now the categories are spread out. If we went through the categories one by one, we would have to add so many cents here and so many cents there to each one, and that is too cumbersome. Municipalities, cities and villages want something that approximates the education foundation plan. Instead of individually going through the raising of each of these little categorical amounts, have one concept, as we do the education figure.

REVENUE
FORMULA

It could work like this: (referring to p. 2 of the handout- see bill file), B X P times the population. If the cost of living goes up, all that we have to do is change that "B" figure. We don't have to be forever searching the status books to make adjustments."

Following Miller's explanation, Naughton, Haugen and Duncan recognized that a tripling of units within the system formula would be gained in Anchorage. In the case of solid waste, said Naughton, if a municipality contracted that out, would that be provided; would it count?

Bill Berrier answered. To a city it would count but to a private contractor it would not count. Yes, if the city contracts. He further confirmed that water and air pollution represented two separate units.

RELATING TO
PETERSBURG

Haugen wished for clarification on the base grants for \$25,000 as it related to Petersburg and the ramification of it. He stressed hospital need and thought it should be getting more money within the concept of this bill. Miller said "We are grandfathering in the situation that exists. Certification of need for hospital and health care would be a problem connected to another bill. C&RA kept it out of this.

Guy brought up the problem in his village whereas the C&RA people did not allow it revenue sharing nor for other villages for health facilities which are partly operated by public health service. He called for a report on the situation. His question was held momentarily in abeyance for the appearance of the C&RA persons who would testify.

RELATING TO
VILLAGES

To Malone's question, Miller answered they had put in a provision to describe a municipality or village because otherwise anytime there were 25 persons clumped together they would form a municipality to acquire the \$25,000.

POPULATION
CEILING
PROVISION

(See p. 8, line 18, 19 and 20.) He then defined a "unified municipality" and stressed the definition was "for purposes of this bill only". They raised it to 125 people living together.

Next, Rep. Sam Cotten, Anc., testified saying he had also worked on this during the interim and also on his legislative committee. It had been one of the most worked on pieces of legislation. Last year, he said, there was a bill in to require fire protection and they found that on the local level the monies were much higher than they received in revenue sharing. He expects the same will be true with mass transit, (the subject previously touched upon between the Anchorage delegation). Over two million dollars was in the budget for mass transit for Anchorage, with a population of 183,000.

FISCAL NOTE 5.8 MM

It was noted the fiscal note of 5.8 mm dollars, prepared by C&RA was the extra cost.

One major problem Malone saw with the bill was the aim of the program is to keep local costs down but by some local requirement the local cost is either raised or set into some sort of concrete. Another major problem, was the tax effort vs. the tax potential. Finally, is the problem that most taxes are for the schools, (state dollar input), and they are "making out like bandits". But beside the schools they won't provide many services, so the Alaska Methodist computers were used to define some specific aims that went into the formula of this bill.

Rhodes, administrative assistant to the chairman, commented, "As to the local per capita income, we don't have income data broken out in Alaska by zip code let alone by income brackets.

Naughton commented they had raised several categories: but what about health care? Was there increase there again? Miller admitted they did not raise it as such. They gave passing thought to it, \$1,000 per hospital bed. Haugen drew attention to the desperate hospital needs across the state and attention brought to this problem with a bill now in Rules which would do some cutting of half a million.

QUESTION OF
HEALTH CARE

Mr. Guy returned to his request for the C&RA department to answer his question about why monies were not given to villages operated by public health service. Palmer McCartney, director of Community Planning, answered saying Mr. Guy raised a valid concern regarding the rural communities. The law makes them ineligible but they took an administrative position that if they expended the \$4,000 they received last year they could qualify to receive monies if they show they used it. Fifty communities were denied funding, villages which came back not having expended "on health". There was no information on their forms to show the money was spent for the health facility.

Itta asked if when the funds were received what was the process? They went to municipalities except for one case when the money was sent to a fire department.

Haugen asked if the health center in his community qualified and it would unless it was owned by state or federal government.

Guy asked if he could have a copy of categories defined as "health". Explanation of these were salaries, such as nurses, utilities, insurance rates, etc.

Malone asked why the date used on page 8 was not 1976 instead of 1975? It had been overlooked and that could be a logical adjustment.

McCartney proposed another change on page 5, line 26 "upon submission of the application the department would authorize a fifty percent payment immediately and then adjust the final payment". No objection was registered to that idea.

Cowper proposed a major addition. He said "we want to get rid of the 'gross business license tax', and this bill might make a good vehicle. "We would replace it out of general funds whatever the municipality will have lost. We can't continue to require businesses to file these things so we can see how much we would have gotten out of them. The grants would continue. It doesn't tie into this one way or another. I believe it's better to let people know what the situation is going to be so the municipalities then can plan on that. SB 642 is deader'n a doornail. There is HB 932, a way to reimburse municipalities for their lost monies."

Opening for questions, Buchholdt pointed out some new part, page 1, line 28, sec. (b). Malone apologized that it was an amendment inadvertently printed in that he had wished to have brought before the committee for their approval. He explained the background behind his presentation of the amendment people living outside Kenai, KANA paying the difference between the cost and the amount being picked up by the revenue sharing grant. This inclusion of an area contiguous to an incorporated city was discussed, and general approval given.

A question as to the words in the Malone amendment "under contract", p. 2, line 21 and 22 was answered by saying that otherwise they could look where there are the boundaries and decide to go and build a road someplace else. This wording would intend there to be a body of people to be served.

Buchholdt asked a question about incentive grants, but the point she brought up, although it was in the "wrong" bill, the original bill, HB 539, Mike Miller had an explanation of the concept. It had to do with start-up grants with

declining percentage each year, an incentive.

Haugen asked if the \$25,000 was the same rate for all? It was. There would be base services required no matter which community received it, such as part-time clerk or part-time financial officer.

The hold-harmless division of the bill was discussed, then Cowper's amendment again. Naughton asked if the 15 mm dollars, plus the two mm more, was there a chance it could triple what is now received for one category? The answer was yes, if the community funded it 100%. All new services will be pro-rated. Communities will see the same amount they are getting this year.

HOLD
HARMLESS
DIV.

Malone called for further comparison to be made on the hold-harmless provision. What might a community receive for FY 77 under current law? And also, he wished the committee to read a report he would be giving to them.

HOSPITAL
SUPPORT

Naughton expressed his feeling for increased amounts for hospitals, a universal need. Malone thought the footnote had not been fully examined and what additional funding might there be available above what will have been adopted by both houses in the budget?

The chairman announced the bills for the next day. He asked for further questions. Guy asked, concerning health facilities, p. 4, for amending language whereby CRA can make grants for municipalities for health facilities operation for villages. The chairman asked him if he could prepare an amendment.

ADJOURNMENT

The following day agenda was announced and hearing no further business to come before the committee, the chairman adjourned the meeting. The time was 10:35.

mb

HOUSE FINANCE COMMITTEE
Wednesday, May 19, 1976
9:20 a.m.

Chairman Malone called the meeting to order. Those members present were Duncan, Buchholdt, Guy, Cowper, with Rep. Brown and Rep. Red Swanson visiting. Jerry Reinwan, deputy commissioner of the Department of Environmental Conservation was also in attendance, as well as George Shaginaw, Telecommunications officer director.

The bill before the committee was the appropriation to the Office of the Governor Office of Telecommunication, SB 696. Shaginaw explained the added \$100,000 amendment by Duncan and what it could do to cover the legislature next session. Then Mr. Brown added comment saying the 1.5 mm dollars takes care of the satellite cost so this 100.0 amount is not paying for satellite time.

SB 696
TELECOMMUNIC.
APPROPRIATION

Duncan made a motion to report out House Finance committee substitute for SB 696. An objection came from Cowper. This was by reference to a bill being held up in the Senate. Duncan said he will be preparing a letter of intent. Vote taken, the bill was reported out.

DUNCAN AM.
DISCUSSED

Before the committee next was HB 927, appropriation to Dept. of Commerce for a continued study of the Alaskan-Canadian rail link. Red Swanson spoke. The nearest "gestimate" to do the job and do it right, he said, is \$30,000 and it would leave a balance of \$22,100. He justified his bill by saying Alaska has a lot of catching up to do. What might be an alternate to the pipeline needed knowing. We should be preparing with statistics and data collected in the railway corridor. We should know, he said, everything we possibly can about that railway connection.

DO PASS

A motion was made to report out HB 927. No objection was heard. Discussion brought a question from Jim Rhodes, administrative assistant to the chairman, whether Mr. Swanson had seen the University of B.C.'s study. Yes, said Swanson. Mr. Henderson, director of the entire Canadian railway system and Mr. Mitchelson of the White Horse Yukon Railway both had been here. He had all of those studies and most up to date data in his office, plus that of the U. of Alaska's,

HB 927
RAILWAY STUDY

which was incomplete. He said he was working closely with the railway people. Then he passed out a map replica of connections.

DISCUSSION ON

Freight rates, explained Swanson, East of the Missouri River are the same to Seattle as to Prince Rupert and almost to Deese Lake. Comparatively the shipment cost to Seward on ship or barge is more than to put it on rail; this plus the current construction cost in Canada makes it completely feasible, he added.

MOTION

The motion from Cowper, being held in abeyance, was voted upon. It was do pass for the bill.

DO PASS

Cowper found it necessary to leave, the quorum was lost, but the committee had a hearing on HCS for SSSB 257 am, Department of Environmental Conservation. Jerry Reinwan, deputy commissioner, introduced John Scribner of Environmental Conservation. A few questions were cleared up regarding sewer disposal systems and the enforcement of what would be law if this bill passes. "We don't have the intent to chase the people -- not to hassle the individual", said Reinwan. "The intent is to control or to focus on the largest systems."

HCS SSB 257 am
ENVIRONMENTAL
CONSERV.

Suggested amendments were made to page 3, line 21: "there will be a new subsection (d), 'plans submitted under this section which are not rejected or conditionally approved by the department within 60 days of submission in final form shall be deemed approved.'" The chairman directed the secretary to deliver the proposal to Legislative Affairs with the working draft and Gruening's stated addition. At this time, the chairman was vice-chairman Buchholdt, Mr. Malone having left to attend Free Conference.

HEARING ONLY

The meeting was adjourned at 10:20.

ADJOURNMENT

mb

HOUSE FINANCE COMMITTEE
Wednesday, May 19, 1976
3:20 p.m.

Members present: Reps. Buchholdt, Gruening, and Itta.

PRESENT

Others present: Reps. Nels Anderson, Mike Miller, and Sam Cotton; Palmer McCarter, Dept. of Community and Regional Affairs; Sam Coxson, Anchorage lobbyist; Rick Svobodmy.

In Chairman Malone's absence, Vice Chairman Buchholdt chaired the meeting. The meeting was called to order noting the lack of a quorum.

The first topic was HB 933. (Rep. Duncan joined the meeting). Rep. Anderson explained backup material listing the extent of the loss to be covered (copy in file). (Reps. Guy and Cowper joined the meeting at 3:25). Rep. Anderson read a letter from Sue Green of the Governor's Office to Mr. and Mrs. Berry (copy in file). Rep. Itta moved to report out HB 933. There was no objection, so the motion was adopted. The committee report was circulated and HB 933 was reported out with a "do pass" recommendation.

HB 933

REPORTED OUT
DO PASS REC

On HCR 143 Rep. Buchholdt explained the HESS Committee amendment which changed the title of the bill. The fiscal impact is \$3,200. It would be a project of the Legislative Affairs Agency staff already budgeted. The money is for travel. Rep. Gruening moved to report out HCR 143. There was no objection, so the motion was adopted. The committee report was circulated and the resolution was reported out with a "do pass" recommendation.

HCR 143

REPORTED OUT
DO PASS REC

On SB 267am the Committee Substitute had not been returned from Legislative Affairs. Rep. Gruening moved to report out a Finance CS for SB 267am. There was no objection, so the motion was adopted. The committee report was circulated and House Finance CS for SB 267am was reported out with a "do pass" recommendation.

SB 267am

REPORTED OUT
DO PASS REC

On SB 726 Rep. Buchholdt said the Resources Committee had reported it out majority do pass. Rep. Gruening moved and asked unanimous consent to report out CSSB 726. There was no objection, so the motion was adopted. The committee report was circulated and CSSB 726 was reported out with a "do pass" recommendation.

SB 726

CSSB 726
REPORTED OUT
DO PASS REC

The next topic was SB 474 am. Palmer McCarter testified on the bill and Rep. Buchholdt suggested reporting the bill out. Rep. Cowper moved and asked unanimous consent to amend the bill to repeal the business license tax in 1979 and further provide that money received by various communities and municipalities which was due on January 1, 1978, be appropriated to the communities in 1979 and subsequent years. He said Billy Berrier had the exact language. Rep. Buchholdt suggested Rep. Cowper draw up the amendment for the committee to view. Rep. Cowper suggested voting on the concept. Rep. Duncan said he saw no harm in having a CS drawn up. Rep. Miller said he could have a CS drawn up for tomorrow morning. Rep. Cotton suggested including another amendment increasing the money to hospitals. Rep. Gruening moved to include the business license tax amendment and the hospital amendment in a proposed Finance Committee Substitute. Rep. Miller outlined the hospital amendment. He said that in the Free Conference on the Budget there would have to be a line item on hospitals to keep it all from going into one pot. There was no objection to having a CS drafted, so it will be drafted for the committee's consideration.

SB 474am

CS TO BE DRAWN
UP WITH
COWPER AND
COTTON AMEND-
MENTS

There was a brief recess and the committee took up SB 499 am with Reps. Buchholdt, Itta, and Guy present. Rick Svobody was present to explain the bill. He said SB 404 was referred and would be on the ballot August 24. If the people vote to repeal that bill it will go to what law was before last year's bill. In SB 499 the decision was made to leave the referendum alone and let the people vote on it. This bill creates a salary commission to set salaries of legislators, judges, commissioners, and deputy commissioners. (Reps. Gruening and Duncan joined the meeting at 4:30).

SB 499am

Mr. Svobody said the bill was complicated and it would be easier if SB 404 were just repealed and it would be possible to start over. On judges salaries he said that once they are raised they cannot be lowered. (Rep. Malone joined the meeting at 5:00).

Rep. Malone suggested that the committee wait to hear from Rep. Gardiner before acting on this bill.

There was no further business to come before the committee, so the meeting was adjourned at 5:05.

HOUSE FINANCE COMMITTEE
Thursday, May 20, 1976
3:15 p.m.

Vice-chairman Brenda Buchholdt called the meeting to order in the absence of the chairman. Committee members present were Duncan, Itta, Haugen and Cowper. Also present were Alison Farnan, budget analyst, John Trillinghast, legal counsel and Billy Berrier both from Legislative Affairs, Representatives Mike Miller and Sam Cotten, Palmer McCartney from Community & Regional Affairs, Don Barry and Marilyn Miller, Ak. Municipal League, Eric Lee from Health & Social Services, and Susan Clark, League of Women Voters.

SB 267 was CS previously reported out but held for approval of the fiscal note was approved and then hearing no objection, the report was signed by Chairman Malone.

SB 267 F.N.
APPROVED

HCSSB 474 am was taken up. Failure by the Legislature to adopt the effective date clause on this municipal revenue sharing would result in the provisions taking effect 90 days after the bill becomes law, and would create substantial financial impact. Billy Berrier, having arrived from Legislative Affairs, was asked how difficult it would be to write those sections of the amendment so the effective repeal of Alaska license business tax be written in in order to become part of the code? In the counsel's opinion, it would still require a two-third's vote to be adopted.

HCSSB 474 am

DISCUSSION

Rep. Ted Smith entered. Representatives Cowper and Naughton left.

TO RULES
FOR LEGAL IMPACT

The legal effect in the long run was such that it was decided by members to allow the bill to go to Rules for decision there.

Haugen returned and brought up the subject of hospitals. He wanted changed revenue sharing to double for community hospitals with a fiscal note revision. Informed that had been done, he asked for the increased cost in revenue sharing over the original bill.

HOSPITAL
FINANCIAL HELP
REQUEST BY
HAUGEN

5-20-76

For hospitals there would be a 1.130.10 mm increase; for health facilities, add on 1.8 mm and the total to fully fund the program would be 17.2 mm. To Haugen's further question, they did not have a breakout statewide total of each category; it was done by estimate of totals for each categories.

HOSPITAL INCREASE

Small boat harbors and their computation as to communities' own charges were discussed. Rep. Osterback, who had entered, offered the comment that in his community, Sand Point, they are going to put in the piers and floats but everybody had to sign a document that they would pay or they wouldn't come and put in floats for them.

Representatives Cowper and Naughton returned. Cowper was in favor of taking care of more hospital allocation with a separate bill which may have been in the hopper.

CS FOR SB 474

Responding to the question, Naughton moved a committee substitute for SB 474 to include amendments by the committee, be reported out, reflecting changes in Section 3, page 9, lines 4, 5.

Guy asked regarding page 9, Section 2, what had been repealed? It was a technical question briefly answered. There being no objection, the motion was adopted.

MOTION
ADOPTED

Next, SB 753, the day care bill came up for consideration. Eric Lee, Health and Social Services, answered a question on the fiscal note, based on the committee substitute. The dollars would adjust out to zero but there would be some complicated adjustments on the funding requests by the department, built around budget requests of both C&RA and H&SS departments. It would, however, end up with only one department administering it in each community, requiring a transfer of C&RA budget to H&SS budget. This method of budgeting will leave funds in H&SS to match Title 20 federal grants. The net result is new state monies above state requirements and no loss of Title 20. Most of the Title 20 monies will be realigned. Further discussion involved, also, Rep. Sam Cotten, in whose committee much former testimony on this bill had taken place. The problem of how day care was to be funded and how federal requirements would have to be met was reviewed. It was apparent that smaller communities needed autonomy from federal regulations.

SB 753
DAY CARE

REALIGNMENT OF
C&RA and DH&SS
BUDGETS

Duncan requested having a yearly cutoff date so the municipalities can pick up the option from the department. This was all right with Mr. Cotten.

LOCAL OPTION
FOR LOCAL CONTROL

Buchholdt asked for clarity on whether when a municipality accepts the option they get funds or not.

Susan Clark, representative of the statewide League of Women Voters spoke on the bill saying they had strong opposition to the bill as passed from the Senate side, that it had sailed through before the public was even able to receive a copy of the bill. She felt their group had a right to know and provide input. The League was in support of HCS with some reservations, which were explained. The main point she stressed that each community had a right to develop day care according to its perceived needs. Fire and sanitary regulations were inappropriate to bush communities. HB 290 would alleviate this problem. The League favored that version strongly and ask that that bill be moved.

LEAGUE OF WOMEN
VOTERS TESTIMONY
IN SUPPORT OF
HB 290

Don Barry of the Alaska Municipal League also spoke to support the House bill as it came out of C&RA committee. He said the concepts were presented rather deceitfully in the Senate by their saying that it, community participation, was optional.

AK. MUNICIPAL
LEAGUE

Before giving his decision, Mr. Naughton said he would like to check with HESS to be sure in "this razzle dazzle" it might not result in being in a position where if they administer the licensing the licensing will not be available. Duncan then suggested loans. Cowper said information had come to his attention that a need exists for a loan program.

Duncan moved to incorporate new sections into the bill that would establish a child care facility revolving loan fund to set up a loan program as provided in the text of CS HB 290. The motion was adopted without objection.

MOTION FOR
INCORPORATION OF
HB 290 INTO
SB 753

The chairman asked to have a committee substitute prepared to be available for review by committee the following morning. Duncan announced that the fiscal note for CS for HB 290, his own bill, was in order.

Without further business nor objection the meeting was adjourned. The time was 5:25 p.m. A revenue subcommittee meeting was then announced for that evening.

mb

HOUSE FINANCE COMMITTEE

May 21, 1976

9:40 a.m.

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

PRESENT

Others present: Gary Sheridan, Social Services
Coordinator, Div. of Social Services; Mary Eldemar and
Eric Lee, Health & Social Services; Rep. Terry Gardiner.

The first order of business was SB 753 relating to
day care. Chairman Malone said amendments had
been considered for the bill and a Committee
Substitute was being drafted. Rep. Duncan reported
that the fiscal notes on the bill were \$30,100 from
Commerce and \$4,100 from Community & Regional Affairs.
The note from Commerce requests one new position.
The C&RA note is just for travel and contractual.
Rep. Haugen asked about the rate of interest, and
Rep. Duncan answered that the rate was 6%.

SB 753

Chairman Malone asked about the Title 20 entitlement.
Gary Sheridan said they were above the Title 20 ceiling.
There's \$3,975,000 in Title 20 funding. That's a
reduction from '76 of \$25,000. \$4,500,000 could be
claimed as it was available from the federal government
with the existing programs. Chairman Malone asked
what programs would pick up the funds. Mary Eldemar
said some of the Title 20 funds will be useable by
day care in the areas covered by C&RA. Those we can't
claim for day care can be picked up under other
components under Title 20 Plan 477. There shouldn't
be a problem claiming the total amount of money.
Chairman Malone asked how much time they had during the
fiscal year to change the plan and get it approved
for use of funds. Mr. Sheridan answered that there
were provisions in federal regulations that allow us
to amend the plan with public notice and hearing.
As long as it adheres to national requirements for
Title 20 we could amend the plan to include the
changes at any time though it becomes complex toward
the end of the year.

TITLE 20

Rep. Buchholdt asked what areas were meant in the fiscal
note as non-contract areas of the state. Eric Lee
said there were contracts in most areas. The bulk of
the non-contract is in Ketchikan with some in Sitka,
Valdez, and Seward. Rep. Buchholdt asked how much money
would be allocated for non-contract areas to which Mr. Lee

replied that based on '76 it's in the neighborhood of \$55-60,000. The exact amount is hard to say.

SB 753

Chairman Malone asked the wishes of the committee. Rep. Duncan moved to report out HCS for SB 753 (Finance). Rep. Haugen objected to adding HB 290. It would get a better rate of interest going by itself. It seems a little rich. Rep. Duncan said he felt the concept is needed. Possibly the fiscal notes could be looked at separately, but the concept needs to be enacted this session. Rep. Haugen agreed but said they don't need the extra money in personal services. Rep. Duncan suggested reworking the fiscal note, and Rep. Haugen agreed. Rep. Duncan suggested leaving the travel and contractual as it was listed but deleting the \$23,500 for personal services. Rep. Buchholdt suggested continuing with the \$5,900 that was included for a part-time employee to administer the program. Chairman Malone said they probably could manage the program at least starting up at the limit placed in the legislation with a half-time instead of a full-time person. If we put in \$11,000 for a half-time position that would bring it to \$18,000 for the first year of the program which is the approximate earnings rate on loans if all the money was out. Rep. Buchholdt moved to incorporate the amendment to the fiscal note so that the amount would be \$18,000. She said she would like to have the loan program self-generating to pay for the salary of the person running it. Chairman Malone said the motion was to adopt the main motion to report the bill out with a revised fiscal note for the program providing a half-time position for this function instead of a full-time person. There was no objection, so the motion was adopted. The committee report was circulated and HCS for SB 753 was reported out with a "do pass" recommendation. The bill will be sent to the Chief Clerk upon receipt of the CS from Legislative Affairs.

HCS for
SB 753(Finance)
REPORTED OUT
DO PASS REC

FISCAL NOTE
TO BE REVISED

Rep. Gardiner was present to speak on CSSB 499. He said this version of the bill left it to the voters to vote on the referendum. The bill is structured so that it goes into effect regardless of what happens in the primary election. The salary commission goes into effect 30 days after the bill goes into effect. They have responsibilities for making recommendations for next session. Nothing in the existing statutes will be affected until their recommendations have gone to the legislature and become effective.

CSSB 499

Rep. Gardiner said that constitutionally salaries and retirement of judges could not be lowered, but state employee's can. There was a 34-page opinion on this which wasn't really decisive. At the end they said the cleanest way is to repeal everything and then re-enact it. Our committee didn't want to do that.

CSSB 499

Rep. Gardner continued, saying that the legislature doesn't have the power to amend the recommendations of the salary commission. This is modeled after the local boundary commission. The reason for this whole thing is that legislator's salaries have become too much of a political issue. This way a board will make a recommendation and the legislature will no longer be in a "conflict of interest" situation. Rep. Haugen said he felt the idea was long overdue.

Chairman Malone recessed the meeting at 10:25 to go to the floor session.

HOUSE FINANCE COMMITTEE
Friday, May 21, 1976
2:45 p.m.

In the absence of the chairman, vice chairman Buchholdt called the meeting to order with Duncan, Gruening Cowper and Guy forming the quorum. Milt Barker, budget analyst also was present as were Gene Lawn, administrative officer for child support and Rich Burnham of the Attorney General's office, as well as Don Clocksin from Alaska Legal Aid services.

PRESENT

First order of business was House committee substitute for SB 499 am for which Gruening moved and asked unanimous consent to report out. Duncan objected for the purpose for holding it over for an updated fiscal note. Duncan sounded an assumption it will be the commissioner's per diem and travel and removed his objection. The vote was majority do pass.

SB 499 am
DO PASS

Next item of business was HCS for sponsor substitute for SB 659 am. Here begins Tape #71.

HCS SB 659am

Susan Green of the Governor's office, Commissioner Williamson, H&SS and members of his staff deputy commissioners McGinnis and Lloyd were present for testimony.

CHILD SUPPORT
ENFORCEMENT

Williamson had presented the proposed amendments to federal regulators in Seattle, Region 10 and he stated their opinion that federal funding might be in jeopardy with that piece of legislation. There could be a five percent loss of an annual amount of \$350,000 and other loss of full aid funding program to total six million dollars annually.

Cowper immediately registered objection to a ballooning of 35 people where once it took 7 to do the job in the program.

DISCUSSION
PERSONAL SERVICES
INCREASE

McGinnis said Mr. Snowden gave in his Saturday testimony ten or eleven fulltime equivalencies, four from the Dept. of Law, (if those figures are accurate), seven authorized in the Dept. of Health & Social Services,

which adds to twenty-two individuals working in the program.

FED OR
NO FED

McGinnis considered the cost near half the figure being talked about for the next year program. He sillouetted the choice open in the legislation in relationship to the job which may or may not get done by the department.

THAT IS THE
QUESTION

Gruening averred to the amendment's protection of the mother's freedom to consent. It wouldn't make any difference what was funded if it didn't apply with federal regulations, he pointed out.

Don Clocksin, Legal Services testified. He reiterated his former posture that if the mother feared the father, or wished to maintain a climate of approval whereby reconciliation could occur, it would be a dangerous invasion of privacy if legislation did not allow a mother to concur in lack of child support. The existence of the danger of violence showed in mail which he received. Also, did the bill offer adequate protection for the father? Were there several due process requirements?

McGinnis discussed the federal language which would cause this legislation outcome to lean on them for reappraisal.

McGinnis said if the state loses five percent it means \$675,000 through cost of state general fund monies and \$850,000 by the year 1978, adding \$178,000 more to drain on the general fund, in excess of what they were estimating plus losing \$370,000 federal funds.

Gruening thought of taking out the first amendment, but not the second. Duncan discussed presenting the department with the fifty percent budget, pointing to attachments on page 1, paragraph 3, lines 18 to 20. (See bill file.) The Regional file.) "The regional office of HEW we can't talk for but if you can do all the things listed in the document for "X" amount of dollars, fine!"

Williamson said all of this began in response to the federal government's effort to reduce the AFDC program. In answer to Duncan question for comparison of people-services ratio, it was favorable. In Oregon, Washington and several other states comparisons were studied and it would take 44 employees in Alaska if they had the proportionate case load ratio of Washington and yet Alaska was doing it for a requested 29 figure in personal services.

PHILOSOPHY

COMPARING OTHER
STATE PROGRAMS

Clocksin softened his objection saying the important thing was to get some bill adopted this session. McGinnis and Duncan both suggested going to the Congressional delegation for protection of the mother from invasion of her privacy. Clocksin pointed out this state as unique in its interests in changing mandating of services.

Rich Burnam, counsel from the A.G.'s office, commented that at this time we have no idea what the feds are going to say regarding the outcome of passage of this legislation. He advised taking the opposed amounts out if the department was going to have an injunction.

MEANS OF HOW TO
PROTECT PRIVACY

McGinnis pled to pass the bill with as much budget as the committee thought was right to do the job and immediately put into the Legislative hopper a resolution to address the Congress delegation to ask them and the HEW secretary to take care of it at their level. Then this matter could be addressed to DH&SS to concur with projection of the mother. Kathy Lloyd said, "If we take out the amendment, administratively we can take care of this for one year until the litigation comes out. McGinnis agreed that a "gentleman's agreement" on an administrative basis, rather than legal one would be satisfactory.

Burnham pointed out since the federal government is paying only for AFDC cases they were doing all the work for only (9)? people.

Cowper made a motion to appoint a subcommittee of himself and Cowper to draw up an appropriate fiscal note and report back the following day.

Buchholdt objected because it would be in violation. Gruening then made a motion to take out the line from the amendment on page 1, lines 28 and 29, half-compliance. Duncan argued against going just half way. Instead delete all and write a letter of intent to the department and its division of child support (enforcement) to go after only those voluntary cases. He moved to amend the motion to delete page 2, line 14 and 19 and set a budget accordingly.

ARGUMENTS ON HOW
TO AMEND THE BILL

McGinnis suggested the letter of intent would not be examined by the federal government. The act would.

LETTER OF INTENT
PREFERRED

Buchholdt objected to Gruening's basic motion because Mr. Naughton was not present to defend his original amendment.

A vote resulted in Duncan's motion failing and Gruening's motion carrying. Duncan posed the question if the state would lose fed money if it did nothing. In Lloyds opinion it would not, referring to an A.G. ruling last year.

Clocks in interpreted it differently and Burnham still differently. McGinnis said the law requires "you must have effective state plan and meet the seven tests". If those tests could be met on the reduced budget, fine.

CONSEQUENCES OF
ANTI-FED REGS
BY STATE OF AK.
IF USED

Buchholdt mentioned the state was good at getting waivers from the federal government. Possibly that was an alternative. "We applied for the waiver. It was denied," stated Lloyd. They were in compliance without this

bill. There was at least one function they would not be able to carry out without a statute, Burnham pointed out. Cowper moved and asked unanimous consent to prepare a house committee substitute by finance by amending line 14, page 1 to eliminate an internal inconsistency in the state and to make it clear to the department what it is supposed to do. With no objection, this motion was adopted. Gruening moved and asked unanimous consent to report out finance committee substitute for House committee substitute for sponsor substitute for SB 659. Hearing no objection, his motion was adopted. The committee report was circulated for individual recommendations. A letter to stipulate volume cases only would be prepared to accompany the bill, and the bill was to be held over for preparation of a new fiscal note. Susan Brook of the court system explained the transfer of court dollars to the Dept. of H&SS from DOL. Buchholdt assigned Gruening, Duncan and Cowper to follow up on this bill.

SB 659

MOTION

ADOPTED

SB 753

Next, SB 753 was given a fiscal note approval and released by committee consent.

F.N. APPROV'D

A hearing on CSSSB 335, sport fishing, hunting and trapping licenses and fees began with Bob Rausch of Fish & Game present to testify. Bob Grogan fiscal analyst also arrived.

Rausch said either they get general fund money or take a substantial cut in the program or go to tag fee for non residents and increase support from fishing licenses for residents. The Sport Fish & Game fund comprised essentially of receipts from sport fishing and hunting licenses and big game tags, will experience a shortfall of from three quarters to a million dollars in FY 1977. This shortfall will occur as a result of inflation, demands created by fed action relating to renewable resources and accelerated development of non-renewable resources in Alaska. The projected shortfall is predicated upon a maintenance level operation with no increase in the level of service provided to the resource or the public, Rausch said.

CSSSB 335

The proposed resident license fee increase, first since fees were established in 1959, is expected to cover the anticipated shortfall. Federal Aid funds, Dingell-Johnson and A.-Robertson monies, traditionally used to match license receipts of a 3:1 basis, have reached the saturation point, he concluded.

Duncan called for an amendment of the bill on page 1 (see marked copy in bill file), which was an adopted motion. Mr. Guy began a lengthy inquiry and discussion of the need to protect the subsistence hunter in his area with the appropriated language. He proposed an amendment, (see page 3) to be incorporated as a committee substitute. (See master file). It regarded repealing the musk oxen language and allowing subsistence hunting of these animals.

The question of indigence or poverty level was discussed at length but remained inconclusive, as all that would be needed was to sign an affidavit they would qualify regarding family need for subsistence hunting. SUBSISTANCE
QUALIFICATIONS

Cowper offered a motion to delete, p. 1, lines 12-14, the raise in resident fees. There was an objection by Itta. By this time, chairman Malone had entered and participated as a committee member. Rausch defended reducing the license fees saying \$301,000 under the proposed increase was anticipated. Cowper's motion failed.

The decision was to hang onto the bill. A committee substitute would be prepared. HELD OVER

Vice-chairman Buchholdt adjourned the meeting at 6:00 p.m.

ADJOURNMENT

mb

Tape H70 near its end to the end
Tape H71 0000 -

HOUSE FINANCE COMMITTEE
Saturday, May 22, 1976
10:40 a.m.

Members present: Reps. Buchholdt, Cowper, Gruening, Duncan. PRESENT

Others present: Jim Edenso, Deputy Commissioner, Dept. of Commerce & Economic Development; Rep. Al Osterback; Rip Andrews; Phil Daniel, United Fishermen.

The meeting was called to order noting the lack of a quorum. In Chairman Malone's absence, Vice Chairman Buchholdt chaired the meeting.

Jim Edenso was present to testify on SB 688 and SB 689. SB 688
He began with SB 688, an act relating to salmon hatcheries and providing for an effective date. He said the purpose was to increase the salmon in the state. The bill calls for the formation of regional associations to provide for an overall plan by region. The regional associations would be comprised of commercial fishermen, users, sport fishermen and their organizations. It also calls for a board of directors.

Mr. Edenso then mentioned SB 689, an act relating to a fisheries enhancement loan program and providing for an effective date. This changes the existing loan program on the books. The existing program limits the size of loan to \$100,000. This act provides up to \$3,000,000 for a regional association or \$300,000 for an individual. The purpose of the act is to promote the enhancement of the state's fisheries. Loans would be made to permit holders. They can also be made to regional associations defined in SB 688, or a non-profit organization approved by the regional association. Loans may be made for a term not to exceed 25 years. The interest rate can't exceed 8% a year, simple interest. Interest and principal payments can be deferred up to six years after a loan is made. No loan may exceed 75% of the projected cost. It calls for collateral satisfactory to the Commissioner. Loans may be sold to the state Department of Revenue after they are made. We estimate the program will last 15 years before the full sum is expended. This bill calls for both a voluntary and involuntary assessment on the sale of salmon. SB 689

Rep. Cowper asked for Mr. Edenso's comments on the committee substitutes for the two bills. Mr. Edenso said he had no problem with them as they now stand. He pointed out the differences from the original bill. Rep. Cowper noticed that this ran the loans through two departments, Fish & Game and Revenue. Mr. Edenso said Fish & Game should have the opportunity to determine whether the applicant has the technical and management capability for operating a hatchery or hatchery program. In selling the loans to the Dept. of Revenue it means the Division of Business Loans must put the loan together in such a way as to convince Revenue that there will be repayment. Rep. Cowper felt the program should be streamlined so that the hatchery people could submit one application for Fish & Game and Revenue to look at at the same time. Mr. Edenso explained that the applicant would not be involved in the procedure of selling the loan to the Dept. of Revenue. Rep. Cowper said it all looked like an administrative bottleneck. It could hurt the people who need the money. Mr. Edenso said this was the way Veterans' Affairs currently operates. Rep. Cowper argued that those have to be bought by the commissioner. There's nothing here that compels the commissioner to act on it. He suggested changing the language in the bill back to "Commissioner of Revenue shall purchase" instead of "may purchase". Rep. Duncan said he was in agreement.

SB 688 and
SB 689

SUGGESTED CHANGE
OF LANGUAGE IN
SB 689

Rep. Duncan asked with the consideration that Prince Williams Sound will need money, is the amount in this bill sufficient for FY77? Mr. Edenso said he thought it was because the formation of regional associations will take some time.

Rep. Buchholdt asked how the meetings of the board of directors would be financed, how much would it cost? Mr. Edenso introduced Phil Daniel to answer the question. Mr. Daniel said there's a regional group being formed in Ketchikan. Their solution is to put a voluntary assessment on themselves of \$300 per fisherman to use for that purpose. They think \$100,000 can be raised, but they would welcome help. Rep. Cowper asked what amount would be helpful. Mr. Daniel said they were hoping to have a meeting in Sitka next year for all the fishermen in southeast to get together to plan for southeast. \$50,000 would be an enormous aid. That would allow for the hiring of a biologist. Planning is crucial. It's important to make sure proper planning goes into the early stages. That planning would

DANIEL
TESTIMONY

coordinate with the state hatchery program. Rep. Cowper asked what conflicts were foreseen between the state and private program. Mr. Daniel said he was hopeful there will be no long-term conflict. There's some apprehension in the FRED division.

SB 688 and
SB 689

On the question of return on the project, Mr. Edenso said that depending on the size and cost of the facility and the amount of financing undertaken through debt structures it appears there's an adequate cash flow from the sale of surplus fish to amortize a debt up to a 25 year period. Mr. Daniel interjected that most of the action on this at first would be in the areas with depleted stocks. This should start slowly and inexpensively.

Rep. Itta joined the meeting at 11:15.

Rep. Cowper asked about methods of assessment. Mr. Daniel said there would be a non-voluntary assessment, which is an assessment on everyone in a regional hatchery group, or there's the voluntary approach, where 51% of the fishermen agree and then the assessment falls only on those in agreement.

METHODS OF
ASSESSMENT

Rep. Gruening joined the meeting at 11:20.

Rep. Osterback asked what could be used as a match. Mr. Daniel said it could be in-kind services or almost anything.

Rep. Buchholdt asked for other testimony. There was none and Rep. Cowper suggested that in Sec. 16.10.510 we give the commission the power to make grants for planning and organization. On page 4, line 17 the word "may" should be deleted and the word "shall" inserted. Rep. Cowper made a motion to that effect. There was no objection, so the change will be made. Rep. Cowper moved and asked unanimous consent to report out HCS for CS for SB 689. There was no objection, so the motion was adopted. The committee report was circulated and the majority signed do pass recommendation. So, HCS for CS for SB 689 was reported out with a "do pass" recommendation.

MOTION TO
AMEND SB 689
ADOPTED

CS TO BE
PREPARED

CS REPORTED OUT
DO PASS REC

Rep. Duncan moved to report out CSSB 688. There was no objection, so the motion was adopted. The committee report was circulated, and the bill was reported out with a "do pass" recommendation.

CSSB 688
REPORTED OUT
DO PASS REC

The remainder of the meeting was not tape recorded.

Rip Andrews was present at the meeting and spoke to the committee briefly in support of the CS for SB 335, which would provide for a one-day fishing license at \$5. Rep. Buchholdt thanked him for speaking to the committee.

CS for SB 335

Rep. Buchholdt said there was a fiscal note now available on SB 499am. Jay Hogan, Director of Legislative Finance, had expressed concern that materials weren't provided in this bill. He had told Rep. Buchholdt that a figure of \$25,000 should be added so that comparative figures on legislative salaries could be sought. Rep. Gruening objected to the addition because comparative figures are already available through the Department of Commerce and the Department of Labor. Rep Buchholdt said she didn't feel any more money should be put in this project. Rep. Duncan pointed out that it would be going to Free Conference, and the fiscal note could be revised there if it was deemed necessary.

SB 499am

There was no further business to come before the committee, so the meeting was adjourned at 12:00.

Tape H76-72

Beg. 0000

Stopped at 1302.

HOUSE FINANCE COMMITTEE
Monday, May 24, 1976
9:00 a.m.

Chairman Malone called the meeting to order. All members were present with the exception of Rep. Itta. Budget analysts Barker and Grogan also were present.

The first item of business to be discussed was the bill held over from the previous day, CSSSB 335 (Finance), just prepared for review. July 1, 1976, the Resources Committee suggested amendment was not approved by the Finance Committee, noting that the fiscal calendar does not go well with the hunting calendar, and that the new raised hunting fees would produce an impact in November.

CSSSB 335
LICENSE FEES
INCREASE

Haugen gave his opinion that by not increasing fees, there would not be enough money generated without digging into the general fund. Malone agreed and said a 1.8 mm dollar fee increase may balance the budget for this service for FY 1978.

Duncan moved and asked unanimous consent to move out CSSSB 335. Buchholdt objected. She disfavored increased sports license fees. Cowper objected. The motion carried with individual recommendation on the committee report with five no recommendations and one do pass with two additional do pass in the non concurrence list.

MOTION
OBJECTIONS
INDIVIDUAL RECS

Next before the committee was SB 654am. A letter of intent from the chairman of House HESS committee was read and discussed. The Finance Committee decided it wished to place its own letter of intent with the bill and a question arose which needed answering whether the first letter had already been read into the Journal.

SB 654am
LETTER OF INTENT

Senator Genie Chance testified to the committee that the monies requested would allow the program of grass roots involvement in policy decisions of social services planning to begin immediately. Priorities are established now first by the department and then public input is sought to fulfil federal regulations. A jaded public input is a result of this after-the-fact style of information gathering. The intent of this bill will to see that public opinion counts, and is included before policy formulations are made.

The question of how the money is spent was discussed. Contractual service would conduct the job of regional meetings. What regional geographic representation was also discussed. It was decided to include in a letter of intent that the committee wishes to define regions that will be true representations of people's opinion, and therefore the House districts would be good to use.

METHOD OF
ADMINISTERING

Chance stated that the three persons added are to do the planning and it would be the personnel in the central offices that would be controlled by this intervention of planning process.

LETTER OF INTENT

Rep. Itta entered. Malone read an outline he suggested for a letter of intent and the bill was held over for input on the letter from Senator Chance.

Chairman Malone adjourned the meeting so the committee might join the floor session.

ADJOURNMENT

mb

HOUSE FINANCE COMMITTEE
Tuesday, May 25, 1976
9:50 a.m.

Members present: Reps. Malone, Buchholdt, Duncan,
Haugen, Guy, and Gruening.

PRESENT

Others present: Sen. Bradley, Rep. Osterback, Bob Van
Houte, NEA.

Chairman Malone called the meeting to order and listed
the Senate bills which people in the Senate list as
priorities. They are: SBs 201, 437, 529, 586, 552,
600, 673, 690, 739.

PRIORITY
SENATE BILLS

The first item on the agenda was SB 201 dealing with
architectural barriers. Sen. Bradley was present to
comment on the bill. He said this bill has been put
in for the last four years, but it asks too much.
Dick Holden of Public Works testified on it, and as a
result of his testimony Public Works is taking an
inventory of barriers throughout the state. Handicapped
people have been ignored too long. In their inventory
Public Works will start with public buildings and work
their way down. The bill was written without a fiscal
note. The one paragraph on the books now that says
the department is responsible for ridding buildings
of architectural barriers hasn't done anything. This
would tighten it up a little bit.

SB 201

SEN. BRADLEY
TESTIMONY

Chairman Malone asked Sen. Bradley if his recommendation
was for the sponsor substitute or the House committee
substitute. Sen. Bradley answered that he recommended
the sponsor substitute. There's no fiscal note. This
says they will conduct an inventory and maintain it
and estimate what has to be done and recommend the
amount needed to the legislature next year. There are
approximately 400 crippled people in Anchorage. Also,
regulations require that any building that receives
federal funds must have these barriers eliminated.

Rep. Gruening asked if the regulations require that any
architectural plans that are used must adhere to
these requirements. Sen. Bradley said they did on
any new buildings, and Public Works has given their
assurance that this is being adhered to.

Rep. Gruening moved and asked unanimous consent to report out SS for SB 201am. There was no objection, so the motion was adopted. The committee report was circulated, and SSSB 201am was reported out with a "do pass" recommendation. (Rep. Cowper joined the meeting.)

SB 201

SSSB 201am
REPORTED OUT
DO PASS REC

The next topic was SB 437. Rep. Duncan proposed increasing the bill by \$50,000, changing the sum in Section 1 to \$200,000. He also proposed adding a new Sec. 2 which would incorporate in this bill Section 1 of HB 731. Chairman Malone suggested adding a new Sec. 3 that would provide for the lapsing of unexpended or unobligation portion of the appropriation into the general fund on July 1, 1977. There would be a Sec. 4 which provides for an effective date of July 1, 1976. Rep. Duncan moved to incorporate the suggested amendments. The motion was adopted. Rep. Buchholdt moved to report out House Finance CS for SB 437 am. There was no objection, so the motion was adopted. The committee report was circulated, and the majority signed do pass recommendation. So, HCS for SB 437 am was reported out with a "do pass" recommendation.

SB 437

AMENDMENTS
ADOPTED

HCS for SB 437
REPORTED OUT
DO PASS REC

On SB 586 dealing with alcohol treatment centers, Chairman Malone suggested that the fiscal note should be revised to reflect whatever level of funding appears in the final bond issue. The subject was held in abeyance and the conversation turned to SB 659.

SB 586

On SB 659, Rep. Gruening read a copy of a proposed committee report on the bill. He suggested that the paternity section that was left in the bill be taken out. The amendment to the bill should be offered to the Rules Committee or to the floor of the House. Rep. Duncan moved that an amendment to that effect be offered. The motion carried. There was no objection to the letter of intent, so Rep. Gruening will have a final version prepared. Chairman Malone moved and asked unanimous consent to adopt the fiscal note for the Dept. of Health & Social Services and the Department of Law. There was no objection, so the motion was adopted.

SB 659

AMENDMENT TO
BE OFFERED TO
RULES OR
ON FLOOR

LETTER OF INTENT
ADOPTED

FISCAL NOTES
ADOPTED

The committee was called to a floor session, so the meeting was adjourned at 10:30.

HOUSE FINANCE COMMITTEE
Tuesday, May 25, 1976
2:00 p.m.

Vice-chairman Buchholdt called the meeting to order. Those present were Duncan, Itta, Guy, Gruening and budget analyst Milt Barker. Also, Alvin Osterback, Rep.-Sand Point was present. During the meeting, Rep. Helen Bierne, Dr. Marshall Lind and Dr. Tom Brown from DOE arrived to testify. Sam Coxen, administrative assistant to the mayor and city manager of Anchorage was also present.

First bill to be reviewed was House concurrent resolution HCR 144 No. 144 relating to the reconstruction of the road between Sand Point and Sand Point Airport. Rep. Osterback explained about equipment being in Sand Point now because of harbor construction.

It was due to be removed two months from now and while there, it could be used to construct the road which will take about one month; that there were emergency funds available in the Governor's office (\$800,000) but that it would take a legislative action to release some of them. His request was for \$350,000, although he stated the road would cost approximately \$400,000. Gruening moved and asked unanimous consent to report out HCR 144. With no objection it was majority do pass. MOTION DO PASS

CS for SB 600 am, providing for an optional state motor vehicle registration tax in lieu of local ad valorem taxes on motor vehicles, next came out for review. Sam Coxen testified. He said that Anchorage wanted this bill very much, explaining that the locality collects these personal property taxes for vehicles and the state gets five percent for administering it. The monies lost to the state from the no-pays now amounts to a greater number of dollars than what would be "lost" through this collection process. Gruening moved to report out the bill with individual recommendations. Guy objected for a chance to ask some questions to provide clarity. There were four do passes and the bill report circulated. The fiscal note was 293.3. MOTION DO PASS

SB 654am, an act relating to statewide coordination, development and planning for the delivery of social services, SB 564am

next was reviewed.

Senator Genie Chance's letter of intent was ready and read. Duncan made the motion to to insert the word "House" in the letter of intent so as to read "House election district". His motion was adopted. Itta moved and asked unanimous consent to report out SB 654 am with the Letter of Intent. Hearing no objection, it was adopted.

MOTION
DO PASS

CSSB 763 was presented with a suggestion for a finance committee substitute. The proposal was moved and adopted. Gruening moved to report out committee substitute for CSHB 763, an act relating to instructional unit allotments under the public school foundation program. Van Hout, education lobbyist, arrived to assist the Osterback testimony.

LETTER INTENT
CHANGE

CSSB 763
ADOPTED

He said the original language of the law refers to the old election districts of 1965 and not as they look today, and that original language was used in this bill. Second, on District 12, the people on the Aleutians, who have the highest cost in the state, are receiving equal share, 133.75. In view of the lateness of the hour, Gruening said, his motion to report out the committee substitute for CSHB 763 would include instruction to the staff for a revised fiscal note. He called for individual recommendations in the motion. Hearing no objection, the committee report circulated, with the motion adopted.

VAN HOUT
DESCRIBES
LANGUAGE

CS for SB 739 am was next reviewed, relating to vehicle license fees. There was no fiscal note it was noted. Itta moved to report out the bill but Gruening amended that motion to hold it for the fiscal note. Both motions were adopted.

CS SB 739
MOTION
DO PASS

CS SB 690, creating the regional resource center areas and boards; prescribing their organization, powers and duties, was reviewed. Naughton and Haugen had just arrived. Gruening moved to report out the bill with individual recommendations and a zero fiscal note. He expressed fear that a mini department of education at the midline level would begin and wanted individual REAA districts to support their own resource centers. Before voting, Itta objected for purpose of hearing from Commissioner Lind and Rep. Beirne. Discussion brought the consensus to handle the two positions absolutely needed in the Special Ed budget under "Foundation Support Supplemental program" in the capital budget within free conference. These monies then could go to the child study center in Anchorage to provide diagnostic services for a travelling team made up of speech specialist and psychologist-tester.

CS SB 690

COMMISSIONER
& BEIRNE

DO PASS

The question was called and the committee report circulated with four do pass. The zero fiscal note was incorporated into Gruening's motion.

Itta in her objection to the above action asked the chairman, Mr. Malone, (who had arrived during the discussion on the

bill), whether or not the action would affect grant funding for any other program in the Alaska treatment centers. He said, "no".

SB 586, relating to alcoholic treatment facilities was next reviewed with its Letter of Intent which included the words "The fiscal note of February 13, 1976 will not apply". "No additional administrative funds will be provided; the only funding level for the program will be as provided for the grants, if that funding is approved through bond issue by the voters of the state. Therefore the fiscal note prepared on the legislation by the Department of Health & Social Services on the 13th of February, 1976, does not apply". Guy moved to report out SB 586 and letter of intent. It was majority do pass.

SB 586

MOTION
DO PASS

SB 552, relating to teachers' retirement, was reviewed. Naughton moved to report the bill out. Without objection, the committee report was circulated with majority do pass.

House Bill 916, making a special appropriation to the Alaska Educational Broadcasting Commission, was reviewed. It required a sum of \$75,000 be appropriated from the general fund to the AEBC to pay public broadcasting system earth station lease costs of \$25,000 each for educational broadcasting stations at Anchorage, Fairbanks and Bethel, taking effect July 1, 1976. Guy made a motion to report out the bill. Without objection, the committee report circulated with a majority do pass.

HB 916
DO PASS

Chairman Malone adjourned the meeting at 4:00 p.m. for floor session.

ADJOURNMENT

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