

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2645

There was further discussion on problems they might have with the Oil and Gas Royalty Board. They decided they would have them in at 9:00 on Monday morning. They decided not to rescind action on the bill. However, it was agreed that if they weren't satisfied with the Board's testimony on Monday that SB 685 would be removed from the Calendar.

The meeting adjourned at 9:25 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

March 8, 1976

9:05 a.m.

All members of the Committee. Mr. Guy Martin, Commissioner of Natural Resources, was present. Mr. Joe LaRocca and Elaine Mitchell were present representing the Press.

PRESENT

Chairman Ray called the meeting to order and turned the Chair over to Senator Rader.

Senator Rader reminded the Committee that on Friday, when discussing SENATE BILL NO. 685 (Special appropriation to the Department of Natural Resources for conducting negotiations with prospective purchasers of North Slope Natural Gas) they had some questions regarding why the Oil and Gas Royalty Board wasn't conducting these negotiations with their contract money. He said that Mr. Guy Martin, Commissioner of Natural Resources, was here to respond to those questions.

SB 685

Commissioner Martin explained that the Gas and Royalty Board Budget is \$137.8 thousand. This money is appropriated to the Board rather than to the Commissioner, who serves as Chairman of the Board. Of that amount \$75,000 is set aside as contractual funds. To date, \$40,000 of this has been committed by the Board for expenditure. \$10,000 is to be spent for work being done by the Division of Geological Surveys with regard to gas survey requirements. \$20,000 has been allocated by the Board for federal consulting purposes, mostly in legal areas related to the power commission. Finally, \$10,000 is committed to a series of studies that will lead up to sale of royalty gas in the Cook Inlet.

Senator Ray said the Committee thought it would be the Board's job to do the negotiations SB 685 called for. Mr. Martin said that the Board has done a considerable amount of work on this item. In December the Board acted saying that sale of oil and gas was not appropriate at that time. It was their feeling that all possible steps should be taken to bring the sale to a head prior to the adjournment of this Legislature.

Commissioner Martin emphasized that they needed the additional \$50,000.

Senator Sackett asked whether the Board could use any of the \$35,000 it had left for conducting these negotiations. Commissioner Martin said they could possibly use some of it, but there were several other things they were planning. They need to do an oil purchasers study, and they have started an effort to solicit the sale of oil for in-State industrial use.

[Senator Chance left the meeting at this time.]

Chairman Ray thanked the Commissioner for his comments. He said that as long as he was here, he needed some information on another matter, SENATE BILL NO. 674 (Relating to the Cook Inlet Land Exchange).

SB 674

Commissioner Martin said there was a deadline for this which was the close of business this Thursday. He said they felt they had to communicate with the Interior Department. Overall, it is this: Something is going to happen with regard to the Cook Inlet land selection. It will be settled by litigation or negotiation. They feel a negotiated settlement is the best alternative at this time.

Senator Ray wondered about the difference in the value of the lands that are being evaluated. Commissioner Martin felt that even the Land Use Planning Commission agreed that even on economic terms the State makes out well in the exchange. The point is that whatever happens in Cook Inlet is going to have implications that effect economics at this time. He said that some of the items are not capable of being calculated in terms of economics, but added that in the Submission they made to the Legislature they did not hold out non-calculable values as things that make the difference. They are, however, what make it all the wiser to undertake.

Senator Ray asked why this bill came out of the Resources Committee without recommendation.

Senator Poland replied they had moved it out that way because they hadn't received the information they had requested from the Land Use Planning Commission, but they were aware of the time problem. It was for procedural reasons, so that it could get to the Finance Committee.

The Committee felt that in order to get this on the Calendar for Wednesday it ought to be reported out today.

Senator Sackett moved that SB 674 go out with Individual Recommendations. Motion

Senator Ray said he was not pleased with doing this. He noted there were three members of Resources her with greater informational background. He assumed somebody was going to carry this on the floor. Senator Poland assured him he was right. Senator Ray then said he would entertain the motion.

The question was called, and the motion carried with three voting "Do Pass" and three voting "No Recommendation".

Question on Motion

Senator Ray then made the following Bill Assignment:

Bill Assignment

SB 684 - Butrovich

Senator Ray brought HOUSE BILL NO. 274 (Special appropriation to Office of the Governor) up for consideration. He said he would like to see it made into a Committee Substitute which would change the Title to "An Act making a special appropriation to the Department of Education for Fire Service Training; and providing for an effective date". Then, he wanted it to say the money was appropriated to the Fire Service Training Section, Department of Education. He said they should delete the words "with the Bureau of Land Management" because there was no joint project going on.

HB 274

Senator Ferguson moved they pass out CS for HB 274 with individual recommendations. The motion carried, and the bill went out with a majority voting "Do Pass".

Motion

Senator Ray said he had heard a rumor that the Division of Marine Transportation was again contemplating a conversion of the Columbia to a fast food cafeteria. He had talked with the Chairman of House Finance and together they are writing a letter to the Commissioner of Public Works advising him in strong words not to do it. He added that perhaps there was nothing to the rumor.

Senator Ray then said they would meet on Public Protection at 2:00.

The meeting recessed at 9:35 a.m.

RECESS

SENATE FINANCE COMMITTEE

March 9, 1976

9:05 a.m.

All members of the Committee except Senator Chance. Mr. Bob Gates, Director of Retirement for the State, was also present. Joe LaRocca and Elaine Mitchell represented the Press.

PRESENT

Chairman Ray called the meeting to order, and brought up SENATE BILL NO. 590 (Relating to retirement, disability, and death benefits for certain employees of the Department of Fish and Game). Senator Ray said the fiscal note had accidentally been sent to the Dept. of Fish and Game instead of the Department of Administration, and that was why there was no fiscal note.

SB 590

Mr. Gates said he had fiscal notes which he had just completed for the Committee. He passed out copies. Mr. Gates explained that SB 590 is a bill that has been introduced to attempt to include or potentially include some additional personnel of the Department of Fish and Game, as determined by the Commissioner of Fish and Game and the Commissioner of Administration. He said they had recently received preliminary indication from the Commissioner of Fish and Game as to the personnel who would qualify. The list prepared by the Commissioner includes 86 persons.

Senator Ray couldn't believe that all of these positions listed were hazardous.

Senator Poland felt that it wasn't that they were always hazardous, but many of them have to do a certain amount of flying on little charter planes.

Mr. Gates pointed out that they had just received the list of these people on March 1. The Department of Administration has not had opportunity to fully discuss these specific positions. He agreed that considerable discussion would be necessary over each position. He added that the fiscal note was prepared on the basis of the information given by the Department of Fish and Game. If all of the positions were included, this would be the cost.

Senator Ray noted they were talking about \$660,000 to cover 86 people.

Senator Poland wondered whether they could revise that list and come up with a different fiscal note. Mr. Gates said they could over time.

Senator Ray said it was his inclination that if they were not more selective, they weren't going to get it.

Senator Butrovich arranged for Mr. Gates to come back at 9:00 on Friday on his "dead man's bill".

Senator Ray said they would take up Education at 2:00 on Wednesday and Natural Resources at 2:00 on Monday.

Senator Ray made the following Bill Assignment:

SB 694 - Ray

Bill
Assign-
ment

The meeting recessed at 9:30 a.m.

RECESS

SENATE FINANCE COMMITTEE
March 10, 1976
9:05 a.m.

Senators Ray, Poland, Butrovich, and Sackett. Elaine Mitchell, PRESENT
Joe LaRocca, and Cheryl Probst represented the Press.

Chairman Ray called the meeting to order. He had a possible SCR 90
Finance Committee sponsored Senate Concurrent Resolution for
their consideration. It was a resolution relating to timely
completion of a highway link between Yukon Territory & Skagway, Ak.

Senator Butrovich moved that they sponsor the SCR and put it Motion
out with a "Do Pass" recommendation. There was no objection,
and it was so ordered.

Senator Ray made the following Bill Assignments: Bill
Assignments

- SCR 88 - Ray
- SB 588 - Butrovich
- SB 690 - Ray
- CS HB 121 - Sackett

Senator Ray brought up HOUSE BILL NO. 374 (Special appropriation HB 374
to Department of Natural Resources, Division of Parks). He
called their attention to some communication from the Department
of Fish and Game. He thought they could probably accomplish this
for \$50,000.

Senator Sackett moved to amend the sum to \$50,000 and put HB 374 Motion
as amended out with a "Do Pass" recommendation. The motion car-
ried.

The meeting recessed at 9:25 a.m. RECESS

SENATE FINANCE COMMITTEE

March 11, 1976

9:15 a.m.

Senators Ray, Poland, Butrovich, and Sackett. Senator Rader arrived later in the meeting. Mr. Leonard Lane and Mr. Willie Hensley were present from the Capital Site Selection Committee. Elaine Mitchell and Joe LaRocca, from the Press.

PRESENT

Chairman Ray called the meeting to order, and said that they would hear testimony on SENATE BILL NO. 694 (Special appropriation to Capital Site Selection Committee).

SB 694

Mr. Leonard Lane, Executive Director of the Capital Site Selection Committee said the purpose of the Bill was to extend the Committee through the November election. The Initiative did not prevent the Committee from going on beyond June 30, but the funding runs out there. He said the Capital Site Selection Committee was proposing they take the workshops they have scheduled around the State, and instead of finishing them up by June 30, not starting them until July. This way they would run in the months right before the election.

They are asking for \$123,500 which is the cost of staff, travel, normal contractual services which are proposed, and xeroxing. Mr. Lane added that they also plan to lapse as much as \$60,000 from the current budget which would go back into the General Fund. The reason the money would lapse is because they would not conduct those workshops in the current fiscal year, but in the next one.

Senator Sackett moved they put SB 694 out with Individual Recommendations. The motion carried, and the Bill went out with a majority voting "Do Pass".

Motion

Senator Ray made the following Bill Assignments:

Bill
Assign-
ments

SB 25 - Sackett
SB 695 - Sackett
HB 569 - Butrovich
SCR 81 - Butrovich

[Senator Rader arrived at this time.]

Senator Poland mentioned SENATE BILL NO. 684 (Relating to renewable resources funds). She said she wanted to get it out of Committee. Senator Butrovich said he hadn't been satisfied with the testimony they had received on the Bill in Resources Committee. Senator Poland agreed, and said she would get some more information before bringing it up to the Finance Committee.

SB 684

The meeting recessed at 9:30 a.m.

RECESS

SENATE FINANCE COMMITTEE

March 12, 1976

9:00 a.m.

All members except Senators Sackett and Rader. Mr. Daniel Swift and Mr. George Geistauts were present from the University of Alaska. Mr. Bob Gates, Director of the State Retirement System was also present. PRESENT

Chairman Ray called the meeting to order, and asked for the presentation on the Computers at the University of Alaska. Computer System at U. of A.

Mr. Swift said that both he and Mr. Geistauts were faculty members at the University of Alaska representing the Fairbanks and Anchorage campuses. Their purpose here was to try and show that the computer at the University is providing significant services in serving educational and research purposes of the University. They had prepared an informational packet for the members of the Finance Committee, which they went over at this time. They pointed out that one of the basic services of the computer system was to provide free service to students and faculty members.

Mr. Swift said that computing facilities were as much a part of a modern University as a library, and it is only now that the University is coming up to date with this movement.

Senator Ferguson asked whether this system was integrated with the State system. Mr. Geistaut said that it wasn't because the Legislature has not set up a system for integrating systems throughout the State. They do integrate agencies within the State offices, but there is no cross integration.

At this time Senator Ray brought up HOUSE BILL NO. 577 (Relating to interest rate on general obligation bonds). He said all this did was increase the upper limitation on bond interest from 7% to 8%. HB 577

Senator Butrovich moved they put the bill out with individual recommendation. The motion carried with a majority voting "Do Pass". Motion

Senator Butrovich said he was ready to bring up SENATE BILL NO. 579 (Coverage of former elected officials in employee retirement system). He asked Mr. Gates to speak on the original Bill and its Committee Substitute as well. SB 579

Mr. Gates said the original bill would cover only officials who left office prior to May of 1966. Based on that, there are 21 individuals who have six or more years of service, and are living and are not under another retirement system.

If the May 12, 1966 restriction is pulled out of the Bill, it would include anyone in the Legislature prior to July 1, 1975 who had failed to pick up the option. There are a total of 41 individuals who would be involved. Then the cost, instead of \$72,000 for an increase in the employer contribution rate, the dollar cost would be \$180,000.

Senator Ray did not believe in giving them a second chance to pick up the option.

Mr. Gates said that those who left office prior to May 12, 1966 have never to this date been given an opportunity to get into this retirement system. People in office after that time have had chances.

Senator Ray asked Senator Butrovich if he was ready to report on HB 272. He said he would be ready on Monday.

The meeting recessed at 10:00 a.m.

RECESS

SENATE FINANCE COMMITTEE

March 15, 1976

9:10 a.m.

All members except Senators Rader and Chance. Robert Walp, PRESENT
Director of the Office of Telecommunications, and George Shaginaw,
Deputy Director of that Office, were present. Representative
Smith was also present. Joe LaRocca, from the Press.

Chairman Ray called the meeting to order, and brought up SENATE SB 696
BILL NO. 696 (Special appropriation to the Office of Telecom-
munications). He asked Mr. Walp and Mr. Shaginaw for their com-
ments.

Mr. Shaginaw said the appropriation was for a pilot satellite television project for the State. He said the Bill was drafted primarily at the request of Senator Ferguson. The appropriation would provide a full-time satellite transponder leased for one year. This would provide one channel of television for selected villages and bring live satellite coverage to the urban areas. Commercial and public broadcast stations with access to a large earth station would be able to receive network programs via the state-leased transponder. This would offer same day viewing for many network programs and live satellite broadcast for public affairs and special events state-wide.

The Office of Telecommunications would report to the next Legislative session with recommendations for implementation of a state-wide satellite television system.

Senator Butrovich asked what plans, if any, the State had. Sen. Ferguson replied that if they didn't go along with this, they would just have the Earth Stations for the villages.

Senator Ray asked how long the money would last. Mr. Shaginaw replied one year from the date they start distributing program. If funding were to go into effect the first of the next fiscal year, he wanted to start distributing program by the first of September.

Senator Ferguson asked what it cost now for commercial broadcasters. Mr. Shaginaw said it was \$800 per hour. On the demonstration project, they are not asking them to make any commitment, but on a 24 hour basis, that would cost them \$57 an hour.

Senator Ferguson asked if the Governor objected to this. Mr. Walp said the Governor indicated he would not object to the program.

Senator Ray then brought up SENATE BILL NO. 670 (Relating to the SB 670
number of superior court judges).

Senator Ray explained that at one time Sitka had a Superior Court judge and a District Court judge. There was not enough work there for both of them and they transferred the Superior Court Judge to Juneau. Then it was felt there was a higher need in Anchorage, so they transferred the judge there. In the meantime, the District Court judge is no longer in Sitka. They now find there is an increased workload which would be enough to take care of the Sitka Court judge, so instead of putting in another District Court judge, it would save money to put in a Superior Court judge.

Senator Sackett moved they put the SB 670 out with individual recommendation. The motion carried, and the Bill went out with a unanimous "Do Pass". Motion

Senator Ray then asked what the Committee wanted to do with SB 696. SB 696 Senator Sackett moved they put SB 696 out with individual recommendations. The motion carried and the bill went out with 3 "No Recommendations" and 2 "Do Passes".

Senator Ferguson asked to bring up SENATE BILL NO. 690 (Creating the regional resource center areas and boards). SB 690

Senator Ferguson then moved to put SB 690 out with individual recommendations. The motion carried and the bill went out with 3 "No recommendations" and 2 "Do Passes". Motion

Senator Ray then asked Senator Butrovich if he was going to have an amendment for the existing statute on the needy. Senator Butrovich said he would be delighted to take care of drafting up a Committee Bill.

Senator Ray then brought up the FINANCE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 408 (Acquisition and other development of outdoor recreational, open space and historic properties). Representative Smith said the Committee Substitute left the mechanics in the bill for a grant program. CS HB 408

Senator Ray pointed out that there would be no fiscal note for the Committee Substitute. Representative Smith said there was a companion bond bill that hasn't moved out of House Finance. It is for \$7 million.

Senator Ferguson moved that they put out Finance Committee Substitute for HB 408 with individual recommendations. The motion carried with 4 "No Recommendations" and 1 "Do Pass". Motion

The meeting recessed at 9:35 a.m.

RECESS

SENATE FINANCE COMMITTEE

March 16, 1976

9:00 a.m.

All members except Senator Rader, who arrived later in the meeting. PRESENT

Chairman Ray called the meeting to order, and asked Senator Poland to bring up COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR SENATE CSSSSB 335 BILL NO. 335 (Relating to sport fishing, hunting, and trapping licenses and fees).

Senator Poland moved they put CS SS SB 335 out with individual Motion recommendations. The motion carried, and the Bill went out with five "Do Pass" and one "No Recommendation".

The Committee went into general discussion.

Senator Ray asked Senator Butrovich if he was ready to take action on COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 579 (Coverage of former elected officials in the public employees retirement system). CS SB 579

[Senator Rader arrived at this time.]

Senator Butrovich moved they put CS SB 579 out with individual Motion recommendations. The motion carried, and the bill went out with a majority voting "Do Pass".

Senator Ferguson asked to bring up SENATE BILL NO. 675 (Relating to nonretention of teachers). SB 675

Senator Ferguson explained that the bill allows that anytime there is a shortfall of money to the School Board they may release some of the tenure teachers instead of cutting programs.

Senator Ferguson then moved they pass out SB 675 with Individual Motion recommendations. The motion carried, and the bill went out with a majority voting "Do Pass".

Senator Ray then brought up SENATE CONCURRENT RESOLUTION NO. 88 SCR 88 (Relating to the Public School Foundation Program).

Senator Sackett moved they put it out with individual recommendations. Motion The motion carried, and the bill went out with a unanimous "Do Pass".

The meeting recessed at 9:45 a.m. RECESS

SENATE FINANCE COMMITTEE

March 17, 1976

9:05 a.m.

All members of the Committee except Senator Rader, who arrived later in the meeting. Mary Nordale, Jim Strode, Tom Hendrichs, and Mich Rutherford were present from the Fairbanks Rehabilitation Association. Representative Cowper was present also.

PRESENT

Chairman Ray called the meeting to order, and asked the Fairbanks Rehabilitation Association, Inc. for their testimony.

Fairbanks
Rehabilita-
tion, Ass.

Ms. Nordale gave the following presentation:

Fairbanks Rehabilitation Association, Inc. is an Alaskan, non-profit corporation, which provides rehabilitation services to the handicapped. The purpose of the corporation is to provide diagnostic residential and vocational programs to persons with mental and/or physical disabilities, that will allow their attainment of economic and social independence. In accomplishing this purpose, the association operates two major divisions, entitled Residential Division and Vocational Division. Within these two divisions, there are three physical facilities, called Sheffield House, Hope Center and Hope Industries. Sheffield House and Hope Center are part of the Residential Division. Hope Industries is the physical facility of the Vocational Division. This paper deals only with the Hope Industries facility.

The Vocational Division of Fairbanks Rehabilitation Association prepares disabled persons for competitive employment through an emphasis placed on the value of work to the individual and the dignity that comes from social usefulness and economic independence. In the achieving of these goals, the Vocational Division utilizes real work through a sub-contracting program with various Alaskan industries, as well as government entities. In so doing, the Vocational Division (Hope Industries) becomes a combination rehabilitation service and business enterprise. The business activities not only provide a realistic (real) work setting, through which vocational rehabilitation may take place, but also help defray some of the costs of Hope Industries' rehabilitation services. Business activities also provide handicapped clients with real wages, based upon their productivity, thus producing tax payers from tax receivers and saving the state money.

The two major programs that Hope Industries provides to achieve full vocational rehabilitation are embodied in work adjustment training and work evaluation. The former is a program designed on an individual client basis to help the client form a work personality that will allow him to increase his productivity and handle day-to-day demands of competitive employment. As stated above, the tool in providing this service is real work. Work evaluation is a comprehensive process designed to assist the individual client in vocational development by systematically utilizing work as the focal point for assessment and vocational exploration.

A major tool utilized by Fairbanks Rehabilitation Association's Hope Industries Division to accomplish work evaluation is the Singer Career System. This system assesses client aptitude, work tolerance, attitude and interest through a range of 1,000 codes, as delineated in the United States Department of Labor's Dictionary of Occupational Titles. It is composed of fourteen (14) work sampling stations, through which audio - visual programmed instructions permit each client to easily identify the program with his occupational aspirations. Job environments can be visually explored and associated with 'hands on tools' station work tasks. The professional work evaluator employed by Fairbanks Rehabilitation Association can work with seven (7) people per day in this system. The fourteen (14) sampling stations include:

Basic Tools	Plumbing and Pipe Fitting
Bench Assembly	Woodworking and Carpentry
Drafting	Refrigeration, Air Conditioning and Heating
Electrical Wiring	Welding and Soldering
Sheet Metal	Clerk, Sales and Office
Needle Trades	Medical Services
Food Service	
Small Engine Repair	

There are an average of twenty-five (25) clients served daily within Hope Industries. Of this number seventeen (17) are in work evaluation and eight (8) are in work activities programs.

Present work contracts include an United States Government Services Administration contract for upholstered furniture rehabilitation. The annual gross volume of this contract is \$200,000.00. Other work accounts for an additional \$50,000.00 per year.

There are a number of major reasons that necessitate the association's acquiring a different facility to house its Vocational (Hope Industries) Division. While the following reasons are not all inclusive, they do provide the reader with an overall view of the necessity.

- 1) In order for the State of Alaska, through its Division of Vocational Rehabilitation, to purchase services from Fairbanks Rehabilitation Association's Vocational Division, it has been mandated by both federal and state agencies that Hope Industries meet recognized standards. Standards that must be met are those published by the Commission on the Accreditation of Rehabilitation Facilities. These standards include physical facility standards which closely correlate with the United States Standard Specifications for making buildings and facilities accessible to and usable

by the handicapped. In addition, the present building does not meet OSHA requirements or P.L. 90-340 standards. To meet these standards, the present buildings would have to be rebuilt, except for the shell, at a cost above the present fair market value.

2) In that Hope Industries is at contract capacity in the present 6,740 square feet building, they are unable to accept more work contracts, even though there are a number of such contracts upon which Hope Industries could bid (i.e.: a General Services Administration mattress rehabilitation contract). Without the ability to accept more work contracts, Hope Industries cannot provide or expand its rehabilitation services to meet the demand for such services, in that rehabilitation services are predicated on the availability of real work. In addition, with the limitation placed by space, on the acquisition of new and varying sub-contracts, fixed costs will remain a too-high percentage of total business income. Also efficiency of production methodology will continue to be severely curtailed (example: excess handling of furniture necessitated by lack of space, decreases efficiency in production by 20%).

As per the attached floor plan of the present building, it readily can be seen that poor interior design (cut-up space) blocks a clear production flow. Also attached is a sample order received under the General Services Administration contract. Of the furniture to be rehabilitated on the order, only five percent (5%) (in the case of the sample attached, 18 of 332 items), can be picked up at one time due to the lack of storage space. If storage space were available in a sufficient amount, a greatly increased percentage of items on each order could be picked up at one time, providing a savings in cost.

3) Current building design and land allocation does not allow for effective and efficient production and work flow. For example, loading and unloading a truck with furniture, currently necessitates opening a twelve foot (12') overhead door, for approximately one hour daily. At 50° below zero (-50°), the heat loss and associated recovery time is needlessly excessive. A comparison of the present buildings and the proposed building is attached.

Included in the handouts from the Rehabilitation Association is a comparison of Hope Industries Physical facilities, proposed and real. They have also given a description of programs they have and operate within the two divisions.

Ms. Nordale said they realized it might be difficult to get a direct appropriation. She was sure they could work out almost any kind of an arrangement with the North Star Construction people. They could lease with the option to buy or lease depending on the availability of funds.

What they need right now is \$150,000 to meet the first year's rental costs on the facility.

[Elaine Mitchell arrived at this time.]

It was Ms. Nordale's understanding that the State has funded a similar workshop in Anchorage for the Anchorage Retarded Children Ass., so this particular request is not without precedence.

[Senator Rader arrived at this time.]

Copies of a Property Rehabilitation Price Schedule were passed out.

Senator Chance asked what the options were. Ms. Nordale said they would like to purchase the facility for approximately \$930,000, but options are just a lease which would amount to about \$150,000 a year. Then, they could enter into a lease/purchase arrangement if they couldn't get the rest of the money until later. So, basically for start-up costs and assurance they can get into the building, they need approximately \$150,000.

Senator Poland asked whether the City of Fairbanks or the North Star Borough contributed to this. She was told they contributed revenue sharing for the residential units only.

Senator Rader asked whether they would move the total operation into the new building. Ms. Nordale said yes, they were very anxious to get out of their present facility because it is very unsafe and so small that they cannot expand.

Senator Rader noted that the price was \$706 per square foot. He asked whether this might not be cheaper next year after pipeline construction is over. Ms. Nordale didn't think so, because it was unlikely that wages, material costs or freight would go down.

After some general discussion, the Fairbanks Rehabilitation Ass. concluded its presentation.

Senator Ray then brought up HOUSE BILL NO. 170 (An Act relating to payments for judicial services by political subdivisions). Senator Ray said the municipalities were going to bring all their cases under state charges instead of municipal charges, and that way they wouldn't have to pay anything.

HB 170

Senator Rader felt that if we make services free, they are going to go "ape". He said if they were to foot the total bill, everyone of these cities was going to come back and ask for more and more things.

Senator Ray asked what the feeling of the Committee was, and none of the members were interested in considering the bill.

Senator Ray asked how the Committee would feel about a State employees retirement bill for 25 years and out. Senator Rader and Senator Poland both felt they had dealt with that issue enough for this year. Public Employees Retirement

Senator Chance felt they ought to try and give them 25 years. Senator Ferguson and Sackett both agreed to go for 25 years. With Senator Ray that made four votes.

Senator Ray asked staff to draft up a Committee Substitute and leave the number off of it. He wanted them to use the same general outline as in SB 64, only making it 25 years.

The meeting recessed at 9:55 a.m.

RECESS

SENATE FINANCE COMMITTEE

March 18, 1976

9:15 A.M.

Senators Ray, Poland, Butrovich and Ferguson.

PRESENT

Senator Ray called the meeting to order and assigned the following bill:

SB 614

Sen. Ferguson

SB 614

The committee discussed COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 610 (An Act relating to state aid to local school districts; and providing for an effective date). Sen. Ray noted additional information had been received from the Dept. of Education and the Governor's office, which would be copied and distributed to members of the Finance Committee. Dr. Marshall Lind and Mr. Nat Cole from the Dept. of Education had also talked to Sen. Ferguson, giving their recommendations. Sen. Ray said he would like to take AVEC out of Education and possibly put in a revolving loan fund, but Sen. Ferguson argued he didn't think a revolving loan fund would do the job. It was Sen. Ray's opinion that he would prefer to pay for the shortfall for one year rather than pass this bill into law and pay year after year.

CSSB 610

Sen. Ferguson stated there was a resolution (SCR 88) on the Senate calendar today for a study of education. The Governor had also indicated that he wanted a study on the public school foundation program. Sen. Ferguson added the study would take a year and some areas in the state would have shortfalls due to the inequity of the foundation formula. Sen. Ray agreed the formula was inequitable, as large schools with many students can operate more efficiently, and base costs must be paid with possibly a formula for each additional student. The department was ready to look at the foundation formula, according to Sen. Ferguson, since they were convinced the present system was bad. Sen. Butrovich stated he would have no objection to an in-house study, but did not want an outside consulting firm on contract.

SCR 88

The meeting adjourned at 9:30 A.M.

Adjourn

SENATE FINANCE COMMITTEE

March 19, 1976

9:00 a.m.

Senators Ray, Poland, Butrovich, and Rader. The following people PRESENT from the Department of Revenue: Commissioner Sterling Gallagher; Gary Jenkins, Director of Audit; and Darrell Knox, Deputy Director. Joe LaRocca, from the Press, arrived later in the meeting.

Chairman Ray called the meeting to order, and brought up SENATE SB 510 BILL NO. 510 (Alaska Net Income Tax Act).

Mr. Jenkins, Director of Audit, said the bill was basically to correct some inequities in the tax statutes. The first section of the Bill gets at the the situation where the Internal Revenue Code allows non-recognition of gain on sales or exchanges of personal property where the individual gets like property in exchange. If this takes place in the State, there is no problem, but too often someone will sell his residence in the State of Alaska and buy a residence somewhere else deferring the gain and it never gets reported to them. The concern here is to close the loop hole so that if the taxpayer does move outside of the State they will report that gain.

Mr. Jenkins went on to say that the second paragraph of the Bill speaks to the problem which they became very aware of last year. Congress is becoming very active in modifying the Internal Revenue Code in many ways. There were several special credits which came out last year which would have been very disastrous to the State of Alaska if they had been enacted while our Legislature was not in session. Because our Legislature was in session, they were able to repeal these. What this paragraph would do is say that if Congress passed any law which would make certain exemptions taxable or certain credits, then this would have to be ratified by the Alaska Legislature. This would make sure that the intent of the Legislature is to adopt these provisions. It does not change the basic cross reference as far as definition, income and expenses are concerned.

Commissioner Gallagher stressed that it would not change any of the deductions.

Senator Butrovich asked for some examples of what would be changed. Mr. Jenkins replied that right now if Congress changes the Internal Revenue Code, Alaska adopts these changes by reference. Last year Congress said that every taxpayer got a refund of \$200. We automatically adopted this, and if the Legislature hadn't been in session to repeal it, the State would have had to pay that \$200. The idea is to keep us from automatically adopting something unless it is ratified by the Legislature.

Senator Butrovich did not see how we could exclude ourselves from portions of the Federal Income Tax Law.

Senator Rader said his biggest concern was that once we depart from the Federal System we would have two systems, which are completely different. He admitted there should be some changes, but he thought they should be made very sparingly.

Mr. Jenkins said they would like one further change to the statutes. On page 2, line 7 they have changed 10% to 5%.

Senator Rader objected saying that if it was to be in line with other State income taxes that it should be 2%.

The Commissioner said the present law is unfair because it charges the taxpayer more than the corporate rate. The rate currently being used is 10%. Senator Rader again said that if it was the same rate as the rest of our taxes, it would be 1.8%.

Mr. Jenkins told him their basic reasoning was that this was income which was currently not being taxed at all. A rate of 5% on this kind of income is not unreasonable because it is not now being taxed at all. In fact, he said the State of California just placed their tax on preference income at 5%.

He went on to say that for the most part, this would only effect corporations because there is an exclusion in this type of law for the first \$30,000.

Mr. Jenkins said that last year they had passed HB 212 with a typographical error because it included the word "adjusted". They need to delete that word. The only place this impacts is on multi-national, multi-state issues.

[Joe LaRocca entered at this time.]

After further general discussion, Senator Rader said he would like to have some more testimony before passing this bill out. Senator Ray and the Committee agreed to postpone action for another week.

Senator Ray then brought up SENATE FINANCE COMMITTEE SUBSTITUTE FOR SCSHB 686 HOUSE BILL NO. 686 (Relating to legalization of rain classics).

Senator Butrovich moved SCS HB 686 be put out with individual recommendations. The motion carried, and the bill went out with a unanimous "Do Pass". Motion

Senator Ray then brought up HOUSE BILL NO. 195 (Alaska National Guard active duty training). There is no State funding of the original Bill. HB 195

HB 686

March 19,

Senate Committee

Revenue

2322

Vickie Point

Senator Butrovich moved they put out HB 195 with individual recommendations. The motion carried, and the Bill went out with a unanimous "Do Pass".

Senator Ray said they would review the Natural Resources Budget on Monday afternoon.

The meeting adjourned at 9:50 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

March 22, 1976

9:05 a.m.

All members except Senator Chance and Senator Rader. Joe LaRocca PRESENT from the Press. Elaine Mitchell from the Press arrived later in the meeting.

Chairman Ray called the meeting to order, and made the following Bill Assignments: Bill Assignments

SB 534 - Ray
SB 599 - Ferguson
SB 557 - Sackett
SB 659 - Poland

Senator Ray then asked if the Committee was interested in sponsoring a Committee Substitute to pick up the shortfall in Anchorage on the mini PL 874. The Committee seemed to be interested. Sen. CS SB 610 Ray said he would have staff draft up the CS for SB 610, making it a one year appropriation.

[Elaine Mitchell arrived at this time.]

Senator Ray then asked Senator Ferguson if he would be ready with SB 599 tomorrow morning. Senator Ferguson assured him that he would be.

Senator Ray asked Senator Butrovich to be prepared to discuss SB 272 tomorrow morning also.

Senator Ray wondered how many members of the Committee would be U.of A./C.C. interested in dividing the University of Alaska from the Community Colleges. Senator Ferguson and Senator Sackett were interested.

Senator Ray brought up SENATE BILL NO. 676 (Relating to the Professional Teaching Practices Act). He said it added two new members to the Professional Teaching Practices Commission. SB 676

Senator Sackett moved that SB 676 be put out with individual recommendations. The motion carried, and the bill went out with a majority voting "Do Pass". Motion

Senator Ray reminded the Committee that they would meet on the Natural Resources budget at 2:00.

The meeting recessed at 9:25 a.m.

RECESS

SENATE FINANCE COMMITTEE

March 23, 1976

9:00 a.m.

All members except Senator Chance and Senator Rader.

PRESENT

Mr. Bob Dosier, State Assessor, Department of Community and Regional Affairs; Dr. Marshall Lind, Commissioner of the Department of Education, and other members of his staff; Mr. James Croll, Executive Director of the Alaska Educational Broadcasting Commission; & Mr. Leo LaChancly, General Manager of the Dillingham Radio Station.

Chairman Ray called the meeting to order and asked Mr. Bob Dosier, the State Assessor, to speak on HOUSE BILL NO. 272 (providing for property tax equivalency payments to senior citizens renters) and also on the draft of the bill, which the Committee had requested. HB 272

Mr. Dosier said he had been asked to put in a fiscal note with a limitation on HB 272am, an amount in the vicinity of \$250 a month for renters. It is supposed to be a tax equivalency payment for senior citizens who rent as opposed to owning their own homes. The formula is $1\frac{1}{2}\%$ per mill times the annual rent which allows a fairly good average. Based on this formula with a \$250 limitation, he has put together a fiscal note which would be a grant of \$386,000. He added that if the limitation were \$375, then the grant would be \$512,000; and if the limitation were \$500, this would make the grant \$596,000.

Mr. Dosier suggested that if they wanted to amend the bill, the way to do it would be on page 1, line 18 after the word "applicant" to add the words "not to exceed \$250" or whatever amount they decided upon.

Senator Butrovich asked about the effect on each of these formulas. Mr. Dosier replied that under the \$250 exemption limit they would exempt in full 946 of the 2492 eligibles. The remaining 1546 would pay everything above \$250. Those 1546 would pay an average of \$219 apiece in addition to the \$250 limitation.

Senator Butrovich then asked Mr. Dosier to discuss the proposed bill changing the existing statute on real property.

Mr. Dosier explained that the existing senior citizens property tax exemption had a limitation in the vicinity of the \$500 limitation above which the senior citizen property owner would be required to pay the difference.

Mr. Dosier thought it might be interesting for them to look at the table he had prepared which gets into the way the payouts are made on valuations. 10% of the total property owners get

22% of the money. In the upper brackets the fewer people get more of the money. The first 365 people get 25% of the total BRU while 6 people get 20%.

While waiting for copies of the table to be xeroxed, Senator Ray said they would consider SENATE CONCURRENT RESOLUTION NO. 84 (Transfer of state-owned health facility to City of Craig). He said there was no apparent cost and if they can get the title to the building and operate it for a year, the State would convey the title of the Health Care Facility to the City.

SCR 84

Senator Ferguson moved they put out SCR 84 with individual recommendations. The motion carried, and the Bill went out with a majority voting "Do Pass".

Motion

Getting back to the Senior Citizens Property Tax exemption, Mr. Dosier said that attached to the fiscal note was suggested new language for the existing statute. He read this language.

SB 272

Senator Ray said that what it did was to reduce the cost of the present program to the State some \$256,000 and it would make it more equitable and put it into a reasonable cost/benefit ratio.

Mr. Dosier said the reason for doing it this way was that each year the Commissioner could make an analysis of prior year's value and it can be adjusted for inflation on a year to year basis. For FY 1977 they are limiting it to \$35,000 assessed value. Next year, based on this program year, the next program year would probably be up according to the amount of inflation.

The Committee decided to amend CS SS HB 272am to include the new language for the Senior Citizens Property Tax Exemption. In order to do this, they also had to amend the title to read "An Act relating to property tax equivalency payments and exemptions for senior citizens". A third amendment was on page 1, line 18 after "applicant" adding "not to exceed \$250".

Amendments

Senator Butrovich moved they put out CS SS HB 272am with the three above amendments. The motion carried, and the bill went out with a unanimous "Do Pass".

Motion

Senator Ray said they would go on to SENATE BILL NO. 599 (Instructional units for reading specialists under public school foundation). He asked Commissioner Lind of the Department of Education for his comments.

SB 599

Commissioner Lind stated that the bill started out as an effort to assist school districts by providing for reading specialists. The School districts are in need of special educational monies, and part of the reason is that they are tightening the meaning of "special education". However, the original bill calls for

Reading Specialists. The Department was opposed to that because they don't want to see the State allocating money for specific kinds of teachers. The Committee Substitute is broader and allows the school to use the money as they see fit in order to get at their special needs.

Senator Ray noted that the fiscal note was for \$900,000. He asked how this would be funded. Commissioner Lind replied there was an area in the Foundation Program which speaks to the supplementary portion of it. The Commissioner felt this was the easiest way to do it.

Commissioner Lind went on to say that he was not really sure how many districts would use this additional kind of money. They had tried to estimate by what some of the school districts were already doing, but \$900,000 was probably a conservative estimate. He felt this was the best way to start.

Commissioner Lind pointed out that they haven't always been able to provide help for special cases, and their efforts at remedial education haven't always been too good. This bill would allow for the school districts to develop preventative programs.

The Commissioner concluded by saying the Department recommends that CS SB 599 Pass.

Senator Ferguson moved that they put out CS SB 599 with a "Do Pass" Motion recommendation. The motion carried unanimously.

Senator Ray asked Mr. James Croll, Executive Director of the Alaska Educational Broadcasting Commission, to make his presentation.

Mr. Croll introduced Mr. Leo LaChancbry, General Manager of the Dillingham Radio Station.

Mr. Croll said that while in Anchorage it had come to his attention that there was a lot of activity on SENATE BILL NO. 696 (Special appropriation to the Office of Telecommunications) having to do with television to the Bush. He thought that perhaps this session there would be a way to get some money appropriated for a radio network.

SB 696

Mr. Croll explained that a radio network would take full advantage of money appropriated and would serve more with an attractive cost/benefit ratio. For less than \$150,000 the first year and with a declining amount yearly, existing radio stations could be interconnected via satellite to make news and informational material available so that all Alaskans could be informed of what Alaska is doing. It could encompass the various "Legislative Reports" and let rural Alaska know what urban Alaska already knows of the happenings in the distant capital as well as let the capital city know what is going on in the distant villages.

Mr. LaChancbry testified that a radiot network for the bush would give better news and use the money more efficiently.

The meeting recessed at 9:55 a.m.

RECESS

SENATE FINANCE COMMITTEE
March 24, 1976
9:00 a.m.

Senators Ray, Ferguson, Butrovich, Sackett, and Poland. The following members of the Press were also present: Joe LaRocca, Cheryl Probst, and Elaine Mitchell. Panama Red was in attendance. PRESENT

Chairman Ray called the meeting to order, and made the following Bill Assignment: Bill Assignment

CS SB 700 - Ray

Senator Ray brought up SENATE JOINT RESOLUTION NO. 52 (Amending the Constitution of the State of Alaska relating to contracting with private educational institutions). SJR 52

Senator Sackett moved they put SJR 52 out with individual recommendations. There was no objection, and the bill went out with 3 "No Recommendations" and 2 "Do Passes". Motion

Senator Ray then brought up SENATE CONCURRENT RESOLUTION NO. 81 (Designating Mile 5 Road in Cordova as a state highway). SCR 81

Senator Ferguson said he had placed a "Do Not Pass" on this in the State Affairs Committee because the five mile road was within the jurisdiction of Cordova. This bill would give the State the responsibility of providing maintenance on this road. He added that they had had Commissioner Parker from the Department of Highways in to testify, and he had recommended they not pass the bill.

Senator Poland moved they put SCR 81 out with individual recommendations. There was no objection, and the bill went out with 3 "No Recommendations", 1 "Do Not Pass Unless Amended", and 1 "Do Pass". Motion

Senator Poland asked to bring SENATE BILL NO. 684 (Relating to Renewable Resources Funds) up for discussion. SB 684

Senator Ferguson asked how this was going to "kick" into the other bill they have for a Permanent Fund.

Senator Poland said that all this bill did was to change the effective date of the Act. She said they didn't have to appropriate any money because they used the money that comes from the lease sales.

Senator Sackett said that he was in favor of the Permanent Fund, and he wanted to know whether this would conflict with it. Senator Poland didn't know.

Senator Ray said they would get Mr. Eppenbach in to talk with them. He was also interested in the connection with the Permanent Fund.

The meeting recessed at 9:35 a.m.

RECESS

SENATE FINANCE COMMITTEE

March 25, 1976

9:00 a.m.

Senators Ray, Poland, Ferguson, Butrovich and Sackett.

PRESENT

Chairman Ray called the meeting to order, and brought up COMMITTEE CS HB 593 SUBSTITUTE FOR HOUSE BILL NO. 593 (Supplemental appropriation to the Department of Health and Social Services, Division of Corrections) for consideration.

Senator Ferguson moved they put CS HB 593 out with individual recommendations. There was no objection, and the bill went out with a unanimous "Do Pass". Motion

Senator Ray then brought up SENATE BILL NO. 582 (General obligations bonds for port facilities development and small boat harbor projects) for discussion. SB 582

Senator Sackett said that Senator Kertulla had about ten pages of back-up on this matter. The Bill also incorporates the Governor's requests.

Senator Ray asked if SB 582 took care of everything, and Senator Sackett said that it did.

Senator Ray asked Senator Sackett what he wanted to do with this Bill. Senator Sackett replied that he would really prefer to have at least one more day to research it further. Senator Ray said they would bring it up again tomorrow morning.

[Mr. Eppenbach and Mr. Salides arrived at this time.

Senator Poland asked to bring up SENATE BILL NO. 684 (Relating to renewable resources funds). There was no objection. She said that Mr. Eppenbach, Deputy Commissioner of Treasury for the Department of Revenue, and Mr. Salides had information on this Bill. SB 684

Senator Ray asked Mr. Eppenbach why they needed this Bill. Mr. Eppenbach stated that the Department was not recommending the Bill or arguing against it.

Senator Poland said there was no money in the Renewable Resources Fund due to the date, and if the date were changed, they could be having some small loan programs going on. This would get a few of these little hatchery projects started.

Mr. Eppenbach said that SB 684 provides for moving up the effective date of this Act. He pointed out that in the Act two funds were created--one is the Development Fund and the other is the Permanent Fund. By passing this Bill, they would provide some

small revenues to the Development Fund, and all unappropriated monies would pass on to the Permanent Fund. It would be up to the Legislature to determine whether to appropriate these monies out of the Development Fund.

Senator Butrovich asked Senator Poland whether the House Bill would repeal this Bill, and it was her understanding that it would not.

Mr. Salides commented that Senator Kertulla's bill set up the Renewable Resources Loan Bank. The Bank is the one that follows this one. It sets up a program whereby loans and sometimes grants can be made for renewable resources. Mr. Salides presumed that some of this money could be used by the Bank Program.

The Meeting adjourned at 9:30 a.m.

ADJOURN

SENATE FINANCE COMMITTEE
March 26, 1976
9:05 a.m.

Senators Ray, Poland, Butrovich, and Sackett.

PRESENT

Chairman Ray called the meeting to order, and asked Senator Sackett what he wanted to do with SENATE BILL NO. 582 (G.O. Bonds for port facilities and small boat harbor projects). SB 582

Senator Sackett had prepared a new listing of projects, which he showed the Committee. He wanted this incorporated into a Committee Substitute for SB 582.

Senator Sackett moved they put out CS for SB 582 with individual recommendations. There was no objection, and the Bill went out with a unanimous "Do Pass". Motion

Senator Ray then brought up COMMITTEE SUBSTITUTE FOR SENATE BILL NO 587 (G.O. Bonds/Capital Improvements for Community Colleges of the University of Alaska). CS SB 587

Senator Sackett moved they put CS SB 587 out with individual recommendations. There was no objection, and the Bill went out with a unanimous "Do Pass". Motion

Senator Ray made the following Bill Assignments:

Bill
Assign-
ments

SB 583 - Ray
CS HB 743 - Ray

The Meeting adjourned at 9:20 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

March 30, 1976

9:15 a.m.

Senators Poland, Chance, Butrovich, and Rader. Sterling Gallagher, Commissioner of Revenue, and Fred Boetsch, Deputy Commissioner of Taxation. Elaine Mitchell from the Press.

PRESENT

Vice Chairman Poland called the meeting to order. She explained that SENATE BILL NO. 510 (Relating to the Alaska Net Income Tax Act) had been scheduled for this morning, but the people who were supposed to be testifying had overheaded Juneau and would not be here.

SB 510

General Discussion followed.

Senator Rader proposed they bring up SENATE BILL NO. 497 (Exemption of pensions and annuities from the Alaska Income Tax) while the Department of Revenue people were here. The Committee agreed.

SB 497

Senator Rader explained that the Bill, as it is written, passed through their Committee and went through Rules and got to the Floor. In the meantime, he had become convinced it needed a little bit of language change because it contained a monstrous loophole for very rich people. He discussed this with the Department of Revenue several times and he thought the language that they had suggested closed the hole and made it equitable.

Both Senator Rader and the Department people felt the language was satisfactory. The Committee was given copies of this language.

Senator Poland said they would wait to act on the Bill until Senator Ray was back.

The Meeting adjourned at 9:30 a.m.

ADJOURN

SENATE FINANCE COMMITTEE
March 30, 1976
11:50 a.m.

Senators Poland, Chance, Butrovich, and Rader. Mr. Shelby Stastny of Arthur Young & Company in Anchorage; Mr. Fred Boetsch, Deputy Commissioner of Taxation; and Mr. Gary Jenkins, Director of the Audit Division, Department of Revenue. PRESENT

Vice Chairman Poland called the meeting back to order, and stated that Mr. Stastny had arrived in Juneau this morning, and was ready to testify on SENATE BILL NO. 510 (An Act relating to the Alaska Net Income Tax Act). SB 510

Mr. Stastny said he was a Certified Public Accountant here representing the Alaska Taxation Committee. He explained that the reason Section 1031 was in the Code was because of the difficult time they would have in valuing whether or not something was a lifetime exchange. The other reason is that no cash is involved so the taxpayer doesn't have the money to pay the tax. He has not changed his position as far as taxes go. In the case of involuntary change of residence, it was felt that the taxpayer was in the same financial position afterwards.

Mr. Stastny said it was their feeling that these same elements hold true for the taxpayer who invests outside of the State of Alaska. He doesn't have the money to pay the tax without borrowing some money. They realize there is a possibility some of these proceeds will go untaxed by the State of Alaska. However, it is his reading of the law that if a person remains a resident of Alaska, he will defer the gain for federal income purposes. So, the point is, it is really a trade-off.

Mr. Stastny stated it was the position of the Taxation Committee that they would like to see the State taxing statutes stay as close to the federal code as possible. There are already a number of deviations from the federal code and they would like to see these at the absolute minimum.

Mr. Stastny pointed out that the Federal law says that if a person goes through a similar situation and reinvests in a foreign country, it is not taxable. He felt the same reasoning should apply to the State.

He went on to say that the next portion of the Bill talks about taxing municipal bonds. The Taxation Committee doesn't have a strong position, except that they would like to see it not enacted because of simplification. They feel that the big investors in municipal bonds are banks and they are taxed already.

He said that the next item was that credits exempted after 1975 not be included in the Act unless enacted by the Legislature. The Taxation Committee was in agreement with that. Many exemptions and credits

were passed for some social purpose of the Federal government, and our credits should differ as necessary.

Senator Rader said that he wanted language which said these exemptions would not automatically be effective until the following August. That would give time for the Legislature to intervene if they felt it necessary. He asked if that sounded reasonable. Mr. Statsny replied that it did because it would give the Legislature time to take positive action. Senator Rader said he would rather only depart from the Federal situation in a positive situation.

Mr. Statsny said the last subject covered in this Bill dealt with the minimum tax. He said he had strong feelings about the minimum tax. He explained that both the minimum tax and the maximum tax were enacted by the U.S. Congress at the same time. In his opinion they were just aimed at certain tax problems.

Mr. Statsny said the Alaska Society of CPA's would like to see both the maximum and minimum tax in the State of Alaska in a way comparable to the individual rates--16% for individuals and 18% for corporations. This would require a change in Alaska Statutes to insert an 8% rate. For Corporations there is no maximum tax. For a minimum tax, it would be 1.6% of the 16% Federal rate.

He went on to say that when HB 212 was passed last year, the Legislature didn't realize the way minimum tax was computed in Alaska. The Bill was introduced as being merely a mathematical conversion.

Mr. Boetsch interjected that it doesn't increase the minimum tax law because their interpretation results in practically the same thing.

Mr. Statsny said the Department of Revenue took the position that the minimum tax was 10% in Alaska prior to enactment of HB 212.

Senator Rader asked Mr. Statsny if his product met with Senator Colletta's work product. Senator Colletta passed out copies of a proposed Bill. Mr. Statsny said it would coincide.

There was general discussion, which Senator Chance summed up as follows: They would delete Section 1. Section 2 would be changed to use Rader's language. For Section 3, they would substitute Sen. Colletta's (1) and (2) (from his Bill), and Section 4 would be retroactive. They would make Section 2 retroactive to January 1 of 1975 and then Section 5 would be making Coletta's Section 3 retroactive to January 1975. Then, Section 6 would have the immediate effective date clause.

Mr. Fred Boetsch spoke next, and addressed himself to the uniformity of the State and Federal Codes. ~~He said that they could follow the Internal Revenue Code exactly with the exception that they cannot allow for deduction~~ of State income taxes paid. At the extreme other

end, they could have their own complete code from the ground up. Another option, which is the middle ground, is to do what some other State's have done and that is to freeze the Federal code as of a certain date and then any further modifications would not become a part of it.

[Senator Chance left at this time.]

He went on to say there was a fourth option and that was to follow the Federal code down through the definition of taxable income, and then apply State rates to provide for social needs and incentives we think appropriate to the State of Alaska. Mr. Boetsch felt that was the "best of all possible worlds".

After further discussion, Senator Rader moved they request the Department of Revenue to draft them a Committee Substitute knocking out Section three and leaving in Section 4--taking Colletta's Bill in substance and incorporating it into the Bill changing 8% to 9.5% and changing Section 3 as appropriate and working out an effective date for 1 and 2., and working in compromise language which they develop.

Motion

Senator Rader said the Legislature had not intended this tax increase and suggested that Senator Colletta's Section 2 be used.

The Committee discussed the rate of 9.5% versus 8%.

Fiscal impact was questioned by Rader, and Mr. Boetsch said it would be about \$100,000 per year. He added that going back for the retro-active section would make the fiscal impact about \$300,000 plus \$100,000 for subsequent years.

The question was called on the motion, and the motion was approved to have the Department of Revenue draft a Committee Substitute.

Motion
Carried

The Meeting adjourned at 12:50 p.m.

ADJOURN

SENATE FINANCE COMMITTEE

March 31, 1976

9:00 a.m.

Senators Poland, Butrovich, Sackett, and Chance. Commissioner Francis Williamson of the Department of Health and Social Services and some of his staff were in attendance. PRESENT

Vice Chairman Poland called the meeting to order, and said the people from the Department of Health and Social Services were here to testify on a supplemental appropriation for the Division of Corrections.

Commissioner Williamson said their primary concern was that consideration be given to two amendments to HOUSE BILL NO. 593 (Supplemental appropriation to Dept. of Health and Social Services, Division of Corrections) which was up for Floor Action today. He said they wanted to get before the Legislature in suitable form those parts of the supplemental which they feel are essential, and that attention be given to the need for a facility for the detention of women inmates. He said they were being faced with a Class Action Suit regarding equal rights for women. HB 593

Commissioner Williamson called their attention to the recommendations of the Governor's Task Force. He said that the needs they addressed themselves to were very real and had developed over the years. If they do not have a new facility on the line in four years, the present facilities will be even more greatly crowded and they will be faced with even more litigation than they are faced with now.

Mr. Ed Mitchell explained that the original HB 593 was to take care of prior year bills. They would like to amend HB 593 to obtain supplemental funds to implement the Task Force's recommendations. The total Task Force's recommendations were for \$536,800 of which \$438,500 is for Capital items and \$98,300 is for the FY 76 Operating. The second amendment they requested is the Ridgeview Amendment for \$78,200--the principle purpose is to provide facilities for women and gave greater operation for some of the things requested by the Governor's Task Force.

Mr. Mitchell said the total they were talking about for HB 593 was \$876,800. \$261,800 was already in the Bill.

The Committee discussed the amendments and decided to have the Bill referred back to Finance for further consideration.

Mr. Bob Schroeder passed out a summary he had prepared of where the money was going and what it was going to be used for.

The Meeting adjourned at 9:30 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

April 2, 1976

9:00 a.m.

All members of the Committee.

PRESENT

Chairman Ray called the meeting to order, and made the following Bill Assignments:

Bill
Assign-
ments

CS HB 795am - Butrovich
CS HB 738 - Rader

Senator Ray asked the Committee how they felt about introducing a Finance Committee Bill entitled "An Act making a special appropriation to the Department of Education" which would cover the Mini PL 874 loss created under SB 491. The Committee agreed to sponsor the Bill.

Senator Chance moved that the above mentioned Bill go out with individual recommendations. There was no objection, and the Bill went out with a majority voting "Do Pass". Motion

Senator Ray brought up COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 48 CS SB 48 (Relating to teachers post retirement pension adjustment). He asked what the Committee wanted to do about this.

After some discussion, Senator Rader suggested giving them a cost-of-living adjustment only if their annual income was less than X amount. He warned the Committee that they should be very careful with retirement funds because constitutionally, if they get into trouble with retirement programs, they can't be cut back.

Senator Ray assigned this Bill to a Subcommittee made up of Senator Chance and Senator Ferguson, and asked them to report back to the rest of the Committee on the Bill. Assigned
To Sub-
committee

The Meeting adjourned at 9:35 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

April 5, 1976

9:00 a.m.

All members of the Committee except Senators Rader and Chance. Senator Chance arrived later in the meeting. Mr. John Van Houte, NEA-Alaska, was also present.

PRESENT

Chairman Ray called the meeting to order, and brought up SPONSOR SUBSTITUTE FOR SENATE BILL NO. 659 (Relating to Child Support Enforcement). He noted that the HESS Committee had approved it with an amendment which established a fund for a continuing revolving reserve account. He said that something has to be done to comply with Federal law.

SS SB 659

Senator Ferguson said that the HESS Committee held several meetings and everyone who came in to testify was in favor of the Bill.

Senator Ferguson moved they put out SS SB 659 with the HESS amendment with individual recommendations. The motion carried, and the Bill went out with a majority voting "Do Pass".

MOTION

Senator Ray announced that AMU was going to be here on Thursday and would like to meet with the Finance Committee. It was decided that although they would be working hard on the budget, they could hear AMU for a half hour.

AMU

Senator Ray then brought up SENATE BILL NO. 720 (Reacquisition of oil and gas leasehold interest in Kachemak Bay). Kay Poland, as Chairman of the Senate Resources Committee, had given them copies of language which should be added to the Bill. This language would be in an added Section 2 as follows: "Nothing in this Act is intended to diminish any valid existing exploration, operating, or production rights of the leasee until full reacquisition of the lease by the State through negotiations, including reasonable access to and from the lease site and the transportation of any production from the lease to a shore based facility or to a refinery or other market."

SB 720

The Committee decided to add that language to the Bill and make it a Committee Substitute. Senator Ray asked how many Do Passes there would be, and there were Four "Do Passes" and two "No Recommendations".

Committee
Substitute
Motion

Senator Ray said they would work on closing out the Administration of Justice Budget at 1:30 p.m. He predicted it would take about two hours. He expected they would work on the Development Budget on Tuesday.

Close-Outs

Senator Chance asked to bring up SENATE BILL NO. 48 (Relating to teachers post retirement pension fund). There was no objection.

SB 48

Senator Ray explained to Mr. Van Houte that the Committee's reaction so far has been that they don't mind helping those who cannot help themselves, but they don't want to make a flat across the board adjustment.

Mr. Van Houte suggested the following amendment: "The cost-of-living benefit for any individual retiree computed under this section shall be limited to the actual amount of the 75th percentile that any other retiree shall receive." This meant that everybody would get something, but those in the top 25% would get less.

The Committee really didn't want to give those retirees with high incomes any money at all. Senator Ray felt they might be able to work something out where only those that requested a supplemental income would get money.

After further discussion, Senator Ray asked Senator Chance and Mr. Van Houte to get together with Mr. Gates and work something out.

The Meeting adjourned at 9:40 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

April 6, 1976

9:00 a.m.

All members of the Committee. Senator Ed Willis was also present. PRESENT Sally Harrington, Accounting Supervisor, Hope Cottage; and Roger Weed, Executive Director, Hope Cottage, were in attendance.

Chairman Ray called the meeting to order, and said they would be hearing testimony regarding Hope Cottage.

HOPE
COTTAGE

Senator Willis stated there were some problems that appear to be developing with regard to the Hope Cottage group. The area of concern they wished to discuss was two-fold. One problem was the cash flow problem that has developed. This is addressed by SB 635 which passed out of the Senate HESS Committee yesterday. The other problem regards the \$200,000 appropriation for a Chalet in the Anchorage area which would serve children from all over the State. He had thought it necessary to bring Mr. Weed, the Executive Director, and Ms. Harrington, the Accounting Supervisor, to speak to the Finance Committee.

Mr. Weed stated that he had been placed in the Director position as of the 15th of March, but had been working for Hope Cottage since 1974. He thought they had all received their letters by now which outlined the two major problems with the reasoning for why they were here. He did have written testimony from Mr. Ray Kent, the former Executive Director.

Mr. Weed went on to say that SB 635 had to do with reimbursement for their Program. This adult program began in February 1971 at the request of a State Official and an organization that was going out of business, the Chugiak Rehabilitation Industries. In July of 1974 they received some funding for some adults. In January, they received additional funding to cover all adults they have. He said they were \$150,000 in debt.

Mr. Weed stated that Hope Cottage serves almost 100 people. They found out on Wednesday that their loan capabilities have been exhausted. They are \$42,000 in the hole right now.

They are also concerned with the current status of a number of programs that they have. Unless they can find some way to recover some money, they will have several financial problems.

The possible solutions they see are: they could sell some property; or the State could amend some contracts to more accurate fees for service; or the Legislature could attempt to revise some of the Full cost of care regulations. There are a number of things they are trying to have done so that this won't happen year after year.

Senator Butrovich asked whether the services which cost \$100,000 were authorized by the State. It was Mr. Weed's understanding that the reason they entered into the program was the result of a request from the Developmental Disabilities Coordinator in Anchorage. The Full Cost of Care was introduced and they thought that adults would be included. They felt that AS 47.40 had intended to cover that, and that they should be reimbursed.

Senator Butrovich said they would need an interpretation of AS 47.40. Senator Ray agreed that the real problem looked like an interpretation of the Act.

As Senator Chance recalled, when they started moving adult mentally retarded out in the Community, Hope Cottage was to set up the Cottages. The Department has never really made the full cost of care and they are starting to come in now. This organization had never been reimbursed, she said, so they were taking in additional money and borrowing money to support people who were the State's responsibility.

Senator Chance hadn't realized that only children were getting full cost of care. She said the Statutes say "persons" not "children". They only have a cash flow problem now because they spent all of their cash making up the difference.

Senator Wilson asked Mr. Weed to speak in regard to the other problem that they are having.

Mr. Weed explained that last year they received a legislative appropriation to build a new chalet. This was matching money for a federal program. During the last year, the cost has risen from the estimated \$216,000 to \$378,000. They have \$270,000. That means they are \$100,000 short on this project, which was meant to assist the State in caring for their children. He admitted that they could build something less expensive, but then it wouldn't meet the MEDICAID requirements. Right now they don't have enough money to go to bid which means they can't assist in the institutionalization of API kids.

Mr. Weed had some plans which he showed to the Committee, and briefly went over. The Chalet would house 10 children.

They had attempted to find financing without coming to the Legislature, but the bank will not allow them to borrow the additional \$100,000 because it is such a restricted use building, so that they couldn't sell it if they had to foreclose.

The \$100,000 would revert back to the Federal government if the ground is not broken by July 1.

In answer to a question from Senator Rader, Mr. Weed said that they owned the land, which was valued at around \$10,000.

Senator Ferguson asked to bring up COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 198 (Credit for military service in computing retirement benefits). Senator Chance objected. Senator Ray asked how many were in favor of bringing it up. The vote was 4:3 in favor.

CSHB 198

Senator Ferguson moved they put CSHB 198 out with individual recommendations. The motion carried, and the Bill went out with a majority voting "No Recommendation"; one "Do Pass"; and one "Do Not Pass".

MOTION

Senator Ray said they would finish closing out the Court System at 1:30 and then go into the Development budget.

The meeting recessed at 9:40 a.m.

RECESS

SENATE FINANCE COMMITTEE

April 7, 1976

9:00 a.m.

All members of the Committee. Mr. Bill Houston, Acting Director of Corrections, Department of Health and Social Services; Mike Orlove, Budget and Management; Fred Boetsch, Deputy Commissioner of Taxation, Department of Revenue; Gary Jenkins, Director of the Audit Division, Department of Revenue; John Messenger, Tax Counsel for the Department of Revenue, from the Attorney General's Office; and Elaine Mitchell and Cheryl Probst from the Press. PRESENT

Chairman Ray called the meeting to order, and made the following Bill Assignments: Bill Assignments

SB 635 - Sackett
HB 119 - Butrovich

Senator Ray said they would hear testimony from Mr. Houston, Acting Director of Corrections.

Mr. Houston explained that the Division of Corrections proposes to lease the former Ridgeview Manor Nursing Home in Anchorage to accomplish the following objectives: RIDGEVIEW WOMEN'S FACILITY

1. Resolve the Human Rights Commission complaint against the unequal treatment of female prisoners by providing equal program and facilities for women and the elimination of contamination of pre-trial detainees in housing.
2. Provide a controlled location from which contract halfway house functions in the Anchorage area can be conducted. The Governor's Task Force on Corrections recommended removing halfway house function from 3rd Avenue Correctional Center and placing it in contract facilities. The Division will contract separately for the new space and the management of the program. The space will be a wing of Ridgeview Manor.
3. Provide office space for the newly created regional office and the consolidation of staff functions in Anchorage. This objective is in keeping with the Governor's task force recommendation.

Mr. Houston said that Central Office staff has reviewed the feasibility of the three pronged objective from blueprint schematics of the nursing home. Two superintendents and the Acting Director have visited the nursing home on two separate occasions to review operating potential, need for renovations, need for staffing and the general fit of Division objectives. Both the Borough and State Fire Marshalls have visited the facility to review its proposed utilization. Donna Komure, a representative of the Human Rights Commission, has visited and endorsed the plan as compliant to the pending complaint which she drafted. The prospective contract

management vendor for halfway house activities has visited the facility and is now preparing a financial proposal for management services utilizing the Ridgeway physical plant. BRC approval was obtained previously on the general concept of the contract halfway house and the lease of space for a regional office in Anchorage. Currently the Anchorage Annex is under fire, not only in regard to the lack of facilities for women, but for other problems which are directly related to inmate overcrowding. The Annex is rated for 95 beds, budgeted for 100, and is currently overcrowded at 140-150 beds in actual use. The removing of females from the Annex will not only benefit females but it will also eliminate temporarily the overcrowding that continually occurs at the Annex.

Mr. Houston stated that in total, a staff of 15 positions will be required on site to manage the program. Ten positions will be transferred from other facilities and five positions will be new. All commodity and contract treatment services will be made available from the existing budgets of other area institutions. Ridgeview Manor is located in a semi-commercial area with quick, convenient transportation by bus or car to downtown Anchorage. A long term lease of the facility is anticipated with a possible purchase option.

Senator Chance was concerned because in the short form, they were transferring these ten positions, but they didn't have a page to show where they showed up.

Senator Ray pointed out that they had attempted to come in with a supplemental on a previous request putting approximately \$500,000 in for Ridgeview Women's Facility, but the Committee had said that wasn't the way to do it, and that they should come in with it showing up as a separate BRU.

Mr. Houston said that what they wanted to do was set up a colocation code for it. This way all of the activities will be recorded and they would have all of the information necessary to set up the separate budget by next year.

Mr. Houston noted that all of the linen, mattresses, silverware, dishes, etc. were included in the lease.

Senator Rader felt it would be better if they negotiated the lease and brought it back to them for approval. He told them to tie down the facility cost and the cost of the option and bring it back to the Committee in two weeks.

Senator Ray then brought SENATE BILL NO. 510 (Relating to the Alaska SB 510 Income Tax). Last week they had heard testimony on SB 510 and had asked Mr. Boetsch and Mr. Jenkins to draft a Committee Substitute which took some of the provisions of SB 510 and some of the things requested by the Alaska Society of CPAs. Mr. Boetsch passed out copies of this draft.

They had added Section 3(f) which relates to tax preference items. Preference items referred to capital gains, percentage depletion, and fast depreciation and other items used by individuals and corporations in calculating taxes. In 1970 the Congress decided these preference items should be subject to some kind of minimum tax. This only applies if they exceed \$30,000 a year, so they are talking about a small group of wealthy people and corporations who would pay this tax. He thought those rates should be higher.

Mr. Boetsch said his main remarks were addressed to Section 4 which the Alaska Society of CPAs has asked for. They would like to see the maximum tax rate apply retroactively. In 1963, Congress established there would be a maximum rate on earned income of 50%. Since in some cases that resulted in a reduction of State taxes, and since in 1974 the State had decided to freeze tax rates as of the 1963 Tables, the Department took the position that was a rate change and not applicable for State Tax purposes. A number of accountants took exception to this, and they talked with the Department and arranged for a test case to resolve the issue. This was Gibson vs. the State of Alaska. While waiting for the judgment, they held in abeyance any action on other people this would apply to. The Supreme Court ruled in favor of the State, so the State sent out all of its billings.

Now, the Society has asked for Legislative relief and that it be retroactive to 1970. This would create chaos in the administration of taxes in the State. Mr. Boetsch didn't see how they could reasonably go to court on any issue if this kind of precedent was set.

Senator Rader asked how they would feel if this took effect January 1, 1975. Mr. Boetsch said they would have no problem with that.

After further discussion, Senator Ray asked Senator Rader and Senator Butrovich to get together and work out something agreeable for presentation to the Committee.

Senator Ray then announced there would be 8 or 9 Community College teachers from Anchorage in town on Friday afternoon and Saturday and they would like to make a presentation to anyone interested. He handed this assignment over to Senator Chance.

Senator Ray brought up SENATE BILL NO. 582 (Relating to Port Facilities) SB 582 and said that there were some errors in it, so that a Committee Substitute would have to be prepared. The first mistake was putting Juneau-Douglas Boat Harbor, when it was really supposed to be just the Douglas Boat Harbor. The amount needed would only be \$750,000. Haines should only say Port Development, not Acquisition. He also wanted Petersburg to be given only \$625,000 so that Wrangell could have \$625,000. The Naknek Small Boat Harbor should get \$500,000.

Senator Ray asked Senator Sackett to take the Bill and have the Committee Substitute drawn up. He also asked him to speak with Senator Kerttulla regarding the amounts for Cordova and Valdez.

Senator Ray said they would meet on Public Protection at 1:30.

The meeting adjourned at 9:45 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

April 8, 1976

9:00 a.m.

All members except Senators Rader and Sackett. Ms. Frances Rutledge, PRESENT A Kodiak Community College Instructor, and Mr. Don Berry, of the Ak. Municipal League, were also present.

Chairman Ray called the meeting to order, and said they would first hear testimony from Ms. Rutledge regarding SENATE BILL NO. 658 (Re- SB 658 garding Autonomy of Community Colleges).

Ms. Rutledge explained that when the Bill first came out, she was not for it. However, she has come to feel that the Community Colleges will be more and more subordinated if they stay under the University. One of the things which concerns her greatly is the four year track system. It looks as if they are going to pull the academic classes away from the Community Colleges and into the four year track. It started out as an honor system, but now it has degenerated into no real criteria for getting in.

Ms. Rutledge felt the Community Colleges should have a comprehensive broad spectrum and come from the Communities. She felt they should have vocational and other upgrading kinds of courses. She pointed out that many people come in for just one course and then once they are there they see another course they would like to take. Eventually many go for an Associate degree and some go on to the University. Most of these people would never have gone to a regular college, but they are ready after the Community College. She stressed that the University was great for people who already know what they want, but for many people in the Community, the Community College is the only way they would accept college.

The second thing that disturbed Ms. Rutledge was the forced resignation of Dean Short. It was impossible for her to believe that he just resigned. She noted that he had come to the Senate HESS Committee and testified for autonomy at the same time that Dr. Hiatt testified against it. She thought it was for this reason that he was asked to resign.

She said she had been in the Kodiak Community College for four years now and during that time she has found the University to be very inefficient with regard to check payments and delays with other paper work.

Senator Chance asked whether, in the case that this Bill didn't fly, it would be advantageous to make the administrative structure in the statutes so that there would be a Vice-President for Rural and a Vice-President for Urban. This would separate the administrative functions.

Ms. Rutledge was not prepared to say this would be better than autonomy, however she seemed to feel it might be better than what they now have.

Senator Ray then brought up HOUSE BILL NO. 569 (Participation in the Public Employees Retirement System). He said this was the same as SB 551 which had passed the Senate 19:0. What it would do is take employees at their discretion out of the Social Security System. HB 569

Mr. Don Berry, Alaska Municipal League, told them that in order to pull out of Social Security, they had to prove the municipality (or whatever) has equal to or better than Social Security coverage.

Senator Ray asked how they were voting, and HB 569 went out with 3 "Do Passes" and 2 "No Recommendations". Motion

Senator Ray then brought up SENATE BILL NO. 51 (Relating to Health Education). Sen. Ray said this provided for a teacher's training in health programs to initiate and construct programs for Health from Kindergarten through Grade 12. He said that Commissioner Lind wanted this Bill. Senator Ray also wanted to see the Bill passed. However he wanted a letter of intent from the Committee saying they were passing the Bill, but they expected them to initiate the program of health education with each district paying for it themselves. If they could work it out within their budget, then it would be fine. SB 51 INTENT

Senator Chance moved they put it out with individual recommendations and a Letter of Intent. There was no objection, and the Bill went out with 4 "Do Passes" and 1 "No Recommendation". Motion

Senator Ray brought up SENATE BILL NO. 731 (G.O. bonds for capital improvements to parks and recreation areas). He asked how they wanted to vote on this Bill, and the Bill went out with 5 "Do Passes" and 1 "No Recommendation". SB 731 Action

Senator Ray then brought up SENATE BILL NO. 532 (G.O. bonds for water supply and sewerage system construction). SB 532

Senator Poland moved they put it out with individual recommendations. Motion

Senator Ferguson objected and moved they amend it to \$5 million for the Safe Water Act. The Motion failed 1:4. Amending Motion

The question was called on the main motion, and the Bill went out with 3 "Do Passes" and 2 "No Recommendations". Action

Senator Ray made the following Bill Assignments: Bill Assignments

CSHB 624 - Butrovich
HB 625 - Butrovich
SB 729 - Chance
HB 64 - Poland
HB 65 - Ray

Senator Ray said they would meet on Natural Resources at 1:30.

The meeting recessed at 9:35 a.m. RECESS

SENATE FINANCE COMMITTEE

April 9, 1976

9:00 a.m.

All members except Senators Rader and Ferguson.

PRESENT

Chairman Ray called the meeting to order, and made the following Bill Assignments:

Bill
Assignments

HB 399 - Butrovich

HB 749 - Poland

Senator Ray said he wanted to put out SENATE BILL NO. 734 (G.O. Bonds \$15,000,000 for capital improvements for the University of Alaska). It was moved that SB 734 be put out of Committee with individual recommendations. There was no objection, and the Bill went out with 3 "Do Passes" and 2 "No Recommendations".

SB 734

Motion

Senator Ray then brought up SENATE BILL NO. 737 (G.O. Bonds for construction and repair of National Guard facilities). It was moved that SB 737 be put out of Committee with individual recommendations. There was no objection, and the Bill went out with 4 "No Recommendations" and 1 "Do Pass".

SB 737

Motion

Senator Chance asked to bring up SENATE BILL NO. 654 (Relating to statewide coordination, development and planning for the delivery of social services). She then passed out a packet that had been prepared by the Research Division. She felt the Bill was necessary and that it was time for them to do some planning.

SB 654

No action was taken on SB 654 at this time.

Senator Ray said they would close the General Government category of the Budget on Monday at 1:30 p.m.

The meeting adjourned at 9:25 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

April 12, 1976

9:00 a.m.

All members of the Committee. Representative Lisa Rudd was present PRESENT as well as other women interested in the Status of Women Bill. Cheryl Probst from the Press was also present. ,

Chairman Ray called the meeting to order and asked Representative Rudd to make her presentation on COMMITTEE SUBSTITUTE FOR HOUSE BILL CSHB 795 NO. 795 (Relating to the Status of Women in Alaska).

Rep. Rudd explained that she was the prime sponsor of HB 795. She had passed out some position papers and materials which she had received from people interested in the Bill. She has had a long interest in the Women's movement, and when it appeared she was going to be a legislator this year, some women approached her about the establishment of a Commission on the Status of Women in the State. From 1967 to 1972 there was such a Commission, but it was abolished because of a lack of interest. There has been a lot of changes in Alaska and in the interest in women's issues since 1972, and many women in the State are supportive of having a Commission.

Rep. Rudd said there is a tremendous lack of data about the status of women in this State. She had thought she would be introducing a Bill calling for a Commission on the Status of Women, but after she got down here, she realized there was not much interest in having an on-going State financial obligation in the State in this field. Part of the problem was that she couldn't really cite a lot of data about why women needed a special commission to take care of their problems. She stressed that there is a tremendous interest in Women's Problems. So, instead she introduced this Bill which calls for a one year long investigation into the status of women carried out under contract with the State Commission on Human Rights.

Rep. Rudd then noted some of the organizations who were supporting the Bill. The Citizen's Participation Convention gave this a high priority as did the Fairbanks National Organization of Women and the Anchorage National Organization of Women and she had a petition from Anchorage people in support of the Bill. In addition, the National Education Association in Alaska and the Central District Democratic Convention gave support to the Bill.

The House amended the Bill to take out investigations in minority women. She had just received an amended fiscal note which took this into account. The original note was for \$101,300, and it now reads \$93,800.

Since the Bill was introduced in the House, Rep. Rudd has received strong communications from women lawyers in the State who feel there are problems for women as they go through the Justice System. They would like to see the Bill amended to include studies on women in the Justice System.

Rep. Rudd stated there was another element to the Bill. When the Bill was considered by the House Judiciary, the Committee felt strongly that part of the purpose of such a study would be public education. They felt that not enough public information was available on the questions of discrimination beyond sex discrimination. They suggested that a half-time position be put into the regular commission budget for a public information officer. They have suggested to the House Finance Chairman that it be put into the House Budget. She had copies of that letter and the fiscal note pertaining to that position.

Rep. Rudd concluded by saying that right now 41 states have on-going Commissions on the Status of Women. Alaska used to have one, and perhaps will have one again some day, but what we need right now is data.

Senator Rader asked what would be included in such a study. Rep. Rudd replied that there could be, for example, an analysis of women in construction on the Pipeline. Right now, they don't have data on who is available, who is qualified, and who is getting placed. Another area which requires study is that of athletic programs for girls in the schools.

Karen Morehouse from the Fairbanks Chapter of the National Organization of Women called their attention to the position paper they had before them from her organization. She wanted the Committee to know they were in support of the Bill. She said they were a little bit concerned about the amount of money available for the study. She said most of the people in her organization were available to work on the study and would do volunteer work on it.

Janet Bradley of Juneau spoke as an individual and said that there were a large number of women in Juneau who were interested in the Study.

Senator Ray said they would go on to consider SENATE BILL NO. 730 SB 730
(G.O. Bonds for constructing and equipping highway maintenance facilities).

Senator Sackett moved they put out SB 730 with individual recommendations. Motion
There was no objection, and the Bill went out with 4 "Do Passes"
and 3 "No Recommendations".

Senator Ray then brought up SENATE BILL NO. 577 (Providing for the SB 577
issuance of G.O. Bonds in the amount of \$12,000,000 for the purpose
of constructing and maintaining local service roads and trails under
AS 19.30.231 - 19.30.251) Senator Sackett said he had asked staff
to come up with a Committee Substitute on this Bill, and they would
have it tomorrow morning.

Senator Butrovich asked if he could bring up HOUSE BILL NO. 624 HB 624
(Establishing a revolving fund to provide for public facility plan-
ning) and HOUSE BILL NO. 625 (Making a special appropriation to HB 625

the Public Facility Planning Fund). Senator Ferguson said he had been working on some amendments, and asked that these be brought up tomorrow morning.

Senator Ray then brought up SENATE BILL NO. 615 (Relating to the assistance to the aged, blind and disabled). Senator Ray questioned the fiscal note because they were just making an increase of \$34 a month, and he couldn't believe it would almost double the price of the thing.

SB 615

Senator Chance said the fiscal note was for the original bill. She referred them to the analysis which Debbie Staack had prepared. Senator Ray said they would look it over and come back in on the Bill tomorrow morning.

Senator Ray made the following Bill Assignments:

Bill
Assign-
ments

CS HB 674 - Poland (He requested she have it ready for Wed.)
CS HB 465 - Butrovich
CS HB 391 - Rader
CS HB 63 - Ray
CS HB 119am - Butrovich

Senator Ray said they would work on closing out General Government at 1:30.

The Meeting recessed at 9:35 a.m.

RECESS

SENATE FINANCE COMMITTEE

April 13, 1976

9:15 a.m.

All members of the Committee except Senator Rader. Jan Craddick, PRESENT
Deputy Director of the Southeast Alaska Regional Arts Council;
John Van Houte, of NEA-Alaska; Debbie Staack, Research Division
of Legislative Affairs; and Cheryl Probst from the Press were also
present.

Chairman Ray called the meeting to order, and asked Jan Craddick STATE
for her presentation on the State Arts Council. ARTS
COUNCIL

Ms. Craddick said she was testifying on the behalf of the State
Arts Council. She said they were very concerned about the Status
of their budget. Their request to the Governor's Office involved
an increase. She stressed that art groups in the State were really
in need of increased funding to do the types of programs they would
like to do. Two things are of particular importance: 1) Funding
of the position for the Performing Arts Director for the State--
Without this position, the entire State's programs services as
well as the shows to go, could not exist; 2) \$100,000 that has been
designated for Community Councils that are involved in programs
coordination for communities or the region.

Ms. Craddick said that basically what they were requesting was money
for travel. She gave examples of some of the types of programs
they had planned for next year. One is an Art Fair which will send
performing arts groups up to Haines for the State Fair. They have
asked the State for transportation and everything else will come
out of the participants' pockets or from the communities. The
total for this would be \$13,500, but they are only asking for the
\$5,300 for travel. Another program is an Artist in Residence--a
String Instructor. The total project would be \$14,100, but they
are only asking for \$6,600. Then there is the Theatre Tech Program,
and the Chorale Festival.

Ms. Craddick noted that in all cases they were asking for less than
50% of the cost of the project. She said it was this travel money
that generated per diem contributions from communities and workshop
contributions by the individuals.

She felt the Art Council had done a fantastic job of getting money
into the State from the National Endowment of the Arts, but they
are desparately in need of this kind of money from the State Legis-
lature.

Senator Ray noticed that the Federal funds had not changed for three
years, but the General Fund request keeps increasing.

[Senator Rader arrived at this time.]

Ms. Craddick said the Federal money that showed up in the budget was just that amount which every state gets. Alaska also gets a Residency Grant and a Challenge Grant. She believed that these were not shown because they were not a part of this and because they were in the process of applying for them at the same time.

Senator Ray didn't understand how they could be expected to respond with State matching funds for what were unknown, unprojected Federal grants.

Further Discussion followed.

Senator Ray said they would go on to SENATE BILL NO. 615 (Assistance to the Aged, Blind, and Disabled). Debbie Staack was present to testify.

Senator Ray explained to Ms. Staack that they were having trouble comprehending why the fiscal note was for \$3 million. Ms. Staack replied that the fiscal note he was talking about was for the original Bill. She had discovered some flaws in the Note and gone over them with the Department, but now there was a Committee Substitute. She had requested a new fiscal note from the Department on the CS, and she passed this out to the Members. The new note was for \$686,000.

Senator Chance moved they put the CS for SB 615 out with a "Do Pass" recommendation. There was no objection, it was so ordered.

Motion

Senator Ferguson brought up COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 624 (Establishing revolving loan fund for public facility planning) and HOUSE BILL NO. 625 (Special appropriation to Public Facility Planning Fund). These would allow the Department of Public Works to plan to construct what comes under the Bond Bill. He had a proposed amendment from the Department of Public Works for CS HB 624 which went as follows: Page 1, line 16, delete "for what money from the fund has been spent.", insert: "(3) and money reimbursed to it from appropriations for any projects; for which money from the fund has been spent." They also wanted an amendment on page 1, line 12, after Department of Administration, insert "Division of Budget and Management".

CS HB 624

Senator Ferguson moved that the Committee adopt the proposed amendments. There was no objection, it was so ordered.

Motion

Senator Ferguson then moved they put CS HB 624 as amended out with a "Do Pass" recommendation. The motion carried with 4 "Do Passes" and 3 "No Recommendations".

Motion

Senator Ferguson moved they put out HB 625 with a "Do Pass" recommendation. The motion carried with 4 "Do Passes" and 3 "No Recommendations".

Motion

Senator Ferguson brought up COMMITTEE SUBSTITUTE FOR SENATE BILL NO. CSSB 580 580 (G.O. Bonds for State Highway Construction Projects). He explained there were five different bond issues in both the House and the Senate. SB 580 was introduced by Legislative Council. He took the Governor's Bill which was HB 623 and put it into the Committee Substitute. It included Highways, ferries, and local service roads.

Senator Sackett moved they put it out with individual recommendations. Motion
There was no objection, and the Bill went out with 4 "Do
Passes" and 3 "No Recommendations".

The Committee went into Executive Session at 9:55, and then recessed RECESS
until 1:30 p.m.

SENATE FINANCE COMMITTEE

April 15, 1976

9:05 a.m.

All members of the Committee. Mr. John Van Houte was also present. PRESENT

Chairman Ray called the meeting to order, and made the following Bill Assignments: Bill Assignments

SB 744 - Sackett
SB 743 - Ferguson
CS SB 582 - Ray

Senator Ray brought up HOUSE JOINT RESOLUTION NO. 57 (Requesting Congressional funding of Section 107, Rivers and Harbors Act). HJR 57

Senator Sackett moved they put it out with a "Do Pass" recommendation. There was no objection, it was so ordered. Motion

Senator Rader distributed a copy of a proposed Committee Substitute for SENATE BILL NO. 510 (Relating to the Alaska Net Income Tax Act). He reminded the members they had had three meetings on this subject, and that this Committee Substitute was a compromise Bill. He went over the Bill section by section. CS SB 510

He explained that the reason for Section 1 (3) was because the way it is now Ohio State Bonds owned by Alaskans are exempt from Alaska and Federal Income Tax. This paragraph says that municipal or State bonds which are tax exempt are not tax exempt for Alaska State Income Tax purposes unless they are Alaska bonds. He said that the biggest bond holders in the State are banks, but they are taxed in a different manner anyway so this doesn't effect them. This just effects individuals. He thought it was a good thing. It will assist in the sale of Alaska bonds.

Senator Rader stated that Section 2 (a) contained new material. There has been a problem because Alaska Income Tax is tied to the Federal structure. Once in a while for economic reasons there will be an exemption or a surcharge that the Federal Government will enact. If they do this after the State Legislature is out of session, the Legislature would not have a opportunity to know whether it would be applicable to Alaska. This new material says that any change will not be effective until one Legislative session has intervened between the time it is enacted and the time it goes into effect. Senator Rader felt this to be an excellent compromise.

Senator Rader went on to discuss Section 3. He said the problem addressed here was that our code because of the way it was hooked to the Federal Act had about three levels. The lowest was 3.5, and the highest was 10.5. Here it is at 9.5. This keeps it from

fluctuating based on the federal.

Section 3 (f) hooks it back to 16% for individuals and 18% for corporations which was the percentage applicable at the time we adopted the Federal system.

Section 3 (2) regards pensions and annuities. It exempts annuities which are non-taxable under the Federal Act. The way it was private annuities would have been taxed in some instances under the State law, whereas if the same person had been a State or Federal employee, he would not have been taxed on his annuity income from his retirement. This closes that loophole.

Section 5 makes the text based on the way the present law is interpreted, but there have been some arguments. It says they can't deduct State income tax as a deduction on State Income Tax Returns.

Senator Rader concluded saying he thought the Bill was a good compromise.

Senator Rader moved they put CS SB 510 out with "Individual Recommendations". The Motion carried, and the Bill went out with one "Do Pass", one "Do Not Pass" and five "No Recommendations".

Motion

Senator Ferguson then brought up SENATE BILL NO. 654 (Relating to statewide coordination, development and planning for the delivery of social services).

SB 654

Senator Rader felt they should already be doing this kind of planning, and didn't feel they should be giving them \$188,000. He suggested drawing up a resolution which would direct them to do this within the budget they already have.

Senator Chance felt they should pass the Bill because it is a one time thing and the Department has to continue under their current budget and keep functioning to meet Federal requirements. She said that for this one year they would be doing a "flip-flop" The way it is now the Legislature had nothing to evaluate their performance with.

Senator Ray agreed with Senator Rader. There was further discussion among the Committee members. All members felt the coordination, development and planning should be done, but there was disagreement as to the extra funding.

Finally Senator Ray said they could put it into Legislative Intent and spell out all of the guidelines.

Senator Ray said they would meet again at 1:30 to hear a presentation on Community College autonomy, and then at 2:00 they would work on the Health Budget.

The Meeting recessed at 9:45 a.m.

RECESS

CORRECTION

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

fluctuating based on the federal.

Section 3 (f) hooks it back to 16% for individuals and 18% for corporations which was the percentage applicable at the time we adopted the Federal system.

Section 3 (2) regards pensions and annuities. It exempts annuities which are non-taxable under the Federal Act. The way it was private annuities would have been taxed in some instances under the State law, whereas if the same person had been a State or Federal employee, he would not have been taxed on his annuity income from his retirement. This closes that loophole.

Section 5 makes the text based on the way the present law is interpreted, but there have been some arguments. It says they can't deduct State income tax as a deduction on State Income Tax Returns.

Senator Rader concluded saying he thought the Bill was a good compromise.

Senator Rader moved they put CS SB 510 out with "Individual Recommendations". The Motion carried, and the Bill went out with one "Do Pass", one "Do Not Pass" and five "No Recommendations".

Motion

Senator Ferguson then brought up SENATE BILL NO. 654 (Relating to statewide coordination, development and planning for the delivery of social services).

SB 654

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Senator Ray said they would meet again at 1:30 to hear a presentation on Community College autonomy, and then at 2:00 they would work on the Health Budget.

The Meeting recessed at 9:45 a.m.

RECESS

SENATE FINANCE COMMITTEE

April 19, 1976

9:05 a.m.

All members of the Committee except Senator Rader. Kathy Martin- PRESENT
son with the Department of Military Affairs, and Floyd Johnson .
from the Alaska Disaster Office were present.

Chairman Ray called the meeting to order, and said that Kathy
Martinson would speak about SENATE BILL NO. 496 (Benefits for SB 496
members of the Alaska National Guard).

Ms. Martinson said they had SB 496 before them earlier in the Ses-
sion. There were two points to the Bill. The first regarded
Workmen's Compensation for National Guardsmen. They already have
Workmen's Comp, but it is not in the law. They have an Attorney
General's opinion saying they are covered, so this Bill would
just put it into the Law. The second point is per diem for the
National Guardsmen when they are called out by the Governor which
would be equivalent to what State officials get.

[Joe LaRocca arrived at this time.]

Senator Sackett moved they put the Bill out with Individual Recom- Motion
mendations. The motion carried, and the Bill went out with 5 "Do
Passes" and 1 "No Recommendation".

Senator Ray then brought up SENATE BILL NO. 534 (Relating to pow- SB 534
ers and organization to cope with natural and man-made disasters
establishing a disaster relief tax; changing Rule 65, Rules of
Civil Procedure).

Mr. Floyd Johnson explained that the present statutes cover us for
nuclear war, but there is nothing regarding Natural Disasters.
He said they had been doing it by a Governor's Administrative Order
since 1971. He said the Bill was a model Natural Disaster Act,
and if they felt there was anything wrong with it, they could
go ahead and amend it.

Mr. Johnson said there was a need for the Act because the Federal
Government could then give them a \$250,000 one-time grant for
Natural Disaster Planning. They will only do this if there is
something on the books covering Natural Disasters.

Senator Ferguson said he would recommend the Bill as amended by
the State Affairs Committee. That Committee wanted to pass the
Bill giving the Agency some guidelines to work with, but did not
want to give the Governor as much power as the Bill seemed to give.

Senator Ray asked about all of the individual crisis centers. Mr.
Johnson said that in order to be eligible for surplus or excess
property they would have to have an established organization.
He said all of the villages have this now.

Senator Ray asked Senator Sackett to research this Bill further and report back to the Committee on Wednesday.

[Joe LaRocca left the meeting at this time.]

Senator Ray brought up COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 674 (Alaska Municipal Bond Bank Authority). He noted there was a Senate Community and Regional Affairs Committee Substitute for CS HB 674. HB 674

Senator Poland said that as she understood the SCS for CS HB 674, Section 4 is amending Title 49. She had spoken with Mr. Rose who told her they were going over the whole Title 49 as a priority for next year. She said the Bill as passed by the House would be acceptable to the Commissioner.

Senator Poland moved they put out CS HB 674 with Individual Recommendations. The motion carried, and the Bill went out with a unanimous "Do Pass". Motion

Senator Ray then brought up HOUSE BILL NO. 391 (Providing for public disclosure of contractors and terms of certain contracts). There was no one on the Committee interested in taking action on this Bill. HB 391

Senator Ray made the following Bill Assignment:

Bill
Assignment

SB 719 - Chance

Senator Ray brought up COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 902 (Supplemental appropriation to the Legislative Affairs Agency). CS HB 902

Senator Ferguson moved they put CS HB 902 out with individual recommendations. The motion carried, and the Bill went out with 5 "Do Passes" and 1 "No Recommendation". Motion

Senator Ray said they would work on the Health and Social Services Budget at 1:30 p.m.

The meeting recessed at 9:35 a.m.

RECESS

SENATE FINANCE COMMITTEE

April 20, 1976

9:15 a.m.

All members of the Committee. Senator George Hohman and Senator Chancy Croft were also present. In addition, the following people were in attendance: Harvey King, Hydaburg School; Kathy Adams, Legislative Liaison from Region X; Mr. Houston and Mr. Mitchell from the Division of Corrections; and Everett Simpson, Chief Architect for the Division of Buildings.

PRESENT

Chairman Ray called the meeting to order and brought SENATE BILL NO. 668 (Relating to computation of service for judicial retirement). He asked Senator Hohman for his comments on the Bill.

SB 668

Senator Hohman noted they had a back-up letter in their files from Mr. Gates which didn't say very much. He said the Bill was designed to treat the retirement of one particular District Court Judge. He explained that the Judicial Retirement System runs so that every year of Service the individual accrues 5% of his salary. They vest in five years and it is a non-contributory system. The cost impact would be about 30% of a District Court Judge's salary. This person was appointed as a District Judge in 1967 and has accrued 9 years of retirement credit. Immediately prior to that, she served from 1959 through 1967 as a Deputy Magistrate.

Senator Hohman went on to say the individual involved here was an Eskimo lady born in Akiak and has contributed to the court system considerably because of her knowledge of the language and the peculiar types of problems people in cultural transition come up with. Senator Hohman felt she was worthy of the consideration this Bill gives her.

Senator Rader asked why this only effected her, and Senator Hohman replied she was the only District Judge with prior service as a Deputy Magistrate.

Chairman Ray said they would next here a presentation from Mr. Harvey King regarding the Hydaburg School.

Hydaburg
School

Mr. King wished to speak about construction of a school facility in Hydaburg. He reminded them that last year they had asked for an additional \$150,000 to renovate the existing multi-purpose room to provide a stage area, a cafeteria, and shower rooms. They were given this, but within three weeks afterwards, their Architect told them they would need \$200,000. Thus, the Division of Buildings did not put this to bid until Fall. Now they are looking at a cost of \$131 a square foot instead of the anticipated \$77 per square foot.

Mr. King said they would need \$436,900 to provide a Resource Center which would include two classroom areas plus the open classroom. He said they now have a total of four classes. They have constructed two buildings which they will change into Teacher Housing when a school is constructed. Those two buildings are now divided into make shift classrooms. Right now they have 55 kids in grades 7 through 12. They have projected enrollments which anticipate 180 students in five years with grade levels Kindergarten through 12.

Mr. King said the contractor is there now doing site work for remodeling of the multi-purpose room. He has indicated that he will go ahead and order the materials, which would save from 4 to 8 percent.

Senator Ferguson said it was his understanding that April 9 was the date the funding had to be through by.

Mr. King said the contractor had originally stated that if the funding was through by April 9 there would be no problem. Now he has gotten promises from the plumbing and electrical contractors that they will not change their prices if the funding is through by the end of April.

Senator Ferguson noted they had a bond package coming up that dealt with almost every school in the State.

Mr. King noted they could take the project that will be provided in this new construction and divide the hall into two areas for make-shift classrooms for highschool students. He said he had asked the architect to start drawings for construction of a vocational school. He said they had youngsters going into classes in very very poor facilities. He said if they go to the bond package he would propose they look at the same kind of standards for students in Hydaburg as they are looking at for students in other areas. He really felt they could save money by providing them the \$436,900 now and get their kids in classroom space. He said Hydaburg could fight the burden of building their own vocational school.

Senator Ray brought up SENATE BILL NO. 744 (Providing for the issuance of g.o. bonds in the amount of \$30,000,000 for the purpose of paying the cost of constructing and remodeling correctional facilities).

Mr. Houston noted that the HESS Committee had cut the \$30 million to \$27,090. They pulled out recreation because of the Citizen's Committee Input in Juneau. Since Ketchikan already had a proper facility, they suggested they transfer the \$797,000 ear-marked for Ketchikan to Juneau for construction of Juvenile Unit. They allowed \$100,000 for renovation of the Ketchikan unit.

Senator Ray wanted the Committee to be aware he had made no request of the Department or Corrections as far as transferring any money. He had wondered how they were going to handle juveniles once Juneau's facility was maximum security. He didn't even find the alternate plan suggested by HESS satisfactory.

Senator Ferguson asked the cost per person for a correctional facility in Alaska. Mr. Mitchell, Administrative Officer for Corrections, replied it was \$100,000. Senator Ferguson said that meant they would have seven beds for women and children in Juneau, and he didn't feel that would take care of the problem.

Senator Ray went on to say there had been some expression from the Anchorage delegation that they didn't want an \$18 million facility constructed in downtown Anchorage. Mr. Houston said it didn't look like there would be room for it in downtown Anchorage. There was no available space.

There was further general discussion about the Anchorage facility.

Referring to the Juneau Juvenile Facility again, Senator Ray felt they would be better off not building one than to build one which would only house 8 people.

Senator Chance moved they go into Executive Session. There was no objection, it was so ordered. This was a 9:50 a.m. EXECUTIVE

The meeting recessed after Executive Session.

RECESS

SENATE FINANCE COMMITTEE

April 21, 1976

9:10 a.m.

All members of the Committee. In addition, the following people were present: A Group of Students from the Anchorage area in Juneau to see the Legislative Process; Mr. Van Houte, NEA-Alaska; Floyd Johnson, Alaska Disaster Office; and Marion Endicott and Kay Allred, Policy Development and Planning, Office of the Governor.

PRESENT

Chairman Ray called the meeting to order and made the following Bill Assignments:

Bill
Assign-
ments

SS HB 419 - Rader
HB 673 - Ray
SB 751 - Ray
CS HB 667 - Butrovich
HB 668 - Butrovich

Senator Ray announced they would be working on the TRANSPORTATION Budget at 2:00 p.m.

Senator Ray told Mr. Van Houte that he had spoken to the Governor, and they should be ready on the Bill he was interested in in a few days.

Senator Sackett said Mr. Floyd Johnson from the Alaska Disaster Office had some more information on SENATE BILL NO. 534 (Relating to powers and organization to cope with natural and man-made disasters establishing a disaster relief tax; Changing Rule 65, Rules of Civil Procedure).

SB 534

Mr. Johnson said that when he had spoken to them before he had forgotten to mention the new Federal Disaster Relief Act of 1974. This Bill parallels that and brings the State in compliance with the Federal Law. The Federal Government gave each State two years in which to amend their existing statutes or enact legislation. There was no Act in Alaska, so it was necessary to come in with a complete new Bill. Unfortunately, last year it went to the Department of Law and was assigned to the Assistant Attorney General with the Limited Entry Legislation, so the Bill came up too late to be introduced last year.

Senator Sackett asked whether he would have any objection if they deleted the language requiring each borough to maintain a disaster agency. Mr. Johnson replied that whatever they decided to do would be fine. However, he said his Office has done all of the planning for the municipalities in the past anyhow. Their day to day job is to help them with their planning.

Senator Ray asked Senator Sackett when he would be ready with SENATE BILL NO. 729 (Providing for the issuance of g.o. bonds in the amount of \$5,575,000 for the purpose of paying the cost of trunk and secondary airport construction). Sen. Sackett said he would have it tomorrow morning. SB 729

Senator Ray said he would also be ready with SENATE BILL NO. 743 (Providing for the issuance of g.o. bonds in the amount of \$4,590 for the purpose of paying the cost of construction, reconstruction, and acquisition of public safety facilities and equipment) tomorrow. SB 743

Senator Ray then referred to HOUSE BILL NO. 510 (Relating to the Alaska Net Income Tax Act) which was going to be before them on the Floor. He told Senator Rader that he had spoken with the Commissioner of Revenue and he was not in favor of the Bill because of the Bond section. Senator Rader said he opposed that also. However he thought other parts of the Bill were still favorable. HB 510

Senator Rader felt that portion establishing the minimum and maximum tax rate at 16% and 18% was important. He also thought the portion on annuities was important. Other members of the Committee seemed to feel the same way.

Senator Butrovich felt the Bond section was just an additional tax on our people.

Senator Ray said they would hear a brief presentation on the Governor's revisions regarding the Office of Policy Development and Planning.

Marion Endicott said that the original funding sources did not total properly. She said the proper figures should be as follows:

\$	339,700	Federal Funds
	160,800	Required State Match
	527,500	General Fund
	<u>\$1,028,000</u>	TOTAL

Senator Ray asked whether she had any problem with the Governor's figure, and Ms. Endicott replied that she did not.

The meeting recessed at 9:45 a.m.

RECESS

SENATE FINANCE COMMITTEE

April 22, 1976

9:00 a.m.

Senators Ray, Chance, Butrovich, Sackett, and Poland.

PRESENT

Chairman Ray called the meeting to order, and made the following Bill Assignment:

Bill Assignment

HB 897 am - Butrovich

Senator Ray then brought up COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 877 am (New salary schedule and cost-of-living increase). There was some question among the Committee members as to election districts as used to compute salary increases. They called Commissioner Warwick, Department of Administration, and asked him to explain the election districts to them.

CS HB 877am

Commissioner Warwick said the salary schedule referred to the election districts that were in effect in 1965. He went over Ch. 38, SLA 1975 with them.

Senator Ray asked Commissioner Warwick if he was satisfied with the Bill, and he said he was. Commissioner Warwick suggested an amendment on page one, line 28 under Step C to change "10,206" to "10,200".

Senator Sackett moved they adopt the above amendment. There was no objection, it was so ordered.

Motion

Senator Chance moved they put CS HB 877 am with the above amendment out with individual recommendations. The motion carried, and the Bill went out with a unanimous "Do Pass".

Motion

Senator Sackett brought up SENATE BILL NO. 729 (G.O. bonds for cost of trunk and secondary airport construction). He had prepared a list of projects for the Committee to go over. Senator Poland wished to have another project included--lights for Unalaska Airport. Senator Ray told her to get together with Senator Sackett. It was decided they would consider the Bill at tomorrow's meeting.

SB 729

Senator Sackett then brought up SENATE BILL NO. 534 (Establishing a disaster relief tax and changing Rule 65 of Civil Procedure). He said the Bill would be fine if they adopted the following amendments:

SB 534

Page 1, Line 7: Delete all material beginning with "establishing" and ending with "Procedure" on Line 9.

Page 9, Line 21: Change "shall" to "may".

Page 25 & 26, Line 25: Delete all material beginning with "If" and ending with "litigation." on page 26, Line 15.

Page 31, Line 25-29: Delete all of Section 11 and renumber sections accordingly.

Senator Sackett moved they adopt the amendments he had suggested. Motion
There was no objection, it was so ordered.

Senator Sackett then moved they put out SB 534 as amended with individual recommendations. The motion carried, and the Bill Motion
went out with 4 "Do Passes".

Senator Ray said they would close out the EDUCATION budget at
2:00 p.m.

The meeting recessed at 9:35 a.m.

RECESS

SENATE FINANCE COMMITTEE

April 23, 1976

9:00 A.M.

All members. Representatives Susan Sullivan and Richard Eliason. Roy Helms, Executive Director, State Council on the Arts.

Present

Sen. Ray called the meeting to order.

COMMITTEE SUBSTITUTE HOUSE BILL NO. 459 (An Act providing for leave for fathers of newborn infants; and providing for an effective date) was brought before the committee. Rep. Susan Sullivan explained the changes and new language in the committee substitute, and said there was no fiscal impact. She explained that the fiscal note for the original bill had a figure of \$100,000, but this was in error. Sen. Rader asked if leave provided under CSHB 459 should not be charged to annual leave rather than medical leave, to which Rep. Sullivan replied some supervisors did allow medical leave for this purpose while others did not; this bill would coordinate benefits for all state employees. She did not propose this bill as a benefit to state employees, but a benefit to the family unit. Perhaps if the state offered this benefit it might encourage private enterprise to follow suit. Sen. Rader asked why the administration did not have uniform regulations on this matter, to which Rep. Sullivan replied the current regulations did not seem to cover and this bill would take care of any inequities. The committee briefly continued discussion, and CSHB 459 was returned to the file.

CSHB 459

HOUSE BILL NO. 399 (An Act creating the School Activities Association within the Department of Education; and providing for an effective date) was brought before the committee. Rep. Eliason spoke in favor of the proposed legislation, saying it would involve about 14,000 students. The fiscal impact was estimated at \$100,000, of that amount income from gate receipts would amount to about \$40,000 for a net cost of \$60,000 annually. Sen. Chance noted the bill was not limited to sports activities and could be expanded into other activities. At the present time each school district paid for their activities, but Rep. Eliason explained this would provide an office to coordinate activities not done by volunteers. Sen. Ferguson stated he recommended amendments to the bill in order to equalize services throughout the state. Sen. Rader said the Supreme Court said Alaska was not even performing legal functions towards rural schools, and asked if priorities shouldn't be given to classrooms, etc., rather than another layer of sports activities for urban communities. Sen. Poland

HB 399

questioned the estimated program receipts, and Rep. Eliason showed her a copy of the proposed budget. Sen. Rader asked if coordination of the association couldn't be assigned to the Dept. of Education. Rep. Eliason replied the danger would be to lose control, to which Sen. Rader noted the bill proposed creation of the association under the Dept. of Education. Sen. Ray agreed it should be within the Dept. of Education. Sen. Ferguson suggested deleting all material from line 3 to line 9, which would make the bill more acceptable. Discussion continued, and Sen. Ray suggested Sen. Butrovich continue his review of HB 399.

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 729 (An Act providing for the issuance of general obligation bonds in the amount of \$7,790,000 for the purpose of paying the cost of trunk and secondary airport construction; and providing for an effective date) had been prepared in accordance with the committee's decision. Sen. Sackett moved and asked unanimous consent to report CSSB 729 from committee. No objection, so ordered.

CSSB 729

Roy Helms spoke briefly to the committee on the proposed budget for the Alaska State Council on the Arts. (See tape)

The meeting adjourned at 9:45 A.M.

SENATE FINANCE COMMITTEE

April 26, 1976

9:05 a.m.

All members of the Committee except Senator Butrovich. Representative Freeman and Representative Gardiner were also in attendance. Mr. Ron Hatch, from the Craig School District, was present.

PRESENT

Chairman Ray called the meeting to order, and brought up COMMITTEE CS HB 743 SUBSTITUTE FOR HOUSE BILL NO. 743 (Supplemental Appropriation to the Department of Education). He asked Mr. Hatch to make his presentation.

Mr. Hatch explained that he was President of the Board of Education of the Craig City School District, and that he was testifying on their behalf in favor of the Bill. He said that at the present time Craig has two educational facilities which house elementary and high school students--a total of 150 students. Both are two story structures about 50 years old. One was built to be an educational facility and the other was a health facility. The health facility had been unused for several years when they bought it five years ago and repaired and remodeled it. In Mr. Hatch's opinion, neither facility could withstand careful scrutiny by the State Fire Marshall.

Mr. Hatch said that the contract to construct the new high school had been awarded to Dawson Construction. Due to the high increase, from approximately \$70 per square foot to \$120 per square foot, the new facility is decreased significantly to the point where it will be basically a four classroom facility. This will mean busing students one mile between facilities for academic programs. The present Bill would provide for a direct appropriation to complete the facility except for recreational and gym facilities.

Senator Poland asked how many people would be in the new facility. Mr. Hatch replied there would be 70 students.

Senator Ray said their problem was that an appropriation from the Federal Fund would create some problems. There would be no problem, however, if they put it into the School Bond Issue.

Representative Gardiner then reiterated the need for a school both in Hydaberg and Craig. He explained that the House Finance Committee had asked the Department of Education for a breakdown on which schools were in a similar situation of not having enough funds. The Department said these were the only schools which could be constructed this season if the money were available. He said that if they decided this had to be in a bond issue, then these figures would not be accurate.

Representative Freeman also felt that it would be cheaper to pass this bill than do it by a bond issue because at present, the contractor is there and everything is there. If they go by bond issue, they would have to come back again, and there would be a big increase.

Senator Ray then referred the Committee to SENATE BILL NO. 48 (Cost-of-living for retired teachers). He had spoken with the Governor, and the Governor would be meeting on this problem at 2:30 this afternoon and will advise the Finance Committee of his feelings immediately afterwards. Senator Ray said they would consider the Bill tomorrow morning at 9:00 a.m.

SB 48

Senator Ray then asked Senator Sackett to bring up SENATE BILL NO. 744 (Constructing Correctional Facilities). Senator Sackett said he had met twice with the Department and they had checked out two other sites for the \$18 million Anchorage Center. One was at Jewell Lake and the other in the Lake Hood area. The cost would still be \$18 million at either site. The only other change he wanted in the Bill was to decrease Ketchikan to \$3,702,600 and increase Juneau to \$1.5 million. He had come to this conclusion after talking with the Department.

SB 744

The Committee had no objection to the changes, and Senator Ray told Senator Sackett to have the Committee Substitute drafted.

Senator Ray then asked Senator Sackett what he wanted to do about the Anderson school which was destroyed by fire a couple of weeks ago. Senator Sackett said a replacement facility would cost \$1 million for 96 students. He had talked with the Governor, and the Governor was planning on coming in with this as a Free Conference Item.

Anderson School

Senator Ray made the following Bill Assignments:

Bill
Assignment

HB 863 - Chance
HB 659 - Rader

Senator Ziegler arrived at this time and spoke regarding CS HB 743. CSHB 743 It was his understanding they were ready to go to bid and that was why they needed the money.

Senator Ray said they would meet again at 1:30 to finish closing out the budget categories.

The meeting recessed at 9:45 a.m.

RECESS

SENATE FINANCE COMMITTEE

April 27, 1976

9:10 a.m.

All members of the Committee. Robert Van Houte, NEA-Alaska, and Bill McConkey, Director of the State Energy Office, were also present. PRESENT

Chairman Ray called the meeting to order, and brought COMMITTEE CS SB 48 SUBSTITUTE FOR SENATE BILL NO. 48 (Relating to teachers post retirement pension adjustment) up for consideration.

Mr. Van Houte suggested they amend the Bil on page 1, line 26 so that it would say "based on 60% of the increase in the cost-of-living". Senator Ferguson moved they amend the Bill as suggested, and there was no objection. Motion

Senator Ferguson then moved the put CS SB 48 as amended out with individual recommendations. The motion carried, and the Bill went out with 4 "Do Pass" and 3 "No Recommendations". Motion

Senator Ray asked Mr. Bill McConkey, Director of the State Energy Office, to make his presentation. STATE ENERGY OFFICE

Mr. McConkey said the subject at hand was a request as part of the Governor's budget--\$250,000 to begin research and development using wind as an alternative energy force. They plan to use the money for three projects located at Kotzebue, Cold Bay, and Nelson Lagoon.

Mr. McConkey said that in Kotzebue, they would be taking wind generators and using them to provide electrical power to the new University building being built there. The Building has been designed with extra batteries for wind generators. They want to test the problem of icing and its ability to phase energy from wind generators into another system.

Mr. McConkey believed this was going to be a growing thing in rural Alaska, and he felt they needed to prepare materials to supplement that operation.

Mr. McConkey went on to say that the Cold Bay project was more of a technical project, using a vertical access machine. They think there will be some advantages to this as it never has to turn into the wind. It uses a different kind of vein which spirals down and around. The Canadians say there is no icing problem, but they want to test this in Alaska. They chose to bring it to Cold Bay because there is good wind and good visibility. He said there was no cost to this project because the Professor from Oklahoma who developed it will give them one if they will test it. They also want to find out about salt spray deterioration.

Mr. McConkey said the third project was for economical and sociological examination. He said there were efforts being made by the Federal government in large machines, but none of those were commercially available. Nelson Lagoon is a fishing village on the Bering Sea side of the Alaska Peninsula. They propose to put a number of smaller generators--probably 6--there which would provide 4-5 kilowatts a piece. Technically there are a couple of problems. They will have to design a system that will allow some kind of system to turn on individual generators so they won't run out of electricity when they run out of wind. One other problem is the care and maintenance of the equipment and education to not overload the system. They will probably put a circuit breaker on each home.

One of the major efforts on all three projects is very careful economic analysis. He has included in the budget a request for \$25,000 for very careful cost accounting and risk analysis.

Mr. McConkey told the Committee members they would be receiving a report from his office in the next couple of days which would explain quite a bit of what they are trying to do and what they hope to do.

Senator Ray then brought up COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 669 (Continuing appropriation for payment of debt service on g.o. bonds). CS HB 669

Senator Ferguson moved they put the Bill out with individual recommendations. The motion carried, and the Bill went out with 4 "Do Passes" and 3 "No Recommendations". Motion

The Meeting adjourned at 9:35 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

April 28, 1976

9:00 a.m.

All members of the Committee. Representative Ramona Kelley was PRESENT
also present.

Chairman Ray called the meeting to order, and brought up HOUSE HB 487
BILL NO. 487 (Relating to foster home care).

Representative Kelley, the sponsor of this Bill, said she had introduced it after working with foster parents in Anchorage who were foster parents for physically and mentally handicapped children. These children need more money per month because of the special equipment, shoes, and sometimes clothes, that they require. It is extremely hard for these people to get money out of the Department of Health and Social Services even though the money is there. This Bill was introduced for the purpose of putting it into the statutes so that the money that is there can be given to these foster parents. There is no fiscal impact.

She went on to say that respite care was included in the Bill so that the foster parents can get child care not to exceed 12 hours in any 30 day period, and also for a period not to exceed seven days in a year for the purpose of providing emergency protection for the child.

The Committee decided to introduce this Bill as a Committee substitute so that they could say the seven days could be used as a vacation period if it hadn't been used up in emergency care during the year.

Senator Chance moved they put CS for HB 487 out with individual Motion
recommendations. The motion carried, and the Bill went out with
a unanimous "Do Pass".

Senator Sackett then brought up COMMITTEE SUBSTITUTE FOR SENATE CS SB 744
BILL NO. 744 (G.O. Bonds for Correctional facilities). He moved Motion
that it be put out with individual recommendations. The motion
carried, and the Bill went out with 4 "Do Passes" and 3 "No Recommendations".

Senator Ferguson brought up COMMITTEE SUBSTITUTE FOR SENATE BILL CS SB 743
NO. 743 (G.O. Bonds for public safety facilities). He had gone
through the Budget and added three new areas--Kotzebue, Fort Yukon,
and Juneau. In Kotzebue he added renovating housing for State
troopers; in Fort Yukon, he added a duplex and garage which would
be used for housing and also as a jail and correctional office.
In Juneau he added office and garage space and purchase of security
equipment.

He moved they put CS SB 743 out with individual recommendations. Motion
The Motion carried, and the Bill went out with 4 "Do Passes" and
3 "No Recommendations".

The Meeting adjourned at 9:35 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

April 29, 1976

9:00 a.m.

All members of the Committee. Commissioner Andy Warwick, Department of Administration; Ron Lind, Director of Budget and Management; Kent Dawson, Special Assistant to the Governor; and Joe LaRocca, from the Press, were also present. PRESENT

Chairman Ray called the meeting to order, and brought up HOUSE BILL NO. 900 (Transferring the Division of Budget and Management to the Office of the Governor). HB 900

Commissioner Warwick said this would in effect move the Division of Budget and Management from the Department of Administration to the Governor's Office. He believed the move would place the Division of Budget and Management more in line with that of a planning function. Now, with the Division in the Department of Administration, at times the budget process has been more mechanical than planning. The Division should really be the cornerstone of the State's planning policies. With it in the Governor's Office, the budget would be more of the Governor's budget. In a sense it would provide for a budget that would better reflect the policies of the Governor. Now, with it in the Department of Administration, it works fine, but that doesn't necessarily mean it will work for the next Commissioner. If the Division doesn't move, the Commissioner said it would not cause insurmountable problems. He just felt it would be better placed in the Office of the Governor.

Senator Rader asked why they couldn't do this with an Executive Order. The Commissioner replied they could do it that way, but it would have to wait until the next Legislature because the Legislature had 60 days to disapprove it before it became law.

Senator Butrovich moved they put the Bill out with individual recommendations. The motion carried, and the Bill went out with 4 "Do Passes" and 3 "No Recommendations". Motion

Senator Ray then brought up HOUSE BILL NO. 669 (Making a continuing appropriation for the payment of debt service on general obligation bonds of the state, bond anticipation notes, and revenue anticipation notes). HB 669

Commissioner Warwick said the purpose of the Bill was two-fold. The first it satisfies is to provide for a continuing appropriation for debt service on G.O. bonds, revenue anticipation notes, and bond anticipation notes. Second, it changes the existing statute which takes from the principal of a bond anticipation note the interest to pay on a bond anticipation note. He explained that now if we have trouble issuing G.O. Bonds we establish a bond anticipation note. This, in effect, reduces the amount of

money we have to spend on a project. He said the interest on a bond anticipation note should be paid from debt service, and this Bill provides for that.

He referred the Committee to two letters they had before them from Richard Walker, Bond Counsel to the State of Alaska. The first letter recommends some technical changes to the Bill. The second letter basically gives the reasons for the Bill. He went over the letter with the Committee. (See Bill File.)

The Committee was not interested in establishing a continuing appropriation at this time.

Commissioner Warwick noted that the Bill also provided for use of debt service in payment of interest.

Senator Ray told the Commissioner that if the Department of Administration wanted to draft up a Committee Substitute for their consideration, that they would act on it.

The Commissioner said they would work on a Committee Substitute.

Senator Ray then brought up HOUSE BILL NO. 895 (Supplemental appropriation to the Department of Education). HB 895

Mr. Ron Lind explained that the Rural Education Districts came out with more foundation units generated than originally anticipated. This increased the total cost of operations and also the amounts of money available from the Federal government. This Bill appropriates additional federal receipts so they can expend the additional federal monies available. The \$135,000 is the net amount required from the General Fund. There is back up material on this in the Bill file.

It was moved that the Bill be put out with individual recommendations. The motion carried, and the Bill went out with a unanimous "Do Pass". Motion

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

SENATE FINANCE COMMITTEE

April 30, 1976

9:00 a.m.

All members of the Committee. Mr. James Welch, U. S. Forest Service, was also present. PRESENT

Chairman Ray called the meeting to order, and brought up SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 669 (Making a continuing appropriation for the payment of debt service on G.O. Bonds). He said the Department of Administration had prepared the Committee Substitute as they had requested at yesterday's meeting. All that is in the Bill is the new language: "Interest on the notes is payable at a fixed place on or before a fixed time out of appropriations made for that purpose". Senator Ray saw nothing wrong with that language. SCS CSHB669

Senator Chance moved they adopt the Committee Substitute and put it out with individual recommendations. The motion carried, and the Bill went out with a "Do Pass" recommendation. Motion

Senator Ray then brought up SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 246 (Relating to municipal regulation of the sale of intoxicating liquor). He said this Bill was originally submitted by Representative Guy and Representative Itta. All of the information or material having to do with the tax has been eliminated. He said the Bill would allow the villages to have better control over the liquor licenses than they presently have. It doesn't make it mandatory to give a hearing, but provides all the machinery to give them a hearing. SCS CSHB246

Senator Ferguson felt the Bill would create more problems because there would be a lot of cases in his district where they would be having votes and there would be a lot more taxes that would come up.

The Committee discussed the problem and decided not to take any action on the Bill.

Senator Ray then brought up SPONSOR SUBSTITUTE FOR SENATE BILL NO. 201 (Elimination of architectural barriers for handicapped, aged, or infirm persons). He said the Bill had no fiscal impact. SSSB 201

Senator Chance moved they put the Bill out with a "Do Pass" recommendation. There was no objection, it was so ordered. Motion

Senator Chance asked to bring up HOUSE BILL NO. 863 (Relating to forest protection). She said the Bill had no fiscal impact, but it had been brought back from the floor because there were some misunderstandings. HB 863

James Welch, who works with the U. S. Forest Service, said gives the State Forestry the opportunity to hire emergency fire fighters for temporary duty while fires are going. He explained the State was now taking over fire responsibility from the BLM. This year the State is taking over responsibility in the Kenai area. Next year it will assume responsibility for the Matanuska-Susitna area, and the following year it will add Fairbanks/Tanana. By 1979, they will take over the Railroad Belt area. BLM will continue to handle remote areas for land selection.

As Senator Chance understood it, the State now appropriates money to BLM which includes a 25% administrative charge. Under this Bill, they would be using that same money, only without the 25% administrative charge. Senator Butrovich said it would allow the State to do what the Feds have been doing.

Senator Ray was not in favor of the Bill because he felt it allowed whoever was in charge fiscal freedom to do anything he wanted.

Senator Ferguson suggested that they develop a Committee Substitute. Senator Ray asked Senator Ferguson and Senator Chance to get together and work on a Committee Substitute.

Senator Ray then brought up HOUSE BILL NO. 738 (Supplemental appropriation to Department of Law for miscellaneous court awards). HB 738

Senator Butrovich moved they put the Bill out with individual recommendations. There was no objection, and the Bill went out with a unanimous "Do Pass". Motion

Senator Chance said she had a proposed COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 600 (Providing for an optional state motor vehicle registration tax in lieu of local ad valorem taxes on motor vehicles). CSSSSB600

Senator Ray felt the System worked perfectly well as it was now. Senator Butrovich wanted time to look the CS over.

Senator Chance said the Bill dealt with the collection of municipal taxes.

The meeting adjourned at 9:45 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

May 3, 1976

9:10 a.m.

All members of the Committee except Senator Rader.
Senator Ziegler was also in attendance.

PRESENT

Chairman Ray called the meeting to order, and brought up a proposed Finance Committee Bill which Senator Ferguson had worked on. It relates to full time faculty at the University of Alaska and says they cannot work at outside endeavors for money.

Bill re-
garding
full-time
faculty at
U. of A.

Senator Butrovich said he could not support the Bill because it did not relate to all State employees.

Senator Chance suggested they say the employees could not work for federal and State governments.

Senator Ray said they wanted the faculty members to teach students and keep out of government.

Senator Ray asked whether the Committee was interested in having Senator Ferguson rework the Bill. Four members were interested, so Senator Ray gave the Bill back to Senator Ferguson.

Senator Ziegler stated he had received a call this morning from Mayor of Mr. Bob Sanderson, Mayor of Hydaberg, who was scheduled to speak to the Finance Committee this morning. The planes were not flying and he was unable to make it to Juneau. Senator Ziegler apologized for Mr. Sanderson. Senator Ray said they would be happy to hear from Mr. Sanderson when he does appear before the Committee.

Senator Ray announced he had a letter from the Commissioner of Administration regarding SENATE BILL NO. 318 (Relating to Public Employment). The Bill provides for a certain nucleus of supervisory employees who would be outside the scope of the union. The Administration feels this to be a necessity. SB 318

This Bill was still in the Senate Labor and Management Committee.

The Committee went into EXECUTIVE SESSION at 9:25 a.m.

EXECUTIVE
SESSION

Senator Ray called the meeting back into regular session at 9:30 a.m.

Senator Chance brought up HOUSE BILL NO. 419 (Relating to Health Education). She moved they put the Bill out with individual recommendations. The motion carried and the Bill went out with a "Do Pass" Recommendation.

HB 419

Motion

The Committee made the following changes to the Operating Budget: OPERATING
NATURAL RESOURCES: They put \$187,500 back in for the Gas Pipe- BUDGET
line Review Commission. CHANGES

GENERAL GOVERNMENT: They allowed an additional \$40,000 for the
State Energy Office, Office of the Governor. The Breakdown is
as follows:

Personal Services	118.9
Travel	17.0
Contractual	302.6
Commodities	2.0
Equipment	.5
TOTAL	<u>441.0</u>

The new projects are located at Nelson Lagoon, Cold Bay, Kotzebue,
and Skagway.

PROTECTION: They allowed people for the Boat in Kodiak, at Sen.
Poland's request.

Senator Chance moved they bring up HOUSE BILL NO. 68 (Creating HB 68
the Alaska Youth Hostel System). There were not enough votes to
bring it up.

Senator Ray brought up COMMITTEE SUBSTITUTE FOR SENATE BILL NO.
392 (Creating an energy needs revolving loan fund). This gives SB 392
the authorization, but no money.

It was moved they put the Bill out with individual recommenda- Motion
tions. The motion carried, and the Bill went out with 5 "Do
Pass" and 1 "No recommendation".

The meeting adjourned at 9:55 a.m. ADJOURN

SENATE FINANCE COMMITTEE

May 4, 1976

9:10 a.m.

All members of the Committee. Commissioner Jim Brooks, Department of Fish and Game, and Joe LaRocca, from the Press, were also present. PRESENT

Chairman Ray called the meeting to order, and brought up SENATE BILL NO. 590 (Retirement, Disability and Death Benefits to certain employees of the Department of Fish and Game). SB 590

Commissioner Brooks, Department of Fish and Game, said that he endorsed the Bill. He pointed out that since Statehood the Department has lost 19 employees through accidents while engaged in official duty. This averages to something over one person a year. In addition to the 19, a fairly large number of persons have been hospitalized. If compared to the Department of Public Safety, which is already covered with disability retirement benefits, the Commissioner said they would find that Department has had only one death over the same period.

The Commissioner felt that history showed the Department of Fish and Game's hazards of work were 20 times greater than in the other departments where people were covered. He added it was true that now a little more than 2/3 of the people were covered, but other employees not covered were also high risk employees. For example, supervisors are not covered. They are finding that people who are covered at the present time are reluctant to forsake that to accept a promotion.

After some discussion among the Committee members, it was found they favored the idea of the Bill, but they didn't feel all of the people the Department had listed should be covered.

It was decided that Senator Butrovich and Senator Sackett would work on the Bill and try to par it down a little. They planned to come back with a proposed Committee Substitute.

Senator Ray brought up HOUSE BILL NO. 907 (Supplemental appropriation to the Department of Administration). HB 907

Senator Butrovich moved they put the Bill out with individual recommendations. The motion carried, and the Bill went out with a unanimous "Do Pass" recommendation. Motion

Senator Ray then brought up SPONSOR SUBSTITUTE FOR SENATE BILL NO. 662 (Relating to alcoholic beverages). SS SB 662

Senator Sackett moved they put the Bill out with individual recommendations. The motion carried, and the Bill went out with 6 "Do Passes" and 1 "No Recommendation". Motion

Senator Ray asked if anyone wanted to bring up HOUSE JOINT RES- HJR 70
OLUTION NO. 70 (Relating to waste disposal exigencies in Bethel &
Barrow). The Committee members did not express any interest.

Senator Ferguson asked whether it would be possible to have Mr.
Hodgson of AVEC to come in for a few minutes to speak with the
Committee. Senator Ray said it would be.

Senator Ray made the following Bill Assignment:

Bill
Assignment

HB 593 - Sackett

Commissioner Warwick arrived and requested that HB 669 be held HB 669
over one day on the floor. He wanted Mr. Eppenbach to speak
to the Committee again before it was considered. Senator Rader,
as Chairman of Rules, said there would be no problem in holding
the Bill over one more day.

Senator Ray said Mr. Eppenbach could speak to the Finance Com-
mittee tomorrow morning at 9:00 a.m.

Senator Ray said they would be meeting on the Budget at 1:30 p.m.

The Committee recessed at 9:50 a.m.

RECESS

SENATE FINANCE COMMITTEE

May 5, 1976

9:15 A.M.

All members. Andrew S. Warwick, Commissioner, Dept. of Administration; Lawrence C. Eppenbach, Deputy Commissioner of Treasury.

Present

Senator Ray called the meeting to order.

HOUSE BILL NO. 669 (An Act relating to the payment of debt service on bond anticipation notes; and providing for an effective date) was brought before the committee. Mr. Eppenbach stated he had not participated in previous discussions on the bill, and was present to argue for the bond anticipation note portion. Copies of a suggested Senate Committee Substitute were distributed to committee members, and explained by Mr. Eppenbach. He said the change was necessary for note buyers understanding of language, and the second section of the change was very important to the Department of Revenue since they were anticipating issuing such notes next year.

HB 669

Sen. Ray noted the bill was now in the Rules Committee, and the suggested changes would have to be approved by them. Sen. Rader said his hesitancy arose from automatic appropriations for bonds. His feeling was the legislature should not lose track of active participation, and many Senators shared his concern. Sen. Rader added he couldn't see much improvement in the committee substitute suggested by the Dept. of Revenue.

Sen. Ray said the first portion of the suggestion was approved, but the second section again automatically appropriates. The Senate was opposed to this in the Committee Substitute and the original bill. A possible alternative could be reporting to the Budget & Audit Committee when appropriations were made so the legislature would have knowledge of what the Dept. of Revenue was doing. Sen. Butrovich agreed this would solve the problem.

Mr. Eppenbach stated this would create no problem, but added revenue anticipation notes would only be issued when money was needed immediately. They would not be for construction or discretionary purposes, and would be totally under the control of the Commissioner of Revenue. A continuing appropriation was requested since it would be the last ditch effort to meet a payroll. It was very necessary to show a potential note purchaser that there was money to pay the principal, and also show them the Dept. of Revenue had the legal ability to pay the interest. Statements such

as those in the suggested committee substitute would provide assurances to the purchaser that no technical flaws existed in the statutes.

Sen. Rader said he was concerned with the possibility of "rolling" notes, which was a serious abuse. Mr. Eppenbach replied the Alaska Constitution required that the notes be paid with current revenue. Technically the notes could be rolled once, but not more. They must be paid from revenue in the fiscal year in which they are borrowed. Mr. Warwick added there must be some time when the books are clear, and funds must be put back from revenues received during the fiscal year. Sen. Rader said it was clear to him that they could use short-term borrowing to roll funds.

Sen. Ray asked if it was agreeable to the committee that another committee substitute be drafted by the Dept. of Revenue providing that before any money could be granted, approval must be received from the Budget & Audit Committee. The committee approved of this.

Mr. Warwick asked if he could comment on a bill on the Senate calendar, CSHB 842 (An Act relating to pay differentials between state ferry employees residing inside and outside the state). Mr. Warwick read the language from CSHB 842 and said this covered about 580 employees in the ferry system, 10% of whom lived in Seattle, most of them master mates and engineers. The fiscal impact would be to add about \$2.6 million to cover the cost of the proposed legislation, since there was absolutely no way to cut the salaries of those employees outside the state and those living inside the state would have to get a salary increase. Sen. Ray said this bill should be referred to the Finance Committee and he would request a referral. He noted this was a matter for the negotiating team to debate, and Mr. Warwick agreed it should be brought to the bargaining table.

CSHB 842

Catherine M. Lloyd, Deputy Commissioner for Administrative Management, Dept. of Health & Social Services, joined the meeting to discuss HOUSE BILL NO. 593 (An Act making a supplemental appropriation to the Dept. of Health & Social Services, Division of Corrections; and providing for an effective date). This bill had been reported out once on March 25 and re-referred to the Finance Committee on March 31. Ms. Lloyd explained the original bill called for \$261.8, an amendment brought the amount to \$536.8, and an additional amendment for Ridgeview added \$78.2. The figures could now be reduced as Ridgeview could be set at \$30.0, new positions cut \$11.5, with capital improvements at \$438.5, and the total amended to approximately \$480.0. Sen. Ray asked

HF 593

Sen. Sackett, Ms. Lloyd and Mr. Schroeder, fiscal analyst, to work up a committee substitute reflecting the above revisions.

The meeting recessed at 9:45 A.M.

Recess

AFTER RECESS
2:05 P.M.

COMMITTEE SUBSTITUTE HOUSE BILL NO. 586 (An Act appropriating for the operating and capital expenses of the state government, and providing for an effective date) was brought before the committee. A Senate Committee Substitute was offered by the Finance Committee, and the members signed the committee report recommending the Senate Committee Substitute do pass.

CSSB 586

Senators Ray and Ferguson remained in the meeting to discuss COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 564 (An Act providing for the issuance of general obligation bonds in the amount of \$58,935,000 for the purpose of paying the cost of constructing, repairing, equipping and upgrading school facilities and water reservoirs; and providing for an effective date) with members of the Angoon School Board.

CSSB 564

Wally Frank, Chairman, Regional School District, said Angoon needed more than the \$1.2 million appropriated in CSSB 564 for their high school. He said their need is great since students are dropping out of Mt. Edgumbe since they could not adjust. Hoonah and Yakutat have high schools, and Angoon has attempted to get one for years. He estimated \$2.5 million would cover current costs.

Sen. Ray explained that Sen. Ferguson was in charge of the bond issue proposal for rural schools, and Sen. Ferguson said he had requested estimates from legislators on rural school construction needs for their districts. \$1.2 million had been submitted for Angoon, and this was the figure now in the bond bill. The total package amounts to \$59 million, and more could not be added for Angoon without subtracting funds listed for other districts. He would bring the question up in the free conference committee to see what the other legislators would elect to do.

Robert Willard said the Dept. of Education, when presented by the proposal, based the estimates on a formula of \$30,000 per student for school construction. Sen. Ferguson said they did not take the formula as it was not doing the job. After a number

of meetings on allocations, rural school construction bond bills have passed both houses, and all he could do would be to bring the recommendation to the free conference committee.

Joe Kahklen said he was concerned when the cost for the elementary school gym went over \$700,000, which resulted in cutting one classroom and eliminating bleachers. After seeing construction costs, he could not see that a high school could be built for \$1.2 million.

Sen. Ray suggested classifying construction at Angoon as Phase 1, indicating further funds would be allocated for Phase 2. He assured the school board members from Angoon that this would show a large enough school would be built for the community.

The meeting adjourned at 2:45 P.M.

Adjourn