

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2685

DOT Water & Harbor Facilities: Representative Freeman moved the Senate figures for all projects listed short form pages 174-212. No objection, so ordered.

Wrangell Boat Harbor - Representative Haugen moved \$35.0 for harbor repairs and electrical facilities. No objection, so ordered.

Angoon Boat Harbor - Representative Haugen moved \$100.0. No objection, so ordered.

At this time, Representative Schaeffer stated he would like to reopen the section on Commerce & Economic Development to add an item. He moved \$245.0 be added for a geothermal energy demonstration project at Pilgrim Hot Springs. He noted this is taken from SSHB 822, which he sponsored. Discussion followed, with Chairman Cowper asking what the \$50.0 represents. In reply, Representative Schaeffer stated this is the figure reported out by the Commerce Committee. In explaining the project, Representative Schaeffer stated it is for exploratory drilling to determine the economic feasibility for electrical power generation potential of the area. Following brief discussion, this was adopted, as there were no objections.

REOPENED

The meeting adjourned at 10:00 a.m.

ADJOURN

HFC 78-107 #1554 - End
78-108 #0001 - #1410

HOUSE FINANCE COMMITTEE

May 11, 1978

1:50 p.m.

All members of the Committee were present, except Representatives Cowper, Haugen and Gruening. Also present were Representatives Brown and Miller; Jennifer Wilke, Department of Education; Sharon Macklin, Alaska Telephone Association; Bob Wold, Robert N. Wold Company; Chuck Robinson, Bill Sams, and Bob Hanscomb, RCA Alascom; Wally Christiansen, Alaska Cable Television Association; George Shaginaw and Richard Dowling, Office of Telecommunications; and David Richetnic, Vision TV.

PRESENT

Vice-Chairman Freeman called the meeting to order and stated the Committee would receive testimony on HB 908.

HB 908

"An Act making miscellaneous appropriations for television and telecommunication services; and providing for an effective date."

Representative Brown stated this bill is a result of his Committee on Telecommunications looking at what the State is doing in the field of satellite projects. He stated this bill is a companion bill to HB 545 (An Act relating to the provision of Statewide entertainment, educational and public television services). He advised the Commerce Committee Substitute for this bill is now in Rules, and will be calendared for the floor at the same time as HB 908 is, if it is passed from the Finance Committee.

(Representative Meekins arrived at this time.)

Representative Brown advised that Section 1 of the bill provides for capital expenditures relating to additional TV receive capability beyond those serviced by the initial project. He advised that Section 2 provides funding for operation and maintenance costs of that equipment and a delay center operation. He stated it also provides funds for satellite service for inter- and intra-state service. He stated the other sections of the bill relate to funds to the Department of Education for one year to continue the type of programming they have been feeding onto the satellite during the demonstration project. He advised that section 4 provides for continuation of that service during the next school year, and section 5 provides for a grants program for educational and public broadcasting purposes.

Representative Brown stated this bill comes across as an omnibus bill. He stated he thinks it is important that people understand that if the bill passes, the 176 communities

will not immediately have television service. He stated the problems are such that some communities might not have television for more than a year, and perhaps two years.

(Representative Schaeffer arrived at this time.)

Representative Brown suggested the Committee might want to consider drafting a letter of intent making it clear that there must be a stable power source. He stated the Interim Committee on Telecommunications spent a great deal of time discussing funding, and he read from that Committee's letter of intent. He stated it is not the intent of this legislation to pick a particular vendor; that should be left to the Governor's Office of Telecommunication. He stated he thinks, if the Committee favors the bill, they should make a sufficient amount of money available to provide enough flexibility and make it clear that whatever vendor provides the best service will get the contract. He talked briefly about the proposals received from Wold Co. and RCA Alascom. He recommended this also be made clear in a letter of intent.

Representative Brown recommended the letter of intent also provide that in the event HB 545 passes that the Governor's Office of Telecommunications be authorized to transfer some of the funds allocated to it to the Board of Directors of the Satellite Users' Association.

(Representative Duncan arrived at this time.)

Vice-Chairman Freeman requested that Representative Brown put his recommendations for the letter of intent in writing for the Committee to consider. Representative Brown stated he would do this.

Representative Miller stated this bill also provides for a continuation of the legislative teleconferencing. He stated this project has been a monumental success so far. He advised there have been over 40 teleconferences this year. Representative Miller stated he thinks this program should be expanded. He advised the total projected budget for next year is \$171,232.

Representative Miller stated he would like to urge the Committee to take steps to not only fund enough money to include TV receiving capability for every village over 25, but that they consider putting in a 10 meter dish rather than the 4 meter dish. He stated his understanding is that with the smaller dish they have limited receiving capability. He stated the 10 meter dish allows for sending and receiving, medical assistance, etc. He stated with the 10 meter dish villages could communicate with each other. He stated there is an additional expenses for the larger dish.

Representative Brown stated the 10 meter dish was considered in his Committee. He stated the impact of this would add \$12 to \$15 million to the project. Representative Miller suggested the Committee look into the feasibility of doing this. He stated that once the 4 meter dish is in place, it will be there for a long time. He stated they now have the opportunity to do it right the first time. He stated if the Committee is satisfied that the 4 meter dish is the correct one to use, that would be alright with him; but he would like it to be considered before the 4 meter dish is purchased.

Representative Buchholdt asked if there were funds included in the bill for advertising when teleconferences would be held. Representative Miller stated he believes funds were included, and added that this year their budget was very slim.

Jennifer Wilke, Department of Education, advised she has been working on instructional TV programming. She stated they have offered 20 hours a week of instructional programming, and there is great interest in this in the educational community. She advised the novelty effect of television in some of the villages is wearing off, and they are becoming more selective in what they are watching. She stated that if the TV project continues, it is important to balance the programming. She advised that Sections 4 and 5 of the bill would allow them to pursue that balance.

Ms. Wilke advised that section 4 would allow them to improve the quality of instructional TV. She advised they would be concentrating on rural needs. She advised that section 5 would allow the Broadcasting Commission to fund grants for this purpose. She stated it would allow any school district to be eligible for funding to produce educational media. She stated the Commission is the best place to put this funding.

There was brief discussion on the grants program. Ms. Wilke stated it is a strict APBC policy that it will not tell individual stations what they want to show or what they shall put on the line. She stated the belief is that local stations should have local control.

Sharon Macklin, Alaska Telephone Association, stated they support the concept of the bill, but do have questions on the implementation of the concept. She stated they feel the State should determine what its role will be. She stated they feel the state should be involved in the planning process, and private interests should be involved in providing direct service. She commented that in the past the State's involvement has lacked an amount of coordination with the private sector. She said in the future the State should take a look at their involvement.

Ms. Macklin stated they do have questions regarding the bill. She stated their first area of concern is regarding power generation capabilities in villages. She stated their concern is with the additional 76 villages in the bill. She stated their understanding is there have not been any plans or studies to find out what each of those villages have. She stated they want to know who will be responsible for paying for that.

Ms. Macklin stated they are concerned with the \$2 million appropriation in Section 2 of the bill. She stated their understanding is that the companion bill (HB 545) has set up a declining state subsidy. They would like to know if the \$2 million is included in the portion the Satellite Users' Association will eventually pick up, and if not will the State continue to appropriate for costs. She stated they have questions with the total amount the Satellite User's Association will be responsible for. She stated if the \$2 million is included there will be additional costs.

Ms. Macklin advised that to date they have not heard if the broadcasters are capable of financing the total package. She stated they feel it is time for the State to develop a statewide policy to coordinate these changes, and it should be done in both the private and public sectors.

Mr. Bob Wold, Robert N. Wold Co. explained their capabilities as a company, and what they propose to do for the state of Alaska. He stated regarding the selection of an underlying satellite carrier, they work with all carriers, and are not an agent of Western Union.

Vice-Chairman Freeman commented this Committee's concern is only with the financial aspects of the bill. He asked if Mr. Wold thought the amounts of money in the bill will do what the proponents of the bill say it will. Mr. Wold stated for what has been proposed, he thinks the amount is reasonable. He stated he thinks at this stage, anything that is positive and bold is the way it should be done. He stated the opportunity for Alaska to be in line with the other 48 states is here and is important.

Representative Duncan asked for Mr. Wold's comments regarding the 4.5 meter dish and the 10 meter dish. Mr. Wold stated he thinks the 10 meter dish is worth the additional money. He stated he thinks the long term value is an important consideration.

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Chuck Robinson, Bill Sams and Bob Hanscomb, RCA Alaskcom, presented testimony on the bill. Mr. Hanscomb stated their comments deal not with the selection of vendors, but with their concern about the state expanding into the direct role of providing community services. He stated their first area of concern is regarding the adequacy of funds provided to do the job. He stated they do not believe the earth stations can be provided for the amount of money in the bill.

Vice-Chairman Freeman asked if the proposal they are talking about (in the written testimony) is precluded by the language in the present bill. Mr. Hanscomb answered yes. He stated they would propose that instead of investing capital funding that services be provided under lease. Mr. Hanscomb stated the funding would need to be modified to call for an annual appropriation. He explained the proposals RCA had come up with. There was brief discussion on the costs in the bill and what RCA would provide.

Mr. Hanscomb stated, in regard to Representative Duncan's question on the 10 and 4 meter dish, they do not feel it would be that much more expensive to install a 10 meter than a 4 meter dish. He stated the greater additional expenses would come in when it was determined what would be put into the stations.

Mr. Wally Christiansen, Alaska Cable Television Association, appeared before the Committee to testify. He stated they are concerned with HB 906 and what it would do to some of the present users of satellite service. He stated the bill is very beneficial to broadcasters in four cities. He stated he did not see any reason, if they are going to provide an earth station in Juneau, why they can't also provide one in Ketchikan and other communities around the state.

Vice-Chairman Freeman asked Mr. Christiansen if he had any recommended changes for the bill. He advised he hadn't prepared anything at this time; but he would provide recommended changes to the Committee for their consideration.

Mr. George Shaginaw, Office of Telecommunications, appeared before the Committee to testify. He explained the proposals they have received. In defense of the cost of the earth stations, Mr. Shaginaw stated the amount had been quoted to them by several vendors.

Representative Freeman asked how much money the state had put into telecommunications. Mr. Shaginaw stated, including the Office of Telecommunications budget, about \$10 million.

He commented this is a Legislative bill, not Administrative. He said they do not have a position on this bill at this time; they are concerned about the total budget this year.

Mr. Shaginaw stated that as a demonstration project they were given authorization to make contracts. He stated they would like to continue to have that flexibility.

Representative Rhode wondered how many of the 176 villages listed for TV had sewer and water. Mr. Shaginaw stated he didn't know.

Representative Duncan asked if they could comment on his question on the 4 and 10 meter dishes. Mr. Dowling, Office of Telecommunications, stated in most rural locations the costs would be approximately \$35,000 to \$40,000 for a 4 meter dish; and \$150,000 to \$200,000 for the 10 meter dish. He stated that lead them to believe the 4 meter dish was the most economical way to go. There was brief discussion.

Mr. Shaginaw stated this bill is the total funding bill for the project. He stated the intent is that this system become self supporting. He advised that for rural areas they have suggested that for entertainment programs the villages contribute \$1 per village per hour. He encouraged the Committee to give some consideration to adding legislative intent to this effect.

Mr. David Richetnic, Vision TV, stated they provide service to pay subscribers in Anchorage. He stated that based on that service they feel they could also provide service to rural residents. He stated they feel the funding as allocated in HB 908 is insufficient except for a one year purpose. He stated their figures require funding of about \$450,000 to \$480,000 per year to provide what they feel would be reasonable service to rural residents.

Vice-Chairman Freeman stated it was not his intent to move HB 908 out of Committee at this time. He stated he would like to give members an opportunity to look at the testimony and consider amendments.

HB 908
HELD OVER

The meeting adjourned at 4:20 p.m.

ADJOURN

Tape HFC 78-108 #1410 to end
78-109 # 001 to end
78-110 # 001 to 671

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HOUSE FINANCE COMMITTEE

May 12, 1978

8:45 a.m.

All members of the Committee were in attendance except Representatives Cowper, Meekins, Buchholdt and Gruening.

PRESENT

Vice-Chairman Freeman called the meeting to order and stated discussion would continue on the CAPITAL budget category DEVELOPMENT.

CAPITAL
BUDGET

DEVELOPMENT

Haines Harbor Project: Representative Swanson moved to accept the figure of \$463.1. There being no objection, it was so ordered.

Dock Feasibility Study-Naknek: Representative Guy moved to accept the figure of \$30.0. There being no objection, it was so ordered.

Juneau Small Boat Harbor: Representative Haugen moved to accept the figure of \$100.0. There being no objection, it was so ordered.

Dock Facility Warehouse-Eethel: Representative Guy moved to accept the figure of \$600.0. There being no objection, it was so ordered.

Representative Duncan stated the Skagway port is difficult to get into if there is a wind of more than 10 knots. He advised they have started to realign the ferry terminal and barge facility, but have had a short-fall of money. He advised the City of Skagway is participating with \$1 million, and the State has already contributed \$2.4 million, 95% of which is federal highway funds. He moved to add \$435.0 for the Skagway Ferry Pier and Barge Project. There was brief discussion. There being no objection, it was so ordered. Representative Duncan advised there is a possibility that this amount can be reduced, if so he will advise the Committee.

GENERAL GOVERNMENT

GENERAL
GOVERNMENT

Representative Buchholdt advised she has received a request from Representative Bradley for \$2.1 million for an Ice Skating/Hockey Rink in Eagle River. There was discussion. Vice-Chairman Freeman requested this be held open until Chairman Cowper was in attendance.

Representative Rhode moved that in the GENERAL GOVERNMENT CAPITAL Budget, where the Senate figures agree with those of the Governor, that the House accept the figure. There being no objection, it was so ordered.

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Capital Site Planning Commission: Representative Swanson moved the figure of zero. Representative Buchholdt objected. Ms. Farnan stated they probably will need funds in the Capital Budget; however, Mr. Lind, Division of Budget and Management, is currently working on the figure and suggested it be taken care of in Free Conference. Representative Buchholdt removed her objection. There being no further objection, it was so ordered.

Ms. Farnan advised the Senate allowed the Governor's figures under Computer/Telecommunications Equipment/Site Improvement, but they split it into two different components: \$449.6 under Electric/Environment Improvements and \$789.7 under Computer/Systems/Training. These figures were accepted by the House. Representative Duncan moved to accept the intent that they not be able to go ahead and purchase equipment until Jan. 1, 1979. There being no objection, it was so ordered.

Position Relocation Study: Representative Duncan moved the figure of zero. There being no objection, it was so ordered.

Capital Building Clean Marble: Representative Duncan moved to accept the figure of \$3.0. There being no objection, it was so ordered.

Recarpet 2nd Floor. Representative Swanson moved the figure of \$8.0. There being no objection, it was so ordered. Representative Swanson stated consideration should be given to remodeling the finance committee rooms. Brief discussion.

PUBLIC PROTECTION

PUBLIC PROTECTION

Representative Duncan moved that within the Public Protection Capital Budget that the House accept all the figures that were approved by both the Senate and the Governor. There being no objection, it was so ordered.

Food Freezers: Representative Schaeffer moved to accept the figure of \$24.0. There being no objection, it was so ordered.

Aircraft Hanger/Palmer: Representative Duncan moved to accept the figure of zero. There being no objection, it was so ordered.

Headquarters Remodeling-Sitka: Representative Duncan moved to accept the figure of \$15.0. There being no objection, it was so ordered.

Representative Schaeffer requested an explanation of the Kotzebue Maintenance Shop. Mr. Schroeder stated he did not have an explanation of this. Representative Schaeffer requested it be left open until he had an opportunity to find out what it is. No objection.

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JUSTICE

JUSTICE

Representative Duncan moved that in the Justice Capital Budget category, that the House accept the figures that were accepted by both the Governor and the Senate. There being no objection, it was so ordered.

Juneau Vocational Program. Representative Duncan moved to accept the figure of \$35.0. There being no objection, it was so ordered.

Ketchikan Facilities Renovation: Representative Swanson moved to accept the figure of \$44.0. There being no objection, it was so ordered.

Representative Buchholdt moved to add \$10.0 for a McLaughlin Youth Center Greenhouse. There being no objection, it was so ordered.

Representative Schaeffer advised he has received a request from Representative Elianson to add \$18.0 for the Sitka State Troopers Building for completion of the Woman's Wing. There being no objection, it was so ordered.

Cordova Municipal Jail. Representative Swanson moved to accept the figure of \$100.0. There was brief discussion. There being no objection, it was so ordered.

Representative Rhode moved to add \$10.0 to for the Homer Public Safety Building Completion. There being no objection, it was so ordered.

Representative Schaeffer moved to add \$298.0 for the Kotzebue Court & Delib. Room. There being no objection, it was so ordered.

Representative Guy moved to add \$1.5 million for the Bethel Jail, stating they are under a grand jury investigation. Vice-Chairman Freeman requested this be held OPEN until Chairman Cowper was in attendance.

Representative Guy moved to accept the Senate figure of \$10.0 for the Public Safety Building Chevak. There being no objection, it was so ordered.

Representative Guy requested the Committee return to the NRMEC Capital Budget category, and moved to add \$10.0 for shelter cabins on the Kiseralik River. He stated the cabins that were there apparently were washed away. There being no objection, it was so ordered. NRMEC

Representative Swanson moved to add \$25.0 for a wayside facility and parking lot on Stampede Road. There being no objection, it was so ordered.

The meeting adjourned at 9:35 a.m.

5/12/78

HOUSE FINANCE COMMITTEE

May 12, 1978

1:30 p.m.

All members of the Committee were in attendance, except Chairman Cowper and Representative Swanson. Representatives Duncan, Buchholdt, Schaeffer and Gruening arrived later in the meeting. Also in attendance: Representative Nels Anderson; Judy DuBois, Administrative Officer, and Naomi Kipp, OSHA, Department of Labor; Commissioner Ron Skoog and Bob Rausch, Director, Division of Game, Department of Fish & Game. Those testifying on HB 960: Roger Lang, Vice President, Alaska Federation of Natives, Sealaska; Ross Soboleff, Rural Cap, Tlingit-Haida Central Council; Bob Lohr, Director, Upper Tanana Development Corporation; Lloyd Telfon, Native Student Organization, UA Anchorage. Also: Bob Schroeder, Fiscal Analyst, Legislative Finance Division.

PRESENT

Vice Chairman Freeman called the meeting to order and stated the first bill up for consideration is HB 920:

HB 920

"An Act making FY 78 appropriation adjustments for the Department of Labor, OSHA; and providing for an effective date."

[Representative Duncan arrived at this time.]

Ms. DuBois testified briefly regarding the change in status of the federal funding ratio of the OSHA program from 50% to 90%, with the State now contributing 10%. She advised this results in a substantial savings to the general fund. However, she added, the Department is in need of additional funding to expend the claims awards approved by the Fishermen's Fund Advisory and Appeals Council, to meet the increased cost of medical payments and for payment of disability awards, training and related costs incurred in FY 78. She discussed the Training and consultation areas of the OSHA program with regard to increased expenses. In answer to a question, she indicated the Department's intent is addressed in the workdraft of the Finance Committee Substitute for HB 920 and that she finds no problem with it.

At this time, Vice Chairman Freeman asked Mr. Schroeder to explain the workdraft of the Finance CSHB 920.

Mr. Schroeder advised the workdraft consists of the original bill, which reflects the change in the federal funding ratio, plus two additional requests; one, a \$35,000 appropriation from the Fishermen's Fund to the Department for payment of claims awarded in FY 78, and (2) a

\$254,800 appropriation from the Second Injury Fund to the Department for the payment of disability awards, training and related costs for FY 78.

In answer to a question, he explained the OSHA program is made up of five components: General Administration, Compliance Inspection, Health Inspection, Training and Consultation, and Planning and Standards. He advised the \$61,700 appropriation increase results from an increase of \$122,900 in federal funds, with a net reduction of \$61,200 in matching general funds that will lapse effective with this bill.

[Representative Buchholdt arrived at this time.]

In answer to a question regarding Section 8 of the work-draft, Ms. DuBois replied the Department has an agreement with the insurance company, whereby the Department reimburses them. She discussed the State's liability to ALPAC.

Representative Duncan moved and asked unanimous consent that Finance Committee Substitute for HB 920 be reported out. There being no objection, it was so ordered. Finance CS for HB 920 was reported out with a "do pass" recommendation.

FINANCE CS
FOR HB 920
REPORTED OUT

[Representatives Schaeffer and Gruening arrived at this time.]

At this time, Vice Chairman Freeman appointed Representative Duncan chairman of a special subcommittee to review HB 908 (Telecommunications). He advised Representatives Meekins and Brown and one other person would also serve. He requested the subcommittee report back to the full Committee on Monday morning May 15.

SUBCOMMITTEE
ASSIGNMENT
HB 908

The next bill to come before the Committee was HB 960:

HB 960

"An Act relating to fish and game management."

Mr. Rausch presented testimony on behalf of the Department of Fish and Game. He stated, in general, the Department opposes HB 960. He then cited specific sections of the bill (see attached) which the Department objects to and explained the reasons why.

RAUSCH
TESTIMONY

Representative Buchholdt requested that Commissioner Skoog appear before the Committee. Vice Chairman Freeman asked if it were possible for him to make an appearance today. Mr. Rausch then made a telephone call, and informed the Committee that Commissioner Skoog would arrive shortly.

Representative Meekins solicited the Department's views regarding the creation of the Division of Subsistence. Mr. Rausch stated they objected to the director of that division being appointed by the Governor. He advised, as outlined in the bill, this division appears to be separate from the Commissioner, which would cause problems in coordinated management. He pointed out the other division directors are appointed by the Commissioner--a position the Department supports. He further added the Department feels it can accomplish the intent of HB 960 within the existing organization, provided support funding is made available. Discussion followed, with Representative Meekins stating the purpose in creating the Division of Subsistence is to reorient the Department's priorities. Mr. Rausch commented, since 1972-73, subsistence has been the highest priority in the Department.

The definition of "barter" was discussed, with Mr. Rausch explaining the Department recommends the language contained in SB 506 ("...to exchange, trade for, or otherwise give and receive subsistence-taken fish or game or their parts in exchange for other subsistence-taken fish or game or their parts."), as opposed to the definition presently in HB 906 ("...the exchange or trade of fish or game taken for subsistence uses for valuable consideration other than money."). He stated the Department feels the former sticks more closely with the terms of "barter", and that the latter is not in this context. He commented "valuable consideration" could mean a snowmobile, etc., and that this would be opening up a "Pandora's box". Discussion followed, with Representative Buchholdt indicating the definition should be more broad to include such things as articles of clothing and food; while the Department maintained the definition should be more "traditional". The commercial aspect of "barter" was further debated.

[Commissioner Skoog arrived at this time.]

Representative Meekins referred to Section 16.05.221(a)(b) and asked why the Department is opposed to this. Mr. Rausch answered that, initially, the bill contained certain language which the Department felt made membership of the Boards of Fisheries and Game biased. He pointed out this does not pertain to the current Resources committee substitute, where that language has been omitted.

There was discussion on Section 7(c) of the bill, where the Department recommends deletion. Mr. Rausch stated this is a subjective matter, in that no consensus exists among user groups in determining when the season should be cut off. There was discussion on the definition of

"edible". Representative Guy gave a brief description of his life as a child with regard to subsistence hunting. Mr. Rausch commented, if item (c) is adopted, the Board of Game would not be able to accommodate the user group--use by the local people. He stressed the Board needs this flexibility.

Commissioner Skoog commenting on the palatibility of game, used the moose as an example, and stated the larger animals are not as edible as the younger calves. But, he pointed out, there would be a lack of concensus as to which is edible. Representative Schaeffer requested the Department provide the Committee with information as to how they arrive at a concensus. Representative Haugen commented, when the rutting season was the open hunting season in Sitka, the hunters were taking only the antlers and leaving the carcass.

SKOOG
TESTIMONY

In answer to a question regarding the Department's position the creation of the Division of Subsistence, Commissioner Skoog replied this allows for a special appointment of the director by the Governor. He indicated this arrangement sets aside subsistence in a kind of special category--a line that exists outside the power of the Division of Game. He stated this would foster a lack of control and continuity, and he advised the Department is currently working on a departmental reorganization. In answer to a question, he advised there are four divisions within the Department, plus the Division of Administration--the operating division; Division of Game, Division of Sport Fish, Division of Commercial Fisheries and Division of FRED.

Representative Meekins commented he understood the Department's objection but that it would seem reasonable for the Department to appoint a Division of Subsistence, as they maintain it is their number one priority. Commissioner Skoog replied the Department feels this is not necessary as they can meet the needs of subsistence within the Division of Game. He stated he would prefer appointing a special assistant to the Commissioner--Special Assistant for Rural Affairs--who would function as a liason between the rural areas and the Department and who would look after the resources and identify surpluses that can be made available to the various users. He noted setting up another division along these lines would be a duplication of effort and mean more people and more funds; he feels the Division of Game is sufficient to handle the subsistence matter. In answer to a question, he stated this is currently being considered in the reorganization of the Department and noted the appointment of a Special Assistant for Foreign Affairs is also in the planning.

Representative Meekins commented he feels the subsistence question should be solved statutorily this year, as opposed to waiting until next year. He cited the possible replacement of the Administration, Legislature, etc., as being the reason. Discussion followed, with Commissioner Skoog noting the Legislature could put out a directive to the Department regarding subsistence. He also commented there should be new definitions for "subsistence users", "barter", "subsistence fishing", etc. In discussing the meaning of subsistence, Commissioner Skoog stated HR 39 was to preclude those people who move in to live off the land. He further stated, based on this definition alone, it would mean that anyone qualifies as a subsistence user.

Representative Guy commented on those people taking away game from the Native users, particularly in the Yukon-Kuskokwim area. Commissioner Skoog concurred in this but stated the constitution forbids discrimination against users. He stated the regulation of the use of aircraft should help the situation but noted the Department does not have the enforcement capability. Representative Guy commented this practice has been much too permissive.

Commissioner Skoog commented there is a restriction on the taking of moose and caribou in the the Yukon-Kuskokwim area, but no restriction on other animal species. He stated there are simply not enough moose and caribou. There was discussion on establishing quotas, with Commissioner Skoog advising this has been wherever possible. He further commented aircraft hunting is a definite problem, but that it is the snowmobile which really does the damage.

Representative Schaeffer stated restricting the users presents problems and asked about replenishing the herds. Commissioner Skoog discussed the natural fluctuation in the herds which is typical in wild species, but advised nothing is gained in a transplanting method. He further advised human utilization and the wolf are the only ways the Department has to control the threat to moose and caribou. In answer to a question, he replied, with big game animals the cycle of a herd may be over a period of 25-30 years, where they experience various highs and lows. In answer to a question, he advised disease is a factor in the thinning of a herd, but it is not the only factor. He advised the Department does have projects on moose and caribou.

With regard to Section 11, and the Department's recommendation for deletion, Commissioner Skoog answered a question by stating this requires that "The department shall investigate every petition or request...", which

means they would have to do this. He explained this would shift their entire effort and place a constraint on the Department. Representative Guy commented this is why a separate division is needed.

Representative Buchholdt asked if there were any problem with the definition of "family", page 7, lines 28-29, and Commissioner Skoog answered he has no objection to that at all. Representative Buchholdt then asked if the food could be transported from one area to another, and Commissioner Skoog replied that is permitted now. He added the problem stems from the term "barter", in that moose are being taken illegally and transported from one area to another. Mr. Rausch stated, in the transportation of game, there has to be some sort of certification, such as a letter.

At this time, Mr. Lang testified in favor of the bill. He stated all management of historic data points out there is a crisis as this relates to subsistence hunting and fishing--there is no management; no organization of subsistence hunters and fishermen; no protective mechanism for their voice to be heard. He discussed Title 7 in HR 39 and also indicated there is a period of 18 months after HR 39 is passed before there is federal management in the State of Alaska.

LANG
TESTIMONY

He advised he is more concerned with the overall policy regarding subsistence, rather than definitions, and strongly urged passage of the bill. He stated: "Pass the law; then you can amend it; but we need this now."

Vice Chairman Freeman asked Mr. Lang to comment on the director of the subsistence division being appointed by the Governor. Mr. Lang answered he understood the Department's objection to that portion of the bill and advised, "If this will kill the bill; then amend it."

Representative Gruening brought up the definition of "barter", stating SB 506 might be too restrictive, but it should not be defined too broadly, because then you get into the commercial aspect. Mr. Lang stated there shouldn't be that much of a problem, if you establish what you mean in intent. He added it wasn't so much the overfishing, but the misuse of the roe that resulted in the tight definition of "barter" in SB 506. There was further discussion, with Mr. Lang stating the AFN believes the best use of the resources "is for someone to eat."

Representative Anderson advised he concurred with Mr. Lang's testimony and stated he would answer questions from the Committee at this time. He commented he has put a lot of time into HB 960 and that it is a culmination of 10 month's work.

ANDERSON
TESTIMONY

Representative Gruening asked him to explain his position regarding the differences on the definition of "barter" in SB 506 and HB 960. Representative Anderson referred to Section 16(e) of the Resources CS, and stated the Boards of Fish and Game have the power to restrict barter, except where traditional. Vice Chairman Freeman commented he can see problems with barter in almost everyway you go. Discussion followed.

Commenting on the selection of the director of subsistence hunting and fishing, Representative Anderson pointed out it was his opinion the Commissioner should appoint this director. He noted, however, during the teleconference on subsistence, the public wanted the Governor to select a director; this is a direct reflection of public testimony. He commented he feels the safest thing to do, politically, is to change this and said he would have no hesitation in doing so. He stated he feels the Commissioner has done a good job, considering his longevity in the job, and feels he should have a chance to do the job.

Mr. Soboleff testified briefly at this time. He stated the Rural Cap board met and passed a resolution in support of HB 960. He noted subsistence has been a high priority of Rural Cap this session and that he agreed with the testimony of Mr. Lang.

SOBOLEFF
TESTIMONY

Next to testify in support of HB 960 was Mr. Lohr. He discussed the areas where people do not have access to "cash economy". Representative Rhode asked how he felt about the suggested amendments, and Mr. Lohr answered he feels it is a good bill either way--that the main purpose is to establish subsistence as the highest priority.

LOHR
TESTIMONY

Mr. Telfon, from Eagle River, testified the student government endorsed this bill to see that the State meets its responsibility in the area of subsistence. He commented he testified against the subsistence director being appointed by the Commissioner, but that he is not "hung up" on this, and would not be opposed to its being amended. He discussed "barter", stating in his area, they depend a lot on trade with the rural students. He commented sometimes they have something fresh and trade that for seal oil or dried fish or something that they need that others might have. Brief discussion followed.

There being no further testimony to be presented, Vice Chairman Freeman appointed Representative Gruening, chairman, of a special subcommittee to review HB 960 and to come up with a compromise definition on "barter" and report back to the full Committee on Monday, May 12. He asked that Representative Schaeffer and whoever else wished to work with Representative Gruening do so. Representative Anderson volunteered his services.

SUBCOMMITTEE
HB 960
APPOINTED

The meeting adjourned at 4:40 p.m.

ADJOURN

HFC 78-110 #1496 - End
78-111 #0001 - End
78-112 #0001 - #0948

STATE
of ALASKA

MEMORANDUM RECEIVED

MARCH 30 1978

BUDGET & MANAGEMENT

TO: [Ron Lind
Division of Budget & Management
Department of Administration

DATE: March 30, 1978

FILE NO:

Attention: Dan Dawson

TELEPHONE NO:

FROM: Tom Haas *Tom Haas*
Finance Officer
Department of Labor

SUBJECT: Fishermen's Fund

In reviewing year to date actual costs and the authorized FY-78 budget we find that Fishermen's Fund will need a supplemental appropriation of \$35,000.00 in Grants and Claims section of the FY-78 budget to meet statutory obligations. Actually, authorization is needed to expend the additional monies requested from the dedicated Fishermen's Fund.

A.S. 23.35.010, provides emergency treatment, transportation to the nearest place where approved medical facilities are available, medical care and hospitalization. The statute provides the "Fishermen's Fund" composed of 60 percent of the money derived by the state from each crewmember's fishing license and an equal amount of money derived by the state from each fisherman who is issued a permit. This money is appropriated to carry out the purpose of A.S. 23.35.010 - 150. A copy of the Fishermen's Fund Comparison of Fund Balances, Receipts and Disbursements is enclosed.

Experience shows in the prior five years the budgeted amounts for grants and claims had far exceeded the amount of expenditure. In preparing the FY-78 and FY-79 the Administrator was very conservative in the estimated need. Presently due to the increase in medical costs and number of serious injury claims filed with Fishermen's Fund the additional amount is needed.

In prior years less than ten claims a year have reached the \$2,500. limit. The statute does provide if there are compelling reasons the Fishermen's Fund Advisory and Appeals Council may approve additional monies be paid. In prior years this action was taken on two or three claims a year.

In review of FY-78 claims, over \$2,000. has been disbursed on 21 claims to date, several of these will reach the limit in the next three months.

The Fishermen's Fund Advisory and Appeals Council met this month to review the claims and in accordance to statute approved two additional claims to be paid to the \$2,500. limit, two claims to exceed the limit by \$2,500. In addition two FY-77 claims were allowed to exceed the limit by \$7,700. In total the Council approved \$22,000. additional monies to be paid on claims.

This request for a supplemental appropriation of \$35,000. is necessary to meet the increase of medical payments to injured fishermen for the FY-78 and pay Council approved claims as required by statute.

House Bill 582 has been submitted to amend A.S. 23.35.070 to extend benefits from the Fishermen's Fund to accidents that occur in Alaska water. "Alaska water" means the inland and territorial water of the state and the fishery conservation zone adjacent to the state. This bill is presently in the House Judiciary Committee. To expedite this supplemental appropriation you might want to consider amending the House Bill 582.

STATE
of ALASKA

MEMORANDUM

HB 920

TO: ☐ Avrum M. Gross
Attorney General
Department of Law

DATE: March 9, 1978

FILE NO:

TELEPHONE NO:

FROM: *RLD*
Ronald B. Lind, Director
Division of Budget & Management
Office of the GovernorSUBJECT: Department of Labor Request
for FY 78 Appropriation
Adjustments

Please prepare legislation that the Governor may introduce to the second session of the Tenth Legislature for appropriation adjustment requests by the Department of Labor as follows:

Section 9, Public Protection, OSHA, Chapter 153, SLA 1977, page 26, lines 19 through 23, are amended to read:

	<u>Appropriation Items</u>	<u>General Fund</u>	<u>Other Funds</u>
General Administration	<u>582,600</u> [501,900]	<u>279,600</u> [251,000]	<u>303,000</u> [250,900]
Compliance Inspection	<u>885,900</u> [904,200]	<u>442,900</u> [452,100]	<u>443,000</u> [452,100]
Health Inspection	<u>200,900</u> [236,900]	<u>94,200</u> [118,500]	<u>106,700</u> [118,400]
Training and Consultation	<u>352,900</u> [289,500]	<u>102,400</u> [144,700]	<u>250,500</u> [144,800]
Planning and Standards	<u>122,000</u> [150,100]	<u>61,100</u> [75,100]	<u>60,900</u> [75,000]

The adjustments are requested to realign funding for the Occupational Safety and Health Administration (OSHA) program to accommodate the federal FY 78 contract for OSHA funding.

The federal government has agreed to increase the ratio of federal funding of a portion of Alaska's OSHA program from 50% to 90%. This will result in a savings of matching general funds of \$61,200.

Approval to receive and expend the additional funds now available from the new contract is also required. The FY 78 appropriation of federal receipts is based on the anticipated 50% federal funding ratio for the entire OSHA program.

March 9, 1978

In order to present this request as a single package, approval of the additional federal funds is being requested through legislation instead of separately by revised program.

HOUSE FINANCE COMMITTEE

May 15, 1978

8:45 a.m.

All members of the Committee were in attendance except Representatives Buchholdt and Schaeffer. (Several members arrived later in the meeting.) Also in attendance was Representative Anderson.

PRESENT

Vice-Chairman Freeman called the meeting to order and brought HB 960 up for consideration.

HB 960

"An Act relating to fish and game management."

Representative Gruening presented proposed amendments to the Committee Substitute. He advised that one amendment deals with the appointment of the director of the Division of Subsistence Hunting and Fishing, and changes it from the Governor to the Commissioner. He stated there were two other amendments; one replaces section 7 (c), and the other replaces section 17 (27).

Representative Gruening moved to report out a finance committee substitute for HB 960 incorporating these three amendments. There being no objection, it was so ordered. CSHB 960 was reported out with a "do pass" recommendation.

HB 960
REPORTED
OUT

Representative Gruening stated they didn't examine the fiscal note for HB 960, but they might want to cut it down somewhat. He suggested that the fiscal analyst check over the fiscal note and revise it. No objection.

(Representatives Cowper and Duncan arrived.)

Chairman Cowper stated they would continue working on the CAPITAL BUDGET, in EDUCATION.

CAPITAL
BUDGET
EDUCATION

Chairman Cowper moved to add \$100.0 to the Public Broadcasting budget for the cost of equipment line in Ketchikan, Wrangell, and Petersburg. There being no objection, it was so ordered.

TRANSPORTATION

TRANSPOR-
TATION

Representative Freeman stated in the Capital Budget for Transportation, the majority of the projects are included in the bond bill (HB 711). There was discussion on bond bills. Chairman Cowper stated these would be taken up last.

(Representative Meekins arrived.)

5/15/78

Chairman Cowper stated he has drafted a bill at the request of former supreme court justice Irwin in Anchorage. He moved that the Finance Committee sponsor this bill. There being no objection, it was so ordered.

Representative Swanson requested that HJR 77 be brought up for discussion.

HJR 77

"Authorizing the Alaska Power Authority to participate in the construction of a coal-fired electric generating project near Healy by incurring indebtedness for that project."

Chairman Cowper moved to report out HJR 77. He stated the bill would be held in Committee one day in order that House members could be appraised of their action. There being no objection, it was so ordered. HJR 77 was reported out with a "do pass" recommendation.

HJR 77
REPORTED
OUT

Discussion continued on the TRANSPORTATION Capital Budget.

CAPITAL
BUDGET
TRANSPOR-
TATION

Representative Freeman advised that, in going through the Capital Budget on Transportation, the Senate agreed with the Governor's figures throughout. He advised the only addition to the Senate's figures was \$500,000 for a helicopter transportation study. Representative Freeman moved to accept the figures where the Senate and the Governor agreed. There being no objection, it was so ordered.

Representative Swanson moved to add \$50,000 to restore the Dempsi Bridge where they realligned the Tok cut-off. There being no objection, it was so ordered.

Representative Swanson moved to add \$25,000 for a preliminary study on the railroad in Keystone Canyon in Valdez. He stated this study is to be done by the Department of Highways in conjunction with the City of Valdez. There being no objection, it was so ordered.

Representative Freeman stated he has received a request from Representative Cotten to add \$160,000 for Pioneer Drive Phase II. There was brief discussion. Representative Freeman moved to add that amount. There being no objection, it was so ordered.

Representative Freeman advised that Representative Rudd has a problem with the priority and completion date set by the Department concerned with one mile of Johns Road in Anchorage. He advised DOT doesn't plan to begin this until 1979. The money is available, and Representative Rudd requests it be done in 1978. There was discussion. This was left open until Mr. Hogan returned.

5/15/78

Chairman Cowper stated he would like to address the up-grading of Fairview Loop in Mat-Valley. He advised that Representative Ose has indicated he didn't want it paved, just up-graded. He advised DOT has indicated the cost of paving would be \$1.5 million. He suggested adding \$400,000 for up-grading of Fairview Loop Road. This was held open until Representative Ose could be consulted.

Representative Rhode moved to include \$100.0 for the Tionik Airstrip. There being no objection, it was so ordered.

Representative Guy moved to add \$1 million for the Bethel erosion. There was discussion. Chairman Cowper moved to add \$500,000 in the capital budget for this, and \$500,000 in the bond issue. There being no objection, it was so ordered.

Representative Duncan requested the Committee to return to the NRMEC Capital Budget and Consider bike path funding. There was discussion on the amount to be funded. After several motions on amounts to be funded failed, Chairman Cowper suggested this be held until the Department has an opportunity to explain the program. There being no objection, it was so ordered.

NRMEC

Returning to the TRANSPORTATION Capital Budget, Representative Rhode advised there has been a request for the rebuilding of North Point Road in the amount of \$60,000. He stated he was going to check into this figure and will come back to the Committee.

TRANSPOR-
TATION

Representative Haugen moved to add \$10,000 for an Access Road to the Gun Club in Anchorage. There being no objection, it was so ordered.

Representative Meekins requested that the Finance Committee sponsor a bill he has had drafted concerned with Medicaid payments. There being no objection, it was so ordered. The meeting adjourned at 10:00 a.m.

ADJOURN

Tape HFC 78-112 #908 to end
78-113 #001 to 336

5/15/78

HOUSE FINANCE COMMITTEE

May 15, 1978

1:44 p.m.

All members of the Committee were in attendance, except Chairman Cowper, Representatives Gruening, Haugen and Schaeffer. Representative Guy arrived later in the meeting. Also in attendance: Jim Raleigh, Alaska Municipal League; Alison Farnan, Legislative Finance Division.

PRESENT

Vice Chairman Freeman called the meeting to order and brought up HB 908 (Telecommunications Appropriation). Representative Duncan advised this bill would be ready to go tomorrow. HB 908 was held over.

HB 908

HELD OVER

Vice Chairman Freeman brought up SB 388 (Alaska Coastal Policy Council) and stated Mr. Raleigh requested it be rescheduled. There being no objection, it was so ordered. SB 388 was held over.

SB 388

HELD OVER

Vice Chairman Freeman advised HB 681 (State Aid for School Construction) scheduled for today would be held over until tomorrow morning.

HB 681

HELD OVER

Vice Chairman Freeman brought HB 781 up for consideration:

HB 781

"An Act authorizing state aid to municipalities for the construction and development of cultural facilities."

Representative Duncan proposed two amendments to the C&RA CSHB 781, suggested by Jack Chenoweth. The first, he noted, inserts "or AS 29.48", page 2, line 4, after "AS 29.41". He advised the second amendment is on page 6, line 10, after "people;" add "for purposes of this section, a cultural facility may be considered an educational facility;".

FINANCE
AMENDMENTS

Representative Meekins moved and asked unanimous consent that Finance Committee Substitute for HB 781 be reported out, incorporating the above amendments. There being no objection, it was so ordered. Finance CS for HB 781 was reported out with a "do pass" recommendation.

FINANCE CS
FOR HB 781
REPORTED OUT

The next item up for consideration was HJR 76:

HJR 76

Requesting financial assistance from the federal government to restore state highway damage occasioned by the construction of the trans-Alaska pipeline.

Representative Swanson moved and asked unanimous consent that HJR 76 be reported out. There being no objection, it was so ordered. HJR 76 was reported out with a "do pass" recommendation.

HJR 76
REPORTED OUT

[Representative Guy arrived at this time.]

Representative Buchholdt requested HB 805 (Special Appropriation to Department H&SS for otitis media) be brought up for consideration. She advised Dr. Spence informed her this is for a statewide program, not a Bethel project. Vice Chairman Freeman advised HB 805 would be held over until tomorrow.

HB 805

HELD OVER

Representative Guy requested HB 691 (State aid to local government for health facilities) be brought up for discussion. Vice Chairman Freeman advised, as this bill had not been announced previously on the House floor, it would have to be taken up at a later date.

HB 691

HELD OVER

The meeting adjourned at 2:00 p.m.

ADJOURN

HFC 78-113 #0339 - #0703

HOUSE FINANCE COMMITTEE

May 16, 1978

9:04 a.m.

All members of the Committee were in attendance, except Representatives Rhode and Schaeffer. Representatives Cowper, Gruening and Haugen were called out of Free Conference Committee to constitute a quorum. Representatives Meekins and Guy arrived later in the meeting. Also in attendance: Representatives Fred Brown and Lisa Rudd; Senator Joe Orsini; Dr. David Spense, Section of Family Health, Department of Health and Social Services; Jim Raleigh, Alaska Municipal League; Alison Farnan, Fiscal Analyst, Legislative Finance Division.

PRESENT

Vice Chairman Freeman called the meeting to order and stated the first order of business is HB 908:

HB 908

"An Act making miscellaneous appropriations for television and telecommunication services; and providing for an effective date."

Representative Duncan, chairman, special Finance subcommittee on HB 908, explained the subcommittee's recommendations. He referred to a Letter of Intent to accompany the Finance CS for HB 908 (attached). He advised the Finance CS combines previous Sections 1, 2 and 3 into one section, making the appropriation to the Office of Telecommunications \$10,222,000. He discussed the scope of service, stating this brings the total to 176 communities. He noted it is scheduled for service before FY 79. He also commented a lot of this service can be provided by private enterprise, and called attention to page 3 of the Letter of Intent dealing with capital expenditures and duplication of services.

Chairman Cowper wondered if the subcommittee considered that the Act take effect immediately. Representative Brown commented he feels an immediate effective date would be appropriate do to the length of the season. Chairman Cowper also suggested a new Section 6 be added to make sure the sum appropriated by this Act shall not lapse until July 1, 1979. Representative Duncan stated this is indicated in the Letter of Intent on page 5.

Representative Haugen referred to Item 2 of the Letter of Intent and asked if line charges meant microwave charges. Representative Duncan advised Ketchikan and Wrangell must provide their own line charges, but that the State would pay the line charges to the cable casters and provide delivery to Wrangell. Discussion followed, with Representative Brown advising the additional funding was put in because those communities are not near satellite earth stations.

Representative Swanson questioned the \$50,000 appropriation to the Department of Administration for teleconferencing in Section 5. Representative Brown explained they are trying to get the Administration to use this process with regard to public hearings. Discussion followed.

[Representatives Meekins and Guy arrived at this time.]

Representative Haugen asked if this is an initial appropriation just to install the "hardware" or if it would be an annual appropriation of \$10,000,000 plus. Representative Duncan explained this is just to purchase and install the system and that a good portion of this could lapse provided they negotiate with private vendors as much as possible.

Representative Buchholdt commented on the appropriations in Sections 2, 3 and 5 of the bill. Representative Duncan noted these are for separate functions and stated it is possible these appropriations could be back in future years. There was further discussion.

Representative Gruening commented on the scope of service and stated perhaps the bill is technically limiting by saying "cable"; there is nothing to include the non-cable operator. Representative Brown stated neither air station has ever contacted him to discuss alternatives for defraying their costs. He added he feels this Letter of Intent is sufficient and there should not be an expansion of scope within this legislation. Brief discussion followed, the general consensus being "cable" would be changed to "subscriber".

Representative Duncan moved and asked unanimous consent that Finance Committee Substitute for HB 908 be reported out as presented to the Committee. There being no objection, it was so ordered. Finance CS for HB 908 was reported out with a "do pass" recommendation.

FINANCE CS
FOR HB 908
REPORTED OUT

[Free Conference Committee members Representatives Cowper, Gruening and Haugen left at this time.]

HB 805 was brought up for consideration:

HB 805

"An Act making a special appropriation to the Department of Health and Social Services for the prevention and treatment of otitis media; and providing for an effective date."

Dr. Spence testified briefly regarding the appropriation to the Department of H&SS for the prevention and treatment of otitis media.

Representative Buchholdt moved and asked unanimous consent that HB 805 be reported out. There being no objection, it was so ordered. HB 805 was reported out with a "do pass" recommendation.

HB 805
REPORTED OUT

Vice Chairman Freeman brought SB 388 up for consideration:

SB 388

"An Act relating to the membership of the Alaska Coastal Policy Council."

Senator Orsini advised the purpose of SB 388 was to define the Alaska Coastal Act passed last year, and to establish a replacement process for public members who cease to meet the qualifications. He stated another section passed pertained to the alternates to public office. The original bill, he advised, stated the replacement must be a deputy commissioner or director to assure a highly placed individual would be taking that place. The House C&RA, he stated, made changes and deleted the section pertaining to the qualifications for the alternate members. He commented he would like to see that reinstated. He indicated he had no other objections to the House changes.

Senator Orsini explained the Senate C&RA committee sent out copies of the coastal management policy and received strong opposition from three federal agencies. He stated they want one uniform district statewide. He briefly discussed President Carter's HR 39, stating there may be an increase in federal control of coastal management with the effective date of the Act.

There was brief discussion on the deleted section, with Senator Orsini stating he hopes the Committee sees fit to add that section back in. Answering questions, he stated, one reason "a member may cease to hold office" is because he has missed too many meetings or a person may wish to withdraw from the Coastal Policy Board. He stated he believes the alternates should have the same qualifications; as an example, he stated, one alternate is not even a member of the district.

At this time, Representative Rudd briefly explained the House C&RA amendments. The amendment in Section 1, she stated, deletes the unrealistic time limit set out and replaces it with a more realistic one. Section 2, she stated, deals with the consolidation of the REAA's into one coastal management district or program and deletes the "no later than six months" deadline, requested by the Department. She advised Section 3 adds to the definitions of the areas of concern, encouraging more cooperation between the oil and gas companies.

Mr. Raleigh made a brief statement in support of the bill.

Referring to Section 2, Representative Guy commented, when it became known at a hearing in Bethel that Yukon and Kuskokwim were lumped together, the people requested that area be subunitized.

Representative Meekins moved and asked unanimous consent that HCS for CSSB 388 be reported out. There being no objection, it was so ordered. HCS for CSSB 388 was reported out (three "do pass"; three "no recommendation").

HCS FOR
CSSB 388
REPORTED OUT

The meeting adjourned at 9:50 a.m.

ADJOURN

HFC 78-113 #0703 - #1468

HOUSE JOURNAL

HOUSE FINANCE COMMITTEE
Steve Cowper, Chairman

May 16, 1978

LETTER OF INTENT TO ACCOMPANY FINANCE CS FOR CSHB 908

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

During Finance Committee consideration of HB 908, it became clear that appropriate figures for the provision of the level of service intended by the legislation can change significantly, depending upon the vendor providing service and the method used. Also, variations have been noted between figures submitted by vendors in December (in response to a request for proposals by the Governor's Office of Telecommunications) and the current time.

It is conceivable (and may even be likely) that costs and methods of providing the service intended by the legislation could change with technological and economic conditions even in the short period following passage of legislation and before implementation.

For that reason, the House Finance Committee has chosen to combine Sections 1, 2 and 3 of the bill into a single appropriation to provide the services that would have been intended by those sections. Also, newer figures have been obtained and that information has been taken into account in determining the new figure for Section 1 of the Finance Committee Substitute.

This amount is to be appropriated to the Office of Telecommunications, who will in turn negotiate with prospective vendors of service, to obtain the most cost-efficient method of providing the widest possible service within the guidelines set forth in this letter of intent and in the prior letter of intent submitted by the House Select Committee on Telecommunications.

Scope of service. To the extent possible under the level of funding under Section 1, the committee anticipates that the legislation should provide a wide range of service for Alaska's communities, and the Governor's Office of Telecommunications is directed to include in its negotiations and deliberations the following requirements:

1. Provision of approximately one hundred five hours per week of so-called "time-value" programming (news, sports, and other programming which can become dated) to on-the-air commercial television stations in Alaska during the first fiscal year, with planning to anticipate an increase of this level of service to full network interconnect within three to five years, including appropriate tape delay capability for Alaska's westward time zones. This would be part of the interstate service.

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-2-

2. Provision of four satellite-provided programming feeds from distant transmission points of interstate programming which can be legally and technically used by Alaska's cable or non-cable subscription television operators, and which meets their programming needs. It is specifically noted that the current television demonstration project does not include line charges for terrestrial transmission of television programs in southeastern Alaska beyond Juneau and Sitka. It is the intention of the Finance Committee that line charges for communities along the microwave link within southeastern Alaska be included in the state funding, or, alternatively, that the state provide funding for program delivery to those locations (Petersburg, Wrangell and Ketchikan) through whatever appropriate means may be available, including the prospective use of satellite earth stations at those locations (no such earth stations presently exist).

3. Provision of educational and entertainment television programming, at least one channel, to all communities not included in service provided under (1) and (2) above, which have a population of at least twenty-five or more under the communications specification already determined by the state of Alaska and RCA Alaska Communications during proceedings before the Federal Communications Commission. Such service would be provided on an intrastate basis from a center or centers in Alaska, similar to (but expanding upon) the methods now used in transmitting programming to the twenty-three demonstration villages involved in the television demonstration project.

4. In all communities to be served under this program, those which do not have commercial broadcasters, transmitters or cablecasters and do not have presently installed mini-TV transmitters are to obtain mini-TV transmitters with funds under Section 1, including the costs of installation, licensing, and other related costs.

5. Most of the above service should be scheduled for installation and operation before the end of Fiscal Year 1979, but in no event should any service be scheduled for full operation later than December 31, 1980.

Programming choices. Under no circumstances shall the Governor's Office of Telecommunications or any state agency dictate noneducational programming choices for any of these services. Rather, the services provided to the commercial broadcasters should be based on their own orders for programming time within the available satellite time. The same is true for the cable and subscription television operators. The small rural communities with mini-TV stations should have their non-educational programming choices determined by a committee either organized under the Alaska Mini-TV Association or by the existing Rural Telecommunications Committee which has been advising the Governor's Office of Telecommunications on programming choices under the current television demonstration project. The goal is to have the user determine his own programming.

Assessment of costs. There is currently pending other legislation which would provide a formal framework on a permanent basis for assessing costs of users of satellite services. Whether or not such legislation passes, the Governor's Office of Telecommunications is directed to assess users of the service under this program reasonable amounts for such services, taking into account the commercial realities of private businesses and the ability to pay. Where possible, the first year of assessment of commercial broadcasters should be at least equal to the amount which they save by not buying, transporting, and using videotape for the programming segments which shall be received by satellite, less actual costs relating to satellite transmission. If Alaskan public television stations participate in the program, they shall be assessed similarly (although they now have their own satellite capability). Cable and subscription TV operators and the Mini-TV Association shall be assessed on ability to pay and size and scope of the service provided (in most cases, measured by the actual number of viewers in a community). All such funds assessed shall not be expended for other purposes relating to this program without specific authorization from the legislative Budget and Audit Committee. Any such funds not authorized for other uses within this program by legislative Budget and Audit shall lapse into the General Fund, unless transferred to a user's cooperative under the following paragraph.

Effect of passage of HB 545. In the event that HB 545 or similar legislation passes, and establishes a public, non-profit buyers' cooperative of users of satellite TV services, the Governor's Office of Telecommunications shall, on December 31, 1978 or after the first meeting of such an organization, whichever is later, transmit all remaining funds available to accomplish the intention of such legislation from Section 1 of this bill, after any expenditures already made, to the board of directors or other governing body of the user's association or cooperative. Similarly, the Office of Telecommunications shall assign interests in whatever contracts for services may have been negotiated by that time, except for any purchases of hardware which appear necessary. Any hardware purchased under Section 1 may be transferred to the board of directors or governing entity as may be agreed upon by such entity and the Governor's Office of Telecommunications, to further the intentions of this legislation and legislation creating such a user's association or cooperative. Transfer of funds shall include transfer of any monies assessed from users of the service under the previous paragraph, and funds so transferred shall become the property of the cooperative or user's association, notwithstanding the provisions of that paragraph.

Capital expenditures and duplication of services. In negotiating the best contract or contracts which can provide the widest range of services under the guidelines set forth in this letter of intent, the Governor's Office of Telecommunications shall not contract for services or the purchase of hardware or other capital expenditures which duplicate existing services and existing hardware, unless such action appears necessary to provide the best service at the lowest cost to the state and any satellite user's cooperative, taking into account the cost of the service over a six-year period.

Elimination of state subsidy. All contracts for services and equipment to further the purposes of this legislation shall be based upon a plan for the elimination of any direct state subsidy of television services to private businesses within six years of the commencement of service under this program. If possible, the same goal should be attained with regard to the provision of services to the small rural communities, by obtaining assessments of those communities through the Alaska Mini-TV Association. For the purposes of this paragraph "direct state subsidy" means direct appropriations or loans to the Governor's Office of Telecommunications or to any prospective satellite user's association or cooperative for the provision and continuation of these services, and does not include amounts expended by the state for obtaining services for its own use in education, health or other purposes.

Continuity of service. In the event that any delay in the negotiation of appropriate contracts or purchases to further the intentions of this legislation occurs past June 30, 1978, the Governor's Office of Telecommunications is authorized to use funds under Section 1 of this legislation to extend present service under the satellite television demonstration project for no more than ninety days during periods of such negotiation. It is anticipated that the Governor's Office of Telecommunications will solicit bids for service from the leading vendors. It is not believed that all state procurement law applies to this legislation, but a doctrine of fairness should be observed in obtaining bid information and firm contract offers from various vendors.

Section 2 and Section 3 of the bill provide for the continuation of educational and public television services that have been provided to the twenty-three demonstration villages during the period of the television demonstration project. Section 2 allows the Department of Education to continue their present service for one year (approximately one school year), and Section 3 allows the Alaska Public Broadcasting Commission to begin a grant program for the preparation of television and radio programs for educational and public purposes, some of which would be the provision of programming to the smaller communities and villages under the intrastate service anticipated by this legislation.

Section 4 of the bill provides for teleconferencing of legislative meetings during 1979, and Section 5 provides some funds for the Executive Branch to begin uses of teleconferencing for the purposes of public hearings of state agencies and executive boards.

One important consideration for TV capability is the reliability of local power in a small community. While this legislation anticipates the purchase of equipment for every community in Alaska with more than twenty-five persons, many of those communities still do not have power which is reliable or adequate for both the satellite TV receiver and the mini-TV transmitter as well as for several television sets within the community. If the Governor's Office of Telecommunications finds that a village or town is so situated, and it was otherwise scheduled to obtain the mini-TV transmitter and attendant equipment, the hardware for that community should be purchased but stored either in a central location or in the community until such time as the community demonstrates that it has adequate power capability for the earth station TV receiver, the mini-TV transmitter, and the number of television sets expected to be used within the community. Many villages are now attempting to solve these problems through various programs which include other state funds, federal funds, rural cooperatives, the AVEC program, and so forth.

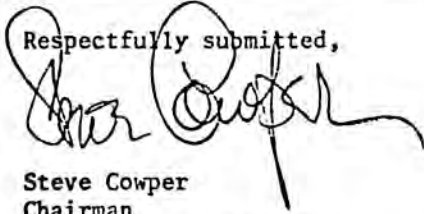
HOUSE JOURNAL

-5-

Excess funds. In the event that contracts for the provision of services and hardware under this legislation are less than the funds provided for such services and hardware, all remaining funds shall lapse into the General Fund by July 1, 1979. Considering the volatility of the market for services, and the fast-changing nature of the technology and economics of communications, the amount lapsed could be very small, or could even be several millions of dollars.

This letter of intent reflects the policy of the House Finance Committee and the information available to that committee in May of 1978. To the extent that it is not inconsistent with the statements in this letter of intent, the House Finance Committee also approves and hereby incorporates by reference the policies expressed by the letter of intent submitted by the House Select Committee on Telecommunications on this same legislation.

Respectfully submitted,



Steve Cowper
Chairman
House Finance Committee

HOUSE FINANCE COMMITTEE

May 16, 1978

2:25 p.m.

All members of the Committee were in attendance except Representatives Cowper, Haugen, Gruening and Rhode. Also in attendance were: Representative Cotten, Jim Rolle, Alaska Municipal League, Steve Hold, Department of Education, Bob Green, Alaska Association of School Boards; and Ray Collins, State Advisory Committee on Bilingual/Bicultural Education.

PRESENT

Vice-Chairman Freeman called the meeting to order and brought HB 681 up for consideration.

HB 681

"An Act relating to state aid for school construction; and providing for an effective date."

Representative Cotten advised he was the original sponsor of the bill, House HESS came out with a Committee Substitute; and when the bill was referred to House Finance a subcommittee was assigned to consider the bill. The subcommittee consisted of Representatives Buchholdt, Haugen, Parr and Cotten. He stated the subcommittee met and made recommendations to the bill. He presented a proposed finance committee substitute.

Representative Cotten advised the purpose of the bill was to clarify CH 120, SLA 1977. He stated that 43.18.100 deals with state payments to local governments. He read that section, and advised the effect of the wording is that the State would have to go back to every year before 1976 and reimburse local governments for cash payments. He stated that was not the intent of the legislation, and this bill clarifies that. He advised that no payments have been made as yet because the effective date of Ch 120, SLA 1977 was not until July 1, 1978.

Representative Cotten stated the major purpose of the bill is to establish a level of funding at 80% across the board. He stated this bill looks towards the future, and in no case would state participation exceed 80%.

(Representative Schaeffer arrived at this time.)

Representative Cotten stated the bill would set up a "school construction advisory account" in order that some schools could get front end money. He stated it will require in the area of \$4.5 million this year to set up the account.

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Representative Guy asked if this bill considers REAA's. Representative Cotten stated the bill provides only for reimbursement of expenditures made to local governments. He stated REAA's are covered under a different program where they receive state funds at the 100% level.

Representative Duncan asked if section 3 set up a schedule for payments of costs incurred for school construction and goes to 80%. Representative Cotten stated this was correct. He advised that in some cases the school district will be able to bond for the total amount.

Representative Duncan questioned the eligibility requirements and asked why they are necessary. Representative Cotten stated that in some cases the school district may decide they want something in addition to their school building -- an arts building or something in excess of 150 square feet per student. He stated the eligibility will be determined by the Department based on their regulations. Representative Duncan stated he believes all communities should be treated equally. Mr. Steve Hold, Department of Education stated the eligibility only relates to the construction criteria (sections 10, 11 and 12).

Representative Cotten stated the idea was that the state would fund at the 80% level. It will allow the Department to promulgate regulations as to what the school districts can build under the funding requirements. Representative Duncan stated he has no problem with this, but he doesn't think the bill treats everyone equally. There was further discussion on the eligibility requirements. Representative Cotten's Aid stated the intent was that only approved construction projects would be funded at 80%. He stated he thinks this is more clearly spelled out in section 110, that there are different types of eligibility. Representative Duncan stated he thinks the only criteria for eligibility should be whether or not the district meets design eligibility requirements.

Representative Cotten stated he thinks they agree on the concept, and he will come up with better language on this.

Representative Cotten advised that other eligibility standards are sited on the bottom of page 3. He stated the Department of Community and Regional Affairs came up with an assessed evaluation of 12%, and once they are beyond that then can become eligible for front end monies. There was further discussion on the bill.

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Mr. Jim Rolle, Alaska Municipal League, stated they are concerned about the criteria established and actual procedures implemented for approval. He stated they agree with the 80% funding, and also agree with the change on the cash pay-back period. He advised they have problems with the area of establishment of regulations. He asked what would be done if the school has additional things, like a swimming pool, which are part of the educational process. He stated he doesn't think these things should be handled as part of a separate regulation; he thinks they should be handled in the bill. He stated that to date there has been little indication for the need for the kind of controls that are indicated in this bill.

Mr. Rolle stated they are concerned with the repealer of 48.18.100 (a), and he asked if ancillary bonding qualified (warehouses). He stated they would like to see regulations and criteria regulated in the bill rather than have it be something that could be a judgment value in the future. There was further discussion on the bill.

The 12% assessed evaluation of local governments was discussed. Mr. Rolle suggested the section be revised to have stricter criteria and have language to go along with the debt service ratio.

Representative Buchholdt referred to page 3, line 24 of the bill and questioned the criteria for economic/social stability for the community. Mr. Rolle stated he would suggest that be eliminated if it applies to the 80% funding. Representative Cotten stated that part was meant to apply to eligibility for advance funding.

Mr. Bob Green, Alaska Association of School Boards, stated they are in favor of the bill. He referred to page 1, line 12 and stated he hoped the Committee would address the School Board's concern regarding the possibility of duplication of services. He stated they are concerned that the process not get too cumbersome. He stated he would like to echo the concerns expressed by Representative Duncan concerning eligibility requirements.

Mr. Green stated he believed some assurances should be spelled out in the bill, so that a district, having bonded itself, will be allowed to construct even if it is only to be included in a portion of the bill. He stated there is also a question on whether the Commissioner would have the right to deny a district to go ahead with a construction project. He stated there is also question as to who is to establish the top limit for construction projects.

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Vice-Chairman Freeman asked when Representative Cotten could return with a revised bill. He stated he could be ready the next day. Vice-Chairman Freeman stated the bill would be considered again at that time.

HB 681
HELD OVER

Vice-Chairman Freeman stated that Mr. Ray Collins, Chairman, State Advisory Committee on Bilingual/Bicultural Education, was in attendance and would like to make a presentation to the Committee.

COMMITTEE ON
BILINGUAL/
BICULTURAL
EDUCATION

Mr. Collins stated the Bilingual programs have been mandated by both state and federal law. He advised the Department of Education has prepared a budget request for funding at \$5.2 million. He stated that because these programs have been mandated as part of basic education, many districts are excluded from using Title 7 and other funds as supplemental funding. He advised that if the Legislature does not fund enough money, they will be in noncompliance with the Office of Civil Rights.

Mr. Collins requested the Committee to consider funding the amount requested by the Department of Education. He stated his understanding is that the Program has already been cut from \$5.3 million to \$3 million.

Representative Swanson asked where the emphasis would be if they did not receive full funding. Mr. Collins stated the effort will be on language programs because that is the area the Office of Civil Rights requires. He stated if there are cuts they will have to eliminate programs and some villages will not be serviced. There was brief discussion on the request.

Vice-Chairman Freeman stated the next item to be considered was SB 45.

SB 45

"An Act relating to radiation protection."

Representative Meekins advised that Representative Gruening had an amendment pending on this bill which would try to repeal the incentive for nuclear power. He suggested holding this bill over until Representative Gruening was in attendance in order that he could speak on the bill. There being no objection, it was so ordered.

SB 45
HELD OVER

The meeting adjourned at 3:30 p.m.

ADJOURN

Tape HFC 78-113 #1468 to end
78-114 # 001 to 1006

5/16/78

HOUSE FINANCE COMMITTEE

May 17, 1978

8:43 a.m.

All members of the Committee were in attendance except Representatives Cowper, Haugen and Gruening. Also in attendance to testify on bills were: Ken Showalter, SOHIO, and John Messenger, Department of Revenue.

PRESENT

Vice-Chairman Freeman called the meeting to order and brought HB 878 up for discussion.

HB 878

"An Act relating to oil and gas taxes; and providing for an effective date."

Vice-Chairman Freeman called on persons to testify. Mr. Ken Showalter, SOHIO stated the CS for HB 878 would increase the production tax floor from \$0.80 to \$0.068. He stated it would increase the floor for Cook Inlet from \$0.60 to \$0.634, and it would increase natural gas from \$0.064 to \$0.068. He stated they are concerned with the \$0.17 increase on development at Prudhoe Bay and other areas of the state.

Mr. Showalter stated the justification for the increase is that Prudhoe Bay outlets are manipulating the well-head cost. He stated that currently their well-head charges are below the expectations of the state and are also a disappointment to SOHIO and its stockholders. He stated they are trying to make the best good faith estimates they can.

Mr. Showalter stated what their tariffs were and referred to the Wainright Report. He commented that the issue on tariffs is before the ICC and feds and is far from complete. Should the State prevail, Mr. Showalter stated, they will receive the difference.

Mr. Showalter stated SOHIO has no affiliate in the tanker business. He stated all tankers transporting their oil are owned by others. He stated there would be no advantage to them for shipping profits away from the well-head. He stated that since they don't own the tankers, they cannot set the rates.

Mr. Showalter stated that FCCS HCS CSSB 118 has an appropriation for a study of tanker costs. He stated an objective study will show that their costs are proper.

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Concerning royalty oil, Mr. Showalter said the state's position is there should be no deductible. He said the pipeline tariffs will be set at a level determined to be proper. He stated if they are more than what they are now, the companies will have to pay more. He stated direct costs seem reasonable, and a study is now being done to determine what is reasonable. He stated these matters are being examined by state auditors from the Petroleum Revenue Division.

Mr. Showalter stated the Department estimates the tax increase will provide \$32 million in 1979. He stated their records indicate the additional amount will be approximately \$54 million. He stated he believes the difference is that the Department took out the reserves tax credit. He stated it is an additional \$54 million burden.

Mr. Showalter stated the chances are slight that another Prudhoe Bay type field will be found. He stated if there are such discoveries, they will be limited to what they can do at other points. He stated the tax increase adds to the problems for future exploration. Mr. Showalter recommended the tax increase be rejected.

There was discussion between Representative Gruening and Mr. Showalter. Representative Gruening asked if he agreed with the figures in the Anderson report. Mr. Showalter stated he did. Representative Gruening asked if the problem with shipping oil through the gulf coast and additional expenses was a result of the West Coast surplus. Mr. Showalter stated this was correct. Representative Gruening asked if there was an inference that the State of Alaska is responsible for that circumstance. Mr. Showalter stated he didn't think anyone was responsible. He stated there were many reasons for the problems.

Representative Buchholdt asked that the \$54 million figure be explained. Mr. Showalter stated that was a standard calculation on a tax increase at 1.1 million barrels per day. He stated he thinks the Department used the reserves tax credit as a deductible, which is technically correct as far as revenue the state will receive. But, he stated they will be paying an additional burden of \$54 million on Prudhoe Bay.

Representative Meekins asked how this would effect Cook Inlet. Mr. Showalter stated most oil would go up from .60 to .634. Representative Meekins asked if it would still exempt all oil under 300 barrels per day. Mr. Showalter stated yes, it would exempt some.

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Representative Rhode questioned the jump in the fiscal note in 1980 and 1981. Mr. Showalter stated he thinks the jump in 1981 is because the reserve tax credits will be essentially used up.

Mr. John Messenger, Department of Revenue, advised that last year the changes in the severance tax statute eliminated the escalator provision and substituted a requirement that the Department annually make a request to the Legislature. He stated this bill is the result of their recommendations for a change in the cents per barrel tax. He explained the increases in the bill. He stated the Department's position is that these increases are needed to prevent further erosion of their production tax revenues. He stated the well head value reason for change is that the current cents per barrel is not adequate in view of the continuing decline of well-head value.

Mr. Messenger stated that last year their recommendation to the legislature proposed setting a floor price as 7.50 as a conservative estimate of what well-head values would be. He stated the industry did not dispute that figure. He stated their public statements indicated this falls in the middle ranges of what their well-head values would be. He spoke further on well-head values.

Mr. Messenger stated the tariffs are in dispute in the courts and before the federal energy regulation commission. He stated they have been challenged as unreasonable by the State, the Arctic Slope Native Corporation, and the Justice Department. He explained tanker tariffs and transportation costs. He stated these transportation costs have reduced the well-head value in terms of royalty revenues and production tax revenues. He stated they believe this action in setting the cents per barrel floor at \$7.91 would at least protect the state's production tax revenues from further erosion.

Mr. Messenger stated the figures in the fiscal note are estimates. He stated the changes in 1980-1981 is when they are predicting the ABIC credit will be exhausted and they will receive these additional tax revenues. He stated in 1979 the \$32 million is the amount they will actually pay the state. There was discussion on the credit and tax rates.

Representative Meekins stated one of the points made by the oil companies is that the state is continually changing the tax rate which is detrimental to investment because of the uncertainty. Mr. Messenger stated that is the point they make in their report and ask that escalation be put back in. He stated he thinks that would add an element of stability.

(The following portion of the meeting was transcribed verbatim at the request of Representative Buchholdt.)

BUCHHOLDT: In earlier testimony Mr. Showalter repeated what has been said in news media many times in the past year on activities of the state, such as raising taxes in any form, causes them to want to leave the country and go elsewhere; and therefore the development of our state resources would be curtailed. In your review -- I don't know if it is contained in this booklet you sent to us -- but, in reviewing matters concerning oil and gas increases did you go over possibilities of this kind of thing -- about the companies being unhappy, wanting to leave the State, or not wanting to invest in the state. Are there cases of that happening? At least in the last couple of years?

MESSENGER: Not that I'm aware of. I just might mention there was substantial testimony by experts last year on this very subject. I think the unanimous opinion of those experts was that these statements by the companies in their advertisements and other statements in testimony about leaving Alaska and discouraging further development -- that's all they are is statements -- and they make those sort of statements wherever they go in the world. . . . they're always going to leave Alaska, and they're going to leave California, or any state they are in; but I don't think they have actually shown any actual cases of that happening. The prime thing is where is the oil and how much money can they get for the oil as soon as they get it out of the ground -- state taxes is one cost, but it is a small element in the total picture. Their prime consideration is where is the oil, and what can we get for it. In this particular bill what we are talking about is putting this back where we would have been last year if the Company's own statements had been borne out. We are not talking about anything more unusual than making a tax live up to what the companies themselves told us on what the values were going to be, and what we based our judgements on.

BUCHHOLDT: Thank you.

5/17/78

Mr. Messenger stated the House Resources Committee Substitute eliminated the automatic escalation clause. He stated he thinks that is very important to set the floor at a realistic level and be sure that it keeps pace with inflation. In addition, Mr. Messenger stated he thinks it has an element of adding stability to the severance tax.

Mr. Messenger stated Mr. Showalter used the argument that if their transportation charges are unreasonable, that will come out in the ICC proceedings and in court, and if these items are resolved in favor of the state, the state will get results, so they don't need this protection. Mr. Messenger stated his response to that is that the state needs this protection now, not just for transportation charges, but wherever the well-head value might be reduced. He said he believes the cents per barrel floor is a fair representation. Regardless of the decision on transportation costs, Mr. Messenger stated he thinks it is important to consider that last year when the legislature set the level of taxation, the decision was made on the information they had at that time. He stated he thinks this bill will bring the state back to where they would have been had these representations actually come to pass.

Representative Rhode asked what would be done with the funds received by the increase in the tax. Mr. Messenger stated their position is that this bill is needed to protect revenues that have been eroded. He stated passage of this bill will just bring them back this year to where they would have been last year.

Representative Meekins commented that reports he has received indicate there will be a surplus of funds in the 80's, but by 1987 the state will start deficit spending, and by 1992 will be \$2 million in the red. There was brief discussion.

The meeting adjourned at 9:50 a.m.

HB 878
HELD OVER

ADJOURN

Tape HFC 78-114 #1006 to end
HFC 78-115 # 001 to 450

5/17/78

HOUSE FINANCE COMMITTEE

May 17, 1978

1:40 p.m.

All members of the Committee were in attendance, except Representative Haugen. Representatives Swanson, Duncan, Buchholdt, Cowper and Gruening arrived later in the meeting. Also in attendance: Larry Vavra, Union Oil Company of California; Sid Heidersdorf, Department of Health and Social Services.

PRESENT

Vice Chairman Freeman called the meeting to order and brought up HB 878 for consideration:

HB 878

"An Act relating to oil and gas taxes; and providing for an effective date."

Mr. Vavra presented testimony regarding the automatic inflator that, he stated, was deleted at this morning's meeting. He read from a typed statement and discussed the escalating tax rates with regard to the Cook Inlet production and whole-sale price index.

[Representative Swanson arrived at this time.]

Mr. Vavra advised Section 2 of the original bill sets a big tax rate of \$0.634 per barrel. He discussed the cents-per-Mcf rate and the mean tax level with regard to the market value itself. He stated the oil companies are paying taxes on non-existing oil prices.

[Representative Duncan arrived at this time.]

Mr. Vavra noted Alaska's oil taxes are the highest in the nation. He commented, when he testified before the Resources committee, he indicated Union Oil paid \$4.94 per barrel; but the average actually was \$5.34 per barrel due to "new oil" production. He stated Union Oil is obligated to pay \$3.27 per barrel and that they are being taxed at a higher rate than the price of oil. He stated old oil prices should be allowed to escalate. Discussion followed.

Representative Meekins stated he voted for the 1973 FCC escalator. He stated the intent was the well-head value would be decreasing. He commented he concurred with Mr. Vavra, in that an escalator should not be tied to the value of the commodity and indicated perhaps it could be tied to the refinery value.

Mr. Vavra commented on Union Oil's multi-state tax contract and the fact that Alaska has the third highest tax rate that Union Oil operates in. He stated Union Oil is paying severance tax and production tax--\$4.94 control well-head price.

Representative Meekins commented he still likes the idea of an escalator and that the industry doesn't need the severance taxes increased each year. Mr. Vavra stated there is no control over an escalator and that it is not fair to the oil companies; it will compound their problem. Representative Meekins stated this is a protective measure for the State, in that market value would increase, but well-head value would not increase. Discussion followed on barrel and well-head values.

[Representative Buchholdt and Free Conference Committee members Representatives Cowper and Gruening arrived at this time.]

Representative Gruening moved and asked unanimous consent that HB 878 be reported out. There being no objection, it was so ordered. HB 878 was reported out with a "do pass" recommendation.

HB 878
REPORTED OUT

[At this time Representatives Cowper, Gruening, Duncan and Meekins left.]

HB 691 was brought up for discussion:

HB 691

"An Act authorizing state aid to local governments for health facilities."

Representative Guy, prime sponsor of the bill, stated he would be addressing the HESS CS. He referred to Paragraph 3 of a memo dated 4-27-78 from Kenneth Rosenstein, Legislative Affairs, to Representative Parr (attached), which deals with Section 2. He stated this amendment came about during the HESS committee hearings on HB 691. He advised the Yukon-Kuskokwim facilities funds are used for maintenance, janitorial and sanitation. He also stated extra expenditures have to come from the village councils. He stated the amendment provides that, if a village council expends at least \$800 on a facility, State aid is not affected; but if the expenditure is less than \$800, State aid is reduced to an amount directly proportional to the ratio the expenditure bears to \$800. Vice Chairman Freeman recapped by stating, the bill allows that, if the village can come up with one-half or \$400, it will be allowed a pro-rated share or \$2,000.

There was discussion on the fiscal impact, with Vice Chairman Freeman asking about a fiscal note. Representative Guy advised the fiscal impact would be almost zero because the bill establishes a mechanism to reduce State aid to local government based on the level of the contribution it makes to the cost of operation and maintenance of the facility.

Representative Rhode moved and asked unanimous consent that HESS CS for HB 691 be reported out. There being no objection, it was so ordered. HESS CS for HB 691 was reported out with a "do pass" recommendation.

HESS CS FOR
HB 691
REPORTED OUT

SB 45 was brought up for consideration:

SB 45

"An Act relating to radiation protection."

Mr. Heiders dorf presented testimony, stating he would like to address the (Gruening) amendment to SB 45, not contained in the original bill. He stated the amendment covers different kinds of radio active material, i.e., special nuclear materials and by-products. He stated the original intent of SB 45 is to give to Alaska, the Department of Health and Social Services, the authority to license and control those areas relating to public health, such as medical and dental X-rays and microwaves. He advised the amendment, in one instance, conflicts with the original intent of SB 45. He indicated the Department Supports SB 45, but the amendment raises issues that come into conflict with the 1954 Atomic Energy Act and is totally different than the original intent of the bill.

At this time, Vice Chairman Freeman advised SB 45 would be deferred until such time as Representative Gruening can testify on behalf of his proposed amendment to SB 45.

SB 45
HELD OVER

The meeting adjourned at 2:35 p.m.

ADJOURN

HFC 78-115 #0452 - #1461

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH 1 - STATE CAPITOL
JUNEAU, ALASKA 99801
907 465-2800

MEMORANDUM

April 27, 1978

SUBJECT: CS for HB 691

TO: Representative Charles H. Parr

FROM: Kenneth M. Rosenstein, Legislative Counsel *KMR*

You have requested a summary of the CS for HB 691 which amends the provisions relating to state aid to local governments for health facilities.

The bill redefines a "health facility" for the purposes of AS 43.18.010(h) which grants various levels of state aid to local governments providing health facilities within their jurisdictions. Currently AS 43.18.010(i)(2) excludes from the definition of "health facility" those "facilities operated or wholly supported by the state or federal government." The bill would include facilities operated or partially supported by the state or federal government.

Additionally, the bill establishes a mechanism to reduce state aid to a local government based upon the level of contribution it makes to the cost of operation and maintenance of a health facility. If the local government expends at least \$800 on a facility, state aid is not affected. If the government's expenditure is less than \$800, state aid is reduced to an amount directly proportional to the ratio the expenditure bears to \$800. Thus, if a local government spends \$600 on a health facility, state aid is reduced to three-quarters (\$600/\$800) of the full amount.

KMR:hjd

HOUSE FINANCE COMMITTEE

May 18, 1978

8:40 a.m.

All members of the Committee were in attendance except Representatives Cowper, Haugen and Gruening. (Representatives Guy and Duncan arrived later in the meeting.) Also in attendance: Clarissa Quinlan, Division of Energy and Power Development; and Frank Addler, Grumman, Inc.

PRESENT

Vice-Chairman Freeman called the meeting to order and stated HB 882 would be considered.

HB 882

"An Act making a supplemental appropriation to the Department of Commerce and Economic Development, Division of Energy and Power Development; and providing for an effective date."

Ms. Clarissa Quinlan, Division of Energy and Power Development, stated this bill is a supplemental appropriation in the amount of \$58,000 for Nelson Lagoon. She stated that in 1976 the Legislature provided \$250,000 for a windmill demonstration project. She explained what had been done with that appropriation. She advised they chose two projects, and Nelson Lagoon was one of the sites.

Ms. Quinlan advised they got the system at Nelson Lagoon working late last year. She advised that during the time it was up it withstood the hardest storms experienced there in recent years and it also withstood an earthquake. She stated about one month later the tower buckled.

(Representative Duncan arrived at this time.)

Ms. Quinlan stated they have worked out an agreement with Grumman where they will be reimbursed for the reinstallation if the Legislature approves the supplemental appropriation. She advised that Grumman has invested \$7,000 of their own money on this project to date. She stated they still think the windmill project is viable.

(Representative Guy arrived at this time.)

Vice-Chairman Freeman questioned the use of a machine that was not guaranteed. Mr. Addler stated they have six such windmill machines being used now. He stated they have not gone into production with the machine, so it is still considered a demonstration project. He stated they want to stay with this program directly until it proves to be an economic success.

5/18/78

Vice-Chairman Freeman asked if the other windmill demonstration project is still working. Ms. Quinlan stated they are not sure. She stated it is in Kotzebue and is a commercial project. She stated the windmill is up, but electricity has not been generated. Vice-Chairman Freeman asked if they shouldn't see if at least one of the windmills is working before investing additional funds into the project. Ms. Quinlan stated the one at Nelson Lagoon was working. There was further discussion.

Mr. Addler explained the windmill system at Nelson Lagoon and how it worked. He stated it is a down-wind rotor. Representative Rhode asked what the cost per kilowatt would be. Mr. Addler stated their predictions are that it will be between 20-25¢. Vice-Chairman Freeman asked what sort of arrangement they have with the people at Nelson Lagoon. Ms. Quinlan advised the state is responsible for the system itself and bills the people for power. Representative Buchholdt asked what they used for power before. Ms. Quinlan stated each hom had an individual diesel generator. She stated they are no longer using those.

There was discussion on the original \$200,000 appropriation and how it was spent. Vice-Chairman Freeman stated they spent \$200,000 for the machine and it only lasted one month. He asked how the State could justify spending additional money on the machine. Ms. Quinlan stated Grumman's original involvement was only as a supplier. She advised the contract stated if there were problems with the machine and it needed to be replaced, they would replace the wind turban. She advised when the tower buckled they didn't know what happened. She stated Grumman's only contractual agreement with the State was to provide them with another wind turban.

Representative Meekins stated the problem seems to be with the tower, and he asked who was responsible for that. Ms. Quinlan stated the State was responsible, and they still don't know what went wrong. Representative Meekins asked what the \$58,000 appropriation will pay for. Ms. Quinlan stated that will pay for the total reinstallation. Mr. Addler advised most of the money will be paid to an Alaskan contractor for his reinstallation services. Representative Meekins asked if Grumman was actually putting up the money to replace the machine and Mr. Addler stated this was correct. Mr. Addler advised Grumman has spent \$300,000 on this project to date. He stated that \$34,000 has already been paid to them by the State, and if the supplemental was approved they will have received a total of \$90,000. He advised that of that amount, over \$50,000 will be going back to Alaskan contractors.

5/18/78

Vice-Chairman Freeman questioned the use of the original tower. Ms. Quinlan advised the towers were located at Cold Bay. She stated it seemed to them that if they could be structurally analyzed and found sound, it would be a good way to go to save the state money. She stated both State and Grumman engineers did a structural analysis on the towers. She stated when that was done it was not realized that FAA had dynamited the towers down to dismantle them. She stated an analysis was done on the design and the towers passed the analysis. She stated the engineers thought it could undergo the type of stress that would be placed on the unit.

Vice-Chairman Freeman requested Ms. Quinlan to provide the Committee with figures on how the original appropriation had been spent. Ms. Quinlan stated she would provide this. She advised that some of her operating budget has been used to pay these costs. Representative Schaeffer asked what would happen if the supplemental was not approved. Ms. Quinlan stated Grumman would not get paid. There was further discussion.

A film clip of the Nelson Lagoon windmill project was shown to the Committee. The bill was held over pending receipt of additional information from Ms. Quinlan.

HB 882
HELD OVER

The meeting adjourned at 9:50 a.m.

ADJOURN

Tape HFC 78-115 #1461 to end
HFC 78-116 # 001 to 791

5/18/78

HOUSE FINANCE COMMITTEE

May 18, 1978

2:11 p.m.

All members of the Committee were in attendance, except Representatives Cowper, Gruening, Haugen and Swanson. Representatives Guy and Buchholdt arrived later in the meeting. Also in attendance: Representatives Sam Cotten, Bob Bradley, Joe Hayes, Merle Snider and Mike Miller; Steve Hold, Department of Education; Jim Rolle, Alaska Municipal League; Jim Baldwin, Legislative Affairs; Pat Conheady, Department of Natural Resources.

PRESENT

Vice Chairman Freeman called the meeting to order and brought HB 681 up for consideration:

HB 681

"An Act relating to state aid for school construction; and providing for an effective date."

Representative Cotten, prime sponsor, discussed amendatory language, page 3, line 10, relating to eligibility requirements for advance funding for school construction, contained in the Finance CS for HB 681, which he helped draft. Representative Rhode asked if this would take care of cash payments before July 1, 1977, as was in the original bill. Representative Cotten explained there would be no cash paid out at all. There was discussion on the differences between the original bill and the Finance CS. Representative Cotten stated the Finance subcommittee made the decision that there would be no cash payments prior to June 30, 1977.

[Representative Guy arrived at this time.]

The requirement that the State take over all bond indebtedness prior to FY 77 was discussed. Representative Meekins commented this bill raises to 80% reimbursement of second prior year expenditures. Representative Cotten advised FY 79 entitlement is based upon 100% reimbursement of FY 77 expenditures, with the exception of Kenai.

[Representative Buchholdt arrived at this time.]

In conjunction with the amendatory language referred to earlier on eligibility requirements, Representative Cotten proposed amending language on page 1, line 13, by deleting "under AS 43.18.110" and, beginning of line 14, adding "the extent of" and inserting "for state aid" between the words "project" and "begun". Brief discussion followed on the regulations governing the eligibility requirements. Gross square footage allowed per student was also discussed. There being no objection to the amendment, it was adopted.

AMENDMENT

In answer to a question regarding the regulations, Mr. Hold advised Section .040 deals with approval of plans and requires that, before construction, the district submit plans. Section .050, he advised, deals with approval of purchase for non-facilities, which speaks for the REAA's; and .060 specifically set forth the requirements the Department will meet. There was further discussion on school construction. Representative Cotten stated existing regulations are the only ones being considered.

At this time, Mr. Rolle testified in support of the bill, since it has been redrafted, but questioned the portion dealing with retirement of all debt. He stated it is his understanding that cash payments would be treated. Representative Buchholdt commented the HESS committee decided the State could not continue to pay the cash debts forever; therefore, decided on a cut-off date of June 30, 1977. Representative Cotten referred to page 2, line 5, and stated this means the State will take over all the payments incurred on all bonds before July 1, 1977. There was further discussion regarding the language, and Mr. Rolle indicated he had "no problem" with the bill.

There was brief discussion on the revised fiscal note, dated 4-19-78.

Representative Buchholdt moved and asked unanimous consent that Finance Committee Substitute for HB 681 be reported out. Representative Rhode objected by stating he feels those districts paying cash are being penalized and proposed FY 76 be included in the bill. Representative Buchholdt stated it was the HESS committee's position that the State would not have to help those districts who could afford this. Discussion followed.

Representative Rhode moved the following amendment be adopted: page 2, line 8, add "and cash payments made by the borough and city before July 1, 1977 to pay costs of school construction;". Representatives Buchholdt and Duncan objected. Discussion on the fiscal impact followed. The question was called for (Representatives Rhode, Guy and Schaeffer in favor), and the motion failed.

AMENDMENT

There being no further objection, Finance CS for HB 681 was reported out.

FINANCE CS
FOR HB 681
REPORTED OUT

Vice Chairman Freeman brought up HB 720 for discussion:

HB 720

"An Act relating to state land; and providing for an effective date."

Vice Chairman Freeman briefly explained the background on the bill and stated the workdraft presently before the Committee is the result of the subcommittee's recom-

mendations. He stated Representative Bradley, prime sponsor, would explain the Finance Committee Substitute (workdraft).

Representative Bradley distributed to the Committee a sectional analysis (attached) by Mr. Baldwin, Legislative Affairs. He discussed the bill's intent to make State land available for private use and noted the designation of a specific date. He commented on the provision for lottery sales. He advised Representative Gruening's amendment regarding mental health land has been incorporated in the bill, which frees up land without impacting the original concept. Commenting on the land discount provision, he advised this takes into account short terms rather than long terms.

At this time, Mr. Baldwin stated the Committee might want to consider the inclusion of language dealing with classified land--a provision that a list be received from the Director of Land before that land can be expedited. He advised this was not included in the bill--that the land be classified--and that it probably should be.

At this time, Mr. Conheady presented testimony regarding the position of the Department of Natural Resources. (See written statement attached.) He discussed those portions of the bill the Department finds fault with and offered several amendments. In commenting on Section 38.05.043(d), regarding acquisition of surface rights to State land, he stated this section needs to be clarified to note that the discount applies "only" to interest in surface rights--not subsurface. Discussion followed, with Mr. Baldwin urging the Committee to be careful of putting in arbitrary figures (such as the 1-1/2% figure discussed) with regard to prudent-man rule, which, he stated, does not give away assets. He advised the Committee consider carefully if it wants the subsurface included.

At this point, Mr. Rolle testified on behalf of the Alaska Municipal League. (See written statement attached.) He stated he finds no fault with the intent of the bill, but is concerned that this bill, as currently drafted, will hamper efforts of the municipalities throughout the State. Vice Chairman Freeman stated, as one of the sponsors of the bill, the intent was to "get the land out to the people as quickly as possible--to mandate this." He commented it would not seem very consistent if the State has to part with the land and then allows the municipalities to have veto power over this. He advised the purpose of the bill is to provide an alternative to the Bierne "hippy homestead" Initiative.

Mr. Rolle advised he feels HB 133 is a good vehicle, but expressed concern that HB 720 would undo all that HB 133

is would accomplish. He commented, however, that HB 720 is better than the Bierne Initiative. Discussion followed on the various land bills. Vice Chairman Freeman commented it may be that all the land bills will be incorporated into one.

Representative Hayes testified briefly in support of the objectives and concerns contained in HB 720. He stated he feels it is a reasonable approach "to get land into the hands of the people." In commenting on subsection (c)(4), page 4, lottery sales, he stated too many things can happen during the period of 10 years to disqualify a person. He also advised he would like to see the "old-timers" who live on forest service land get title to their land.

Vice Chairman Freeman requested Mr. Conheady and Mr. Rolle prepare written statements of their testimony presented today for the Committee. He advised the subcommittee would then go over these comments and suggestions and report their recommendations back to the full Committee next week. Further action on HB 720 was deferred until that time.

HB 720
HELD OVER

The meeting adjourned at 3:40 p.m.

ADJOURN

HFC 78-116 #0793 - End
78-117 #0001 - #0623

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3600

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 18, 1978

SUBJECT: Section-by-Section Analysis: proposed CSHB 720 (Fin)
dated 5/18/78.

TO: House Finance Committee

FROM: James L. Baldwin, Legislative Counsel



Section 1: General intent stated.

Section 2: (a) - (c) directs the director of the division of lands to designate for disposal before November 1, 1978 land in the following categories and amounts:

- (a) homesite entry land (AS 38.08) -- 20,000 acres.
- (b) vacant, unappropriated and unreserved land suitable for residential use in five acre lots -- 10,000 acres.
- (c) classified land (agricultural, commercial, industrial, private recreation, residential, utility, or open-to-entry) that is surveyed and platted on July 1, 1978.
- (d) provides that the designation and disposal of land required in (a) - (c) of sec. 2 is not subject to the usual predisposal procedures. These procedures are:
 - (1) director's findings (AS 38.05.035(a)(14);
 - (2) appraisal (AS 38.05.310);
 - (3) zoning requirements before disposal (AS 38.08.080); and
 - (4) state adherence to local subdivision requirements (AS 40.15.200).

The requirement that the director classify land before disposal was not included as an applicable pre-disposal procedure. This was an oversight and is mentioned here for clarification. Reference to AS 38.05.300 should be added if the sec. 2(d) is adopted by the committee.

Public notice of land disposals required in (a) - (c) will be given by newspaper in the vicinity in which the land to be sold or entered is located.

Section 3: Redesignation and Disposal of Mental Health Land.

(a) Redesignates approximately 975,000 acres of mental health land as unappropriated and unreserved state land.

(b) Opens former mental health land to disposal for homesite entry or private land use or ownership programs under the Alaska Land Act (AS 38.05) if:

(1) the land is unclassified and not reserved by statute; or

(2) the land is classified for agricultural, grazing, commercial, industrial, private recreational, residential, utility, or open-to-entry uses.

(c) Municipalities may select former mental health land to satisfy land entitlement under AS 29.18.190 - 200 (transitional assistance to municipalities). Municipalities are required to certify that at least 30 percent of the former mental health land will be committed to disposal for private use or ownership.

(d) Reaffirms existing leases of former mental health land.

Section 4: Various amendments to the Alaska Land Act (AS 38.05).

AVAILABILITY OF LAND (AS 38.05.041):

(a) Beginning fiscal year 1980 (July 1, 1979) the director is required to initiate a continuing, annual land disposal program of at least 70,000 acres each year with at least 20,000 acres of that amount to be devoted to homesite entry and land sales.

(b) Requires the governor to submit three options as a part of his budget submission for the division of lands. The options include:

(1) an increased acreage land disposal program;

(2) a land disposal program with acreage equal to the preceding year's disposal program; and

(3) a land disposal program with reduced acreage from the preceding year's program.

LOTTERY SALES (AS 38.05.042):

(a) Requires the director to sell at least 10,000 acres of state land by lottery each year (July 1 to June 30).

(b) The purchase price is to be set at not more than fair market value; requires a deposit of five per cent of the purchase price at the conclusion of the sale.

(c) Sets eligibility requirements for lottery participants. A three year durational residency requirement is specified and may be unconstitutional under either the state or federal constitutions, or both.

(d) - (g) Specifies application and lottery procedures.

(h) Allows the director to include terms in lottery sales contracts which require use and/or occupancy requirements and restrictions on resale until use and occupancy terms are satisfied.

LAND DISCOUNT PROGRAM (AS 39.05.043):

(a) Grants a discount on the purchase price of land sold under the annual land availability program. The discount is determined by multiplying the number of full years of residency in the state by 5 percent of the purchase price of a parcel. The discount may not exceed 50 percent of the purchase price or a value of \$25,000.

(b) Sets eligibility requirements.

(c) Requires persons to submit proof of eligibility and makes false submissions a criminal offense and sets maximum punishments.

(d) Only one chance to use a discount is granted. Specifies certain costs that must be paid by a purchaser in cash and requires a cash down payment of at least 5 percent at the time of purchase.

(e) The Commissioner of the Department of Natural Resources is granted authority to adopt regulations to implement the land discount program.

Section 5: AS 37 is amended by adding a new chapter.

MENTAL HEALTH FUND ADVISORY BOARD CREATED (AS 07.14.010):

(a) The board is created within the Department of Revenue; membership is specified.

(b) Selection procedure for the office of Chairman of the Board is specified.

POWERS AND DUTIES OF BOARD (AS 37.14.020):

Authorizes the board to conduct an annual accounting of the mental health fund, and prepare long-range investment plans for that fund.

MENTAL HEALTH FUND ESTABLISHED (AS 37.14.030):

Establishes the mental health fund, specifies the source of the principal and income of the fund.

DUTIES OF COMMISSIONER OF REVENUE (AS 37.14.040):

Designates the commissioner of revenue as the treasurer of the fund, specifies the responsibilities of the commissioner and directs him to manage the fund so that the principal and income are readily distinguishable.

FUND UTILIZATION (AS 37.14.050):

Requires that the principal of the fund be invested for the generation of income, prohibits the appropriation of the income of the fund except for the support of the state mental health program.

INVESTMENTS (AS 37.14.060):

(a) The commissioner of revenue is directed to invest the fund in the same manner as currently required for the investment of surplus money in the public employee's retirement fund.

CONTRIBUTIONS (AS 37.14.070):

Directs the commissioner of revenue to transfer as contributions to the mental health fund an amount equal to 1 1/2 percent of the total revenue received from the state for the sale, lease, or other disposal of state land during a fiscal year. This section may need further revision to specify whether or not revenues attributable to subsurface leasing are intended to be included. Specific instructions regarding this matter were not given to the draftsman.

In addition, the rate set for contributions may not adequately compensate the "mental health trust" for the conversion of land subject to the trust. The rate was set on the theory that on the average, mental health lands are more valuable than similar general grant lands. Data was gathered by Mr. Burke Riley of the division of lands which allegedly supports the rate set in this section. However, Mr. Riley has since cautioned against relying on his earlier conclusions. The Committee should regard the proposed contribution rate with caution and, perhaps, request further testimony from the division of lands on this point.

(Secs. 6 - 21 are not included in this analysis due to time constraints imposed by legislative business.)

JLB:hjd

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

11TH FLOOR, STATE OFFICE BLDG.
POUCH M - JUNEAU 99811

May 19, 1978

The Honorable Oral Freeman
Vice Chairman, House Finance
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Oral:

In response to your request for written comments on the proposed Committee Substitute for HB 720 (Finance) following are the views of this Department on policy matters addressed in this legislation and suggested amendments of both a substantive and a technical scope:

1. Section 2, subsection (d). This subsection abrogates the power of local municipalities to exercise zoning and platting authority within their boundaries on the disposal of 30,000 acres of state land. Sound land use management dictates a planning approach which in municipalities is exercised by the local government. In vesting this power at a local rather than a state level, it was envisioned that maximum local input on developmental matters is the best means to achieve sound land use plans. Many communities have already adopted municipal land use plans which would be valueless if disposals are mandated and inconsistent with those plans. The Department believes as a matter of public policy that the short range goals of HB 720 are not sufficient to override sound land use planning decisions.

2. Section 3. This section, as written, is confusing due to an abundance of superfluous language. In the interest of clarity, the same results can be achieved with the following amendment: On line 10, after the word "unreserved" delete "state land" and insert in lieu thereof "general grant land." Delete subsections (b) and (c) and renumber subsection (d) as subsection (b).

3. Section 33.05.041. The Department is unalterably opposed to a continuing mandate of disposal of 70,000 acres annually. Although subsection (b) appears to provide an annual option as was present in SB 562 and HB 904, when the section is read in its entirety, this option is obviously illusory. The section portends of a situation where the Legislature opts for a reduced level disposal program in the future,

yet the dictates of subsection (a) require the Department to dispose of 70,000 acres irrespective of the funding.

Furthermore, mandating minimum disposals within specific programs does not allow the necessary flexibility the Department would need in future years to meet the range of needs for land throughout the State. Suggested amendment: This section should be replaced with Sections 38.04.020 and 38.04.025 from CSSB 562 am.

4. Section 38.05.041 and 38.05.042. Taken together it would appear that in addition to the 70,000 acres made available for disposal under .041 and additional 10,000 acres should be made available for lottery sales under .042. To clarify the Committee's intent to have the lottery sales incorporated in the 70,000 acres disposed of under .041 on line 7, AS 38.05.045 should be changed to read AS 38.05.042.

5. Section 38.05.042(b) requires disposal of land at "fair market" value. As this term connotes a sale procedure, lottery sales should be made at "appraised" value. (line 29)

6. Section 38.05.042(c)(2) requires residency of three years for participation in a lottery disposal. This provision is constitutionally suspect and the Department would like to caution the Committee in adopting such a provision as it may delay disposals under this program through legal action.

7. Section 38.05.042(c)(3) addresses lottery disposals on agricultural tracts. This section is more appropriately handled in a separate section (38.07).

8. Section 38.05.042(e). This section specifies the period of time for lottery disposals. As one of the major issues addressed by this legislation is the length of time required for disposal of state lands, mandating a 3 1/2 month period for a lottery disposal is counterproductive. The simultaneous filing period in (1) can be shortened to 30 days with no adverse effects, (this was the period utilized in the recent homesite disposal). The 45 day period after close of filing can likewise be shortened to 15 days.

9. Section 38.05.042(f). This subsection is redundant and should be deleted.

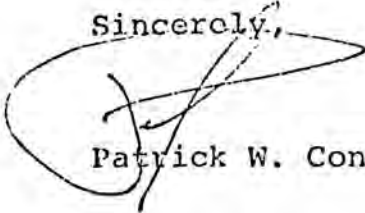
10. Section 38.05.043(a). If the discount program is intended to apply to lottery disposals, recommendation 4 needs to be adopted.

May 19, 1978

11. Section 38.05.043(a). The maximum level of discount is too high as most tracts will sell for less than \$25,000. This section should be amended by deleting all language after the word "state" on line 22 and inserting in lieu thereof: "to 50 percent of the total purchase price of the land not to exceed \$25,000."
12. Section 38.05.043(d). This subsection should be clarified to illustrate that the application of the discount applies only to acquisition of an interest in surface rights to the land. To this end, on line 17, between the words "applied" and "to" insert "only".
13. Section 8. AS 38.05.102. These amendments to existing law would give existing leaseholders on state land a 90 percent credit towards the purchase price of that land based on prior lease rentals. As the mechanism for exercising preference rights on these lands gives converting leaseholders a major advantage, further credits as granted in this section would result in major windfalls for such leaseholders. The Department views the provision as a major rip-off of state interests and oppose enactment of the measure if this provision remains.
14. Section 17. AS 38.08.110. This section mandates adoption of regulations within 90 days after the effective date of this act. The 90 day provision is totally unrealistic in light of the dictates of AS 44.62 and suggest this period be lengthened to 180 days.

This concludes the Department's comments on H.B. 720. We appreciate the opportunity to present our comments and urge the Committee to consider our proposed amendments.

Sincerely,



Patrick W. Conheady

TESTIMONY BY
JIM ROLLE
ALASKA MUNICIPAL LEAGUE

before the
HOUSE FINANCE COMMITTEE
MAY 18, 1978

HOUSE FINANCE COMMITTEE

Mr. Chairman:

I would like to thank you for this further opportunity to testify on CSHB 720 (Finance).

Mr. Chairman, our concerns are very basic. We feel that this bill degradates the integrity of municipalities. While we do, in fact, see and agree with the need for the bill, we feel that the same product could be delivered without hurting municipalities.

Our first concern is that this bill is requiring the state to deliver 30,000 acres of land to the people by November 1, 1978. Mr. Chairman, that is only 120 days from the effective date of the bill. We are concerned that the state is going to take land that is the most accessible which, in our mind, will be land that is now within municipal boundaries or contiguous to municipalities. We just don't have a sufficient amount of time to plan for the impact that will occur, especially in light of Mental Health Lands being made available. Another problem we visualize with the time schedule is that we have hopes that this Legislature will pass the Municipal Land Selection Bill. For the most part, these lands are currently unknown. We feel that this bill would take prime land away the municipal land selection process. Mr. Chairman, municipalities have been trying to get this land since 1964.

Our next concern is with Section 2(D). This provides that the provisions of AS 38.05.035(A)(4), 38.05.310, AS 38.08.080 and AS 40.15.200 are inapplicable. Although our main concern is with 38.08.080 and 40.15.200, we believe that the provisions in the other two are important and should be maintained.

AS 38.08.080 says - No state land that is located within the boundaries of a municipality which excercises planning and zoning and zoning authority under AS 29 may be offered by the Director for homesite entry until the land has been zoned by the governing body of the municipality for residential use only.

By ignoring this section you are denying municipalities the opportunity to bear fruit from many long years of land use planning. Most municipalities have, or are in the process of comprehensive land use plans. This bill could totally destroy the rational behind these plans.

Section 40.15.200 says - All subdivisions of land made by the state, its agencies, instrumentalities and political subdivisions are subject to the provisions of this chapter and As 29.33.150, 29.33.240, Home Rule ordinances or regulations governing subdivisions and other local regulations adopted under this chapter and As 29.33.150, 29.33.240 or under Home Rule authority, IN THE SAME MANNER AND TO THE SAME EXTENT AS SUBDIVISIONS MADE BY OTHER LAND OWNERS. For a moment, Mr. Chairman, I would like to cite 29.33.150-240, which is as just referenced in Section 40.15.200.

These areas are of great concern, not only to municipalities, but to all of the citizens of the State of Alaska. These sections concern platting jurisdiction and power, procedures for platting boards, waiver in certain cases, information required, penalties, alteration of replat petition, hearing notices, hearing and determination procedures and title to vacated areas.

Mr. Chairman, laws were made to serve the best interest of the majority. I fear that what this bill is saying is that the laws made, the laws that the majority has had to follow, are now inappropriate for the few that will receive land under this bill. I just can't imagine that what we are really saying is that laws be damned. We are not just talking about one use, but for all land uses. Imagine for a moment that the land available under this bill, in a municipality, exceeds the amount of land in private ownership now. How would you suggest we deal with planning and zoning matters? There will be rebellion against local government. I would submit we have enough problems already.

Our next concerns are toward the end of the bill, section 15. This will amend section 38.08.070. The amendments are nothing more than further attempts to say that municipal regulations are to be ignored. This is seen on line 28, page 16, where we change the word "classified" to "designated", and on line 29, where we eliminate the words "and approved". Then on page 17, the bill goes on to say, lines 2-6, that this bill has right over the Municipal Land Selection bill. Mr. Chairman, municipal government is a good form of government and can be trusted to respond to the needs of its citizens.

Section 16 deals with an even different kind of problem. In section 2(D), it said that 38.08.080 is inapplicable. However, we find in section 16 that there is an amendment. We feel this totally inappropriate. We would hope that it is not the state's intentions to develop a time table for local zoning matters in all future land selections.

Our final section of concern is section 17. This will amend section 38.08.110. Our concern appears on page 17, line 19. You are adding language that says the state shall adopt regulations that effect land in municipalities that are not limited to regulations relating to easements and access routes. Mr. Chairman, we have enough problems with the Feds, and d(2) legislation. We would ask that you not impose further encroachments on us.

In conclusion, we would like to say that the Alaska Municipal League encourages a cooperative intergovernmental land use planning process that considers municipal, state and federal lands effected by the land selection process. Mr. Chairman, we hope the State Legislature shares our views and gives serious consideration to our testimony.

HOUSE FINANCE COMMITTEE

May 23, 1978

9:09 a.m.

All members of the Committee were in attendance except Representatives Cowper and Schaeffer. (Representatives Meekins, Gruening and Duncan arrived later in the meeting.) Also present to testify were: Representative Snider, and Bill Stringer and Professor Merritt, University of Alaska Geophysical Institute.

PRESENT

Vice-Chairman Freeman called the meeting to order and brought HB 920 up for discussion.

HB 920

"An Act making transfers between FY 78 appropriations for, and supplemental appropriations to, the Department of Labor; and providing for an effective date."

Mr. Hogan, Legislative Finance Division, advised the Committee already passed out a Committee Substitute on this bill. He advised that when the CS went to Legislative Research to be drafted, they had problems making it intelligible. He stated the decision was made to go back to the original format that the Governor started with. Mr. Hogan presented a memorandum from Robert Schroeder which explains the increase in federal funds and the decrease in general funds.

Representative Rhode moved and asked unanimous consent that the amended version of finance committee substitute for House Bill 920 be accepted. The Committee concurred that a new Committee Report need not be signed. There being no objection to the motion, it was so ordered.

HB 920
REVISED
FORMAT
APPROVED

Vice-Chairman Freeman brought HB 750 up for consideration.

HB 750

"An Act making a special appropriation to the University of Alaska Geophysical Institute for implementation of the LANDSAT Quick Look System; and providing for an effective date."

Representative Snider explained the purpose of HB 750 and stated the Quick Look System could get photos of the state within five hours. He advised the committee substitute provides funding for conducting a training program, and conducting a demonstration of the utility.

(Representative Meekins arrived at this time.)

5/23/78

Representative Rhode asked why the original appropriation was reduced. Professor Merritt stated the original bill included money for an expensive piece of hardware. He stated the LANDSAT system can see things in great detail, but not the state as a whole at one time. He stated the original bill did not include funding for training personnel.

(Representative Gruening arrived at this time.)

Professor Merritt stated what they are trying to do for one year is use what is available. Mr. Stringer advised that the equipment they are considering purchasing is digital type equipment. He stated the cost on this is going down. He stated they feel in the next few years there will be a considerable improvement in the equipment in addition to a lessening of the cost.

Vice-Chairman Freeman asked if the \$265,000 included funding for positions. Professor Merritt stated they would not be hiring new people, but it would pay for existing people. He stated it would pay for personnel who generally work on a contract basis.

In answer to a question from Representative Meekins, Professor Merritt stated what they are talking about in this bill is the whole approach to doing the work. The piece of equipment they were talking about buying would only make it available to look at the LANDSAT. He stated the data presently exists, they need the personnel to get the information, analyze it for Alaska, and use it.

Representative Meekins asked how this system would help with forest fires. Professor Merritt stated they expect to try and locate the fire ahead of reports, notify the appropriate agencies, locate it on LANDSAT imagery, and be able to tell what is burning and how valuable it is.

ViceChairman Freeman asked if the people to be paid for in the bill are actually working for the University now. Professor Merritt stated they were. Vice-Chairman Freeman asked if adding this amount here would lead to a reduction in the University budget. Professor Merritt stated it would not. He stated the employees are doing work on federal grants and contracts. He stated that passage of this would essentially be viewed as another contract. Vice-Chairman Freeman stated the amount seems to be quite high. Professor Merritt stated they have to put money into a reserve for a mandatory pay raise. He stated this reserve is 10%. He stated the reason for this is if there is a mandatory pay raise, they couldn't go back and pay the raise with state funds.

5/23/78

Mr. Scott stated the University Board of Regents decided in FY 79 to allow the institute to keep 100% of its overhead costs. He stated from that amount they are to cover their overhead costs. He advised he didn't think this should be funded in this bill. Mr. Scott stated a good portion of the overhead would be charges of statewide administration of the University. He stated he doesn't think the state should be paying for this again through this project. Professor Merritt advised he received those figures from the business office. There was discussion on costs. Professor Merritt stated he would certainly have no objection to changing the figures in the bill according to these guidelines. He stated if they can get the cost of doing business down, it would be beneficial to them.

Vice-Chairman Freeman stated he was skeptical of the program. Representative Meekins asked if Mr. Scott recommended they not fund annual leave. Mr. Scott stated he would recommend that they not fund the salary increment. He stated his concern with annual leave would be that the University be required to set those funds aside in a reserve. Representative Meekins asked what the auditor overhead was. Mr. Scott stated this is the amount the University claims is the impact of having the grant, it is the administration time, etc., and is a percentage of the salary (57.9%).

Mr. Scott stated his other concern is charging the state 57.9% for using state funds. He wondered if the state should allow the University to charge overhead rates for state funds. Professor Merritt stated his understanding is that with contracts other than with federal agencies, this overhead rate is negotiable; however, he doesn't have the authority to negotiate this.

Vice-Chairman Freeman stated his concern is with what they are getting for \$265,000. Representative Meekins stated he thinks this is a good bill. He stated he would like to get it out of Committee as it is sponsored by all members of the House. He stated he does find it hard to believe they need 59.7% (\$60,000) in reserves for overhead.

Mr. Merritt advised the University is determined that Research going on will not create a burden to the educational programs. He stated the idea is that Research has to carry its own weight, and that the 59.7% pays their operating costs.

Representative Gruening stated he would like to take action on this bill. He stated he also thinks the overhead is a bit high, but thinks at this point a reduction would be arbitrary.

5/23/78

(Representative Duncan arrived at this time.)

There was further discussion on the system. Professor Merritt stated that in addition to forest fires, they would look at ice conditions and flooding. Representative Snider advised the Bureau of Land Management is interested in what would be generated.

Representative Gruening moved and asked unanimous consent that a finance committee substitute be reported out at the figure of \$214,000, which would reduce the overhead by \$41,300 and would be 90% of overhead of salaries. He recommended that as the bill progresses, Mr. Scott work with the business office to work the exact figures out.

FINANCE
CSHB 750

Representative Meekins asked if wording should be included regarding annual leave. Mr. Scott suggested staff be directed to get together with the Commissioner of Administration and the University to work out the funding of annual leave. He recommended this not be made a condition of this bill.

There being no objection to the motion, it was so ordered. CSHB 750 was reported out with a "do pass" recommendation.

CSHB 750
REPORTED
OUT
ADJOURN

The meeting adjourned at 9:55 a.m.

HOUSE FINANCE COMMITTEE

May 23, 1978

4:20 p.m.

All members of the Committee were in attendance except Representative Cowper. Also in attendance were Representatives Osterback, Carpenter, Parr, Miller and Chatterton; Fran Ulmer and Bill Leria, Division of Policy Development and Planning, Office of the Governor.

PRESENT

Vice-Chairman Freeman called the meeting to order and brought HCR 85 up for discussion.

HCR 85

"Relating to the State Personnel Act (AS 39.25)."

Representative Duncan advised the purpose of this bill is to establish a "blue ribbon" commission to study and refine the State Personnel Act. He stated this is to be done by the Legislative Council in cooperation with the Director of Personnel. With regard to the fiscal note, Representative Duncan stated it would be his intent to stay with the original fiscal note prepared on March 2, 1978 by Flavin.

Representative Duncan presented a proposed amendment to the Resolution, which is to be added after line 22 (see attachment). He stated this amendment was requested by Chairman Cowper. There was discussion on the need for the Commission. Representative Swanson expressed concern on who will select the Commission, and stated he would not support the resolution.

Representative Meekins moved that a finance committee substitute be prepared, incorporating Chairman Cowper's amendment, and that the resolution be reported out. Representative Swanson objected. The question was called for: 8 in favor, 1 opposed. The motion carried. CSHCR 85 was reported out with a "do pass" recommendation.

CSHCR 85
REPORTED
OUT

Vice-Chairman Freeman brought HB 838 up for discussion.

HB 838

"An Act relating to the North Slope Haul Road."

Mr. Hogan presented proposed changes to the Bill which were requested by Chairman Cowper (see attachment). Vice-Chairman Freeman stated his conversations with the sponsors of the bill indicate they are not in favor of these amendments. He stated if this is the case, it would be his intent to accept testimony at this time, but not move the bill out of Committee until Chairman Cowper was here to speak on his amendment.

5/23/78

Representative Parr stated the only reason the bill had to be introduced was because the Governor had plans to treat the Haul Road different from any other highway. Regarding the amendment, Representative Parr stated it would have the effect of killing the bill by giving all the discretion for the Road back to the Commissioner of Transportation. He stated the Commissioner currently has that authority under statute, and this amendment would negate the purpose of the bill.

Representative Meekins stated he agreed with this analysis, but he can see problems with the facilities. He stated it seems there might be some public purpose in making sure there are facilities. Representative Parr responded that when he first drove the AlCan, it didn't have any facilities. He stated he believes if the people know there is no gas or food available, he would assume they had enough sense to take along the necessities. Representative Gruening stated there is a tendency among people now to sue if something happens. He wondered if by opening the Road the state is implying there will be some sort of facilities. Representative Parr answered that while taking testimony in the HESS Committee on Emergency Medical Services, it became clear that these kind of services are not offered now on the Denali Highway and others. He stated if the State has an obligation, it is not being met on current highways, and he has not heard that the State is liable. There was brief discussion.

Representative Carpenter stated he concurs with Representative Parr's comments that the amendment "guts" the bill. Regarding the question of which comes first, the cars or the facilities, Representative Carpenter commented that Ford didn't wait for Howard Johnson to come along before he built cars. He stated he thinks the same thing applies here.

Fran Ulmer, Director, Division of Policy Development and Planning, advised she sent a letter to the Committee expressing their concerns with the bill. She stated she would like to emphasis page 3, paragraph 2 of that letter wherein she stated there is a problem with no facilities and no land available on which these facilities could be located. Ms. Ulmer stated they continue to believe this is a serious problem because the Road is located in a federally owned corridor. She stated it was possible that land could be made available, but certainly not before October 1978. Ms. Ulmer stated they are concerned because this is a wilderness highway.

Ms. Ulmer stated there are technical problems with the bill that should be considered. She referred to section 4 and stated there was a question as to the regulations for hunting and fishing. She also stated section 4 does not state how far away from the road mechanical vehicles cannot be driven. Ms. Ulmer stated land availability is the most serious problem.

Concerning the question of whether or not this bill is necessary in order for the Road to open, Ms. Ulmer stated there is a contract between the State and Alyeska, in which the State promises to maintain the highway for Alyeska's purposes. She stated that does require that the Road be open. Ms. Ulmer advised that if the State were to close the Road it would be required to make a pay-back to the Federal Highway Administration.

There was discussion on availability of land along the highway. Representative Schaeffer questioned the costs of opening the Road. Ms. Ulmer stated they have not prepared any final figures. She stated the cost would depend on what had to be provided. Mr. Bill Leria, Division of Policy Development and Planning, advised that in terms of maintenance there would be a difference of approximately \$600,000 between opening the Road for industrial use and unrestricted opening. Vice-Chairman Freeman asked if the cost of maintenance depended on how much the State decided they wanted to provide. Mr. Leria stated that was correct, and their figures are based on their best estimates. Ms. Ulmer suggested these questions could be better answered by the Department of Transportation.

Ms. Ulmer commented their principal objection is a philosophic one. She stated it is a policy question on whether or not the road should be opened. She stated that should the Legislature decide to open the Road to the public, her letter of May 19, 1978 outlines the objections of the Office of the Governor. She stated they think the October 1978 deadline is not realistic.

Representative Gruening stated he would like to explore the liability aspect. Ms. Ulmer stated questions regarding this should probably be addressed to the Attorney General.

Mr. Ben Benediktsson, Alaska Truckers Association, stated their contention is that the State would be able to apply for larger areas or those material sites already prepared for facilities. He stated they contend that the State has not looked at these possibilities. Mr. Benediktsson stated they feel the same standards should be applied to this road that are applied to the rest of the State.

Representative Gruening asked if they were supporting public use because they wanted to see the Road opened to the public, or because they didn't want to see a toll situation arise. Mr. Benediktsson stated they obviously didn't want to see a toll situation and they don't think it is needed. He stated the Governor has already indicated he would open the Road for industrial use. He advised the ATA Board of Directors directed that the Association would take the position that this road should be treated like any other road in the State.

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There was discussion on tolls. Ms. Ulmer stated she didn't think a toll was recommended; they were discussing user fees. Mr. Benediktsson stated his understanding is that a user fee could be assessed, but it would have to be done state-wide, not for a particular road.

HB 838
HELD OVER

The meeting adjourned at 5:15 p.m.

ADJOURN

Tape HFC 78-117 #1401 to end
78-118 # 001 to 660

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PROPOSED AMENDMENT TO HCR 85

Add after line 22:

to include an investigation of the feasibility of decentralizing the hire of employees and a method for regularizing the hiring of specialists who, because of higher comparable salaries in the private sector for the skills involved, must be paid at levels in excess of the salary schedule,

HB 838 (Haul Road) should allow traffic on the road only when the Department of Public Safety certifies that there are sufficient facilities to assure the road can be traveled in reasonable safety.

The Administration is concerned lest we open up the road to the public without any facilities (i.e., gas, police, etc.)

We should be sure that Public Safety is included in the fiscal note. The Administration will have figures here.

HOUSE FINANCE COMMITTEE

May 24, 1978

9:00 a.m.

All members of the Committee were present except Representatives Cowper and Schaeffer. (Representatives Swanson and Gruening arrived later in the meeting). Also present were Representative Bradley and Pat Conheady, Division of Lands.

PRESENT

Vice-Chairman called the meeting to order and brought HB 720 up for consideration.

HB 720

"An Act relating to state land; and providing for an effective date."

Representative Duncan referred to the finance committee substitute for HB 720 and moved on page 1, line 29 to delete AS 38.08.080 and AS 40.15.200. Vice-Chairman Freeman objected.

(Representative Swanson arrived.)

Representative Duncan stated that if AS 38.08.080 were left in the bill, they would be by-passing the municipal zoning rights. Vice-Chairman Freeman stated this applies only to the "first go-around".

(Representative Gruening arrived.)

Vice-Chairman Freeman stated what they are trying to do here is offer a viable alternative to the Bierne initiative. He stated he didn't think they would be acting responsibly if they were to leave the Bierne initiative as the only choice. Vice-Chairman Freeman stated this section applies only to the "emergency" period and doesn't apply after 1980.

Representative Duncan stated section AS 40.15.200 deals with regulation of subdivisions and the ability of the municipality to regulate. Vice-Chairman Freeman stated this is also only exempted during the "emergency" period until November.

Representative Gruening commented that he did not think anything could be done between now and November within the provisions of the bill that would satisfy people. He stated he would be more comfortable with an effective date contingent on the failure of the Bierne Initiative.

Representative Buchholdt asked what the long term plan for land use was. Mr. Rogers (Administrative Assistant to Representative Bradley) stated there are two policies within the bill; one is to get the land out to the people immediately as proof that the land is available, and after that there is a long range plan (page 2 and 3 of the bill).

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Representative Gruening asked how much land is located within municipalities. Mr. Conheady, Division of Lands, stated most of the land is located in the Mat-Su Borough. He stated there was very little in Southeast when they didn't include Mental Health lands. Representative Gruening commented the bill does include Mental Health lands. Representative Meekins stated he thought the purpose of the bill was to give land in areas relatively removed from urban areas. Vice-Chairman Freeman commented he didn't think you would find much mental health land in the middle of cities.

Representative Duncan asked if they could be getting into a legal problem if they over-ride home rule of municipalities. Vice-Chairman Freeman stated this might be a problem, but he didn't think they should lose sight of the fact that municipal governments are the "child" of state government, and the state gives them their powers.

Representative Gruening stated the problem with leaving these sections in is that he doesn't think it will accomplish anything, and it will not encourage good planning and zoning. He stated he thinks this is creating a bad precedent.

The Question on the motion was called for: 5 in favor, 3 opposed. AS 38.08.080 and AS 40.15.200 were deleted from Section 2 (d).

Representative Duncan referred to page 16, section 15 and stated his understanding is that this section gets into the local municipalities right to regulate land. He stated it takes away any approval rights of the local planning authority. There was discussion. Vice-Chairman Freeman stated this, again, is a policy decision. Representative Duncan moved to delete section 15, page 16. Vice-Chairman Freeman objected. After brief discussion, Representative Duncan withdrew his motion.

Representative Duncan asked if there was a difference between "designated" and "classified". Mr. Conheady stated there was. He stated that "classified" is required, where "designated" is just that. Representative Duncan recommended changing "designated" to "classified" in Section 15, and adding "and approved" back in. There was discussion. Mr. Rogers commented that if classified is used here, it must be used throughout the bill. He stated the question of adding "and approved" should be considered separately. There was brief discussion.

Vice-Chairman Freeman stated discussion would continue at this afternoon's meeting.

The meeting adjourned at 10:05 p.m.

ADJOURN

Tape HFC 78-118 #663 - 1659

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HOUSE FINANCE COMMITTEE

May 24, 1978

3:05 p.m.

All members of the Committee were in attendance except Representative Buchholdt. (Representative Gruening arrived later in the meeting.) Also in attendance were: Jim Rolle, Alaska Municipal League; Representative Snider; Dick Holden, Department of Transportation and Public Facilities; and Rick Barrier, Alaska Court System.

PRESENT

Chairman Cowper called the meeting to order and brought HB 720 up for consideration.

HB 720

"An Act relating to homesites; and providing for an effective date."

Chairman Cowper requested that Representative Freeman, as Chairman of the Subcommittee on HB 720, Chair this portion of the meeting. Chairman Freeman recapped what had been discussed to date in Committee meetings.

Representative Duncan moved to delete Section 15 of the bill (page 16, lines 8-18) and insert in its place:

* Sec. 15. As 38.08.070 is repealed and re-enacted to read:

Sec. 38.080.070. LAND LOCATED WITHIN MUNICIPALITIES. The director, in consultation with the local planning authority of an organized borough or city, may designate or classify state land located within the city or borough for homesite entry consistent with established land use policies of the borough or city.

Chairman Freeman stated he had no objection to this. There was brief discussion. There being no objection, it was so ordered.

Chairman Freeman moved to add the following language to Section 15, to be inserted after the language accepted in the previous motion:

"Nothing in this section or other provisions of law which entitle an organized borough or city to select state land located within its boundaries prevents the director from selecting, designating, or classifying for homesite entry land which would otherwise be available for borough or city selection. If designated or classified for homesite entry, the land is not available for city or borough selection."

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Representative Duncan objected. The Question was called for: 6 in favor, 3 opposed. The motion carried.

Representative Cowper suggested the Committee discuss the possibility of setting this up as an alternative proposition to the Bierne Initiative on the ballot. He stated he thinks they will have to play "hard ball" with the Initiative.

(Representative Gruening arrived at this time.)

Representative Cowper stated that if the Committee concurred that it was a good idea to put this on the ballot, he would suggest they ask for drafting assistance to amend the bill to reflect that decision. Representative Gruening stated he thought mental health lands should be separated from the initiative and be made effective immediately. There was brief discussion on the mental health lands. Chairman Freeman stated he was sold on the idea of having the section on mental health lands involved in this bill. He stated he believes the bill will have more appeal with those sections included. Representative Gruening stated the problem with mental health lands goes beyond this bill. He suggested if the passage of the homesite bill it going to be made provisional upon the approval of the voters, then the mental health lands problem should be addressed separately. There was further discussion on putting the bill on the ballot. Representative Cowper suggested passing the bill out and going to caucus with the idea of putting this on the ballot. He stated if the caucus decided to do this the bill could be revised in rules or free conference.

Chairman Freeman returned the gavel to Representative Cowper.

Representative Swanson moved and asked unanimous consent that a finance committee substitute be drafted, incorporating the latest finance work draft of CSHB 720 and the changes approved at this meeting. There being no objection, it was so ordered. CSHB 720 (finance) was reported out with a "do pass" recommendation.

CSHB 720
REPORTED
OUT

Chairman Cowper stated they have received a new fiscal note for CSHB 763 (An Act relating to Commercial Fishing and Agriculture) dated 5/22/78 in the amount of \$100.0. The Committee had no objection to the fiscal note. Chairman Cowper advised CSHB 763 had been reported out of Committee on April 25, 1978.

FISCAL NOTE
CSHB 763

Chairman Cowper brought HB 925 and HB 926 up for consideration.

HB 925 &
HB 926

5/24/78

HB 925 "An Act establishing the Alaska Film Commission."

HB 926 "An Act making a special appropriation to the Alaska Film Commission for the costs of its operations for one year; and providing for an effective date."

Representative Snider advised that HB 925 sets up the Alaska Film Commission. He stated that by doing so, it joins 31 other states. He said the main purpose of the commission is to promote filming and t.v. within the state. Representative Snider stated that of the 31 commissions set up in other states, they range from 3 to 51 members. He advised this bill sets up a five member commission. He advised that the second part of HB 925 provides a grants program to individual resident film makers to encourage filming in the state.

Representative Snider stated that HB 926 sets up funding for the Commission. He stated they didn't request funds for the grant program because he thought the Commission would spend its first year getting organized, establishing contacts, etc.

Chairman Cowper moved to report out a finance committee substitute for HB 925 adding a new section (2) to state: soliciting and receiving funds from foundations, corporations, governments, and other entities or individuals for the support of media in the state;". There being no objection it was so ordered. HB 925 was reported out with a do pass recommendation.

CSHB 925
REPORTED
OUT

Chairman Cowper moved to report out a finance committee substitute for HB 926 changing "\$50,000" to "\$55,000". There being no objection, it was so ordered. CSHB 926 was reported out with a do pass recommendation.

CSHB 926
REPORTED
OUT

Chairman Cowper brought HB 767 up for consideration.

HB 767

"An Act relating to compensation for violent crimes."

Representative Meekins presented a proposed sponsor substitute which he had drafted. He stated that with the current language, if there is any kind of relationship between the person committing the crime and the victim, even if they barely know each other, the victim cannot be compensated. He stated he thinks the critical point is that the offender does not benefit. He stated the revised language states that if the people are living together they are totally excluded. He stated this bill is limited to a very small group of people.

Representative Freeman moved to report out a finance committee substitute for HB 767, incorporating Representative Meekins sponsor substitute. There being no objection, it was so ordered. CSHB 767 was reported out with a "do pass" recommendation.

CSHB 767
REPORTED
OUT

5/24/78

Chairman Cowper stated the Committee would continue to work on the CAPITAL BUDGET. He stated the Committee has adopted all figures accepted by both the Senate and the Governor. There was discussion on what had been done in the TRANSPORTATION budget category. Representative Swanson stated they left off when discussing his bike trail request. There was discussion.

CAPITAL
BUDGET

Representative Freeman stated that at an earlier meeting there was a question regarding Representative Rudd's request to change the priority on Johns Road. He asked that Mr. Holden comment on this. Mr. Dick Holden, Department of Transportation and Public Facilities, stated prioritization is the Department's responsibility. He stated if the legislature wishes to change a priority, they can do so. He stated the legislature can also delete a project; however, he stated if they wanted to add a project to be built with federal funds he would have to go back to AMATS and request the project.

TRANSPOR-
TATION

Chairman Cowper asked what it cost to pave a road. Mr. Holden stated it was approximately \$1 million per mile. Chairman Cowper asked what it cost to upgrade a gravel road. Mr. Holden stated it cost about \$1 1/2 million for the road bed and \$ 1 1/2 million for paving.

Mr. Holden commented on the allocation process within the Department. He suggested that if the Legislature wants to maintain control of the funds they might want to allocate state money to projects. He suggested a regional appropriation and allocate within that.

Representative Swanson stated his understanding is that there are two programs for bike paths and foot trails. One is the Local Services Road and Trails, and the other is 3/8 of 1% of federal matching funds. Representative Swanson stated he asked for a bike path from Delta to Fort Greely, and there was some question on whether or not it could go under LSRT. He asked for Mr. Holden's comments. Chairman Cowper asked if they could mandate that a bike trail be out of federal funds. Mr. Holden said no, the Department can't propose what to do with federal money. He stated the LSRT program is a local mandate; and there is a problem with federal funds to the extent that they must be eligible for the funds at the federal end. He suggested they not use the LSRT funds for Representative Swanson's request, but line item it in the bond bill and fund the project out of state funds.

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Representative Haugen asked how much bike trails cost and Mr. Holden stated about \$40,000 per mile. There was discussion on Representative Swanson's project.

Representative Swanson moved to add \$125.0 in general funds to the capital budget for a Fort Greely/Delta bike path. Chairman Cowper stated this was under the assumption that if this was in the bond issue it would be taken out here. There was discussion on other bike trails. Chairman Cowper moved to amend Representative Swanson's motion to include \$300.0 for Bike Trails and Footpaths in the NRMEC category and \$200.0 to Anchorage Bike Trails in the TRANSPORTATION category. Representative Swanson stated his \$125.0 is to go in TRANSPORTATION. There was no objection to the amendment. There was no objection to the main motion as amended.

TRANSPORTATION & NRMEC

Representative Schaeffer moved to add \$5.0 under the Western Region for purchase and installation of runway deflectors at Kobuk. There being no objection, it was so ordered.

TRANSPORTATION

Representative Guy moved to add \$244,950 for airport lighting at Mekoryuk and \$150,000 for airport lighting at Akolmiut. He stated these villages are not in the airport bond bill. There was discussion on putting these projects into the bond bill. Chairman Cowper objected to the motion. The question was called for: 7 in favor, 3 opposed. The motion carried.

Mr. Hogan reminded the Committee that at the previous meeting on the Transportation capital budget several items were left open. One was the \$1.5 million for up-grading of Fairview Loop Road. Chairman Cowper requested that this continue to be left open. Mr. Hogan stated the other item left open was \$60.0 for North Point Road. Representative Rhode stated he hasn't received the necessary information on this, so he will not include it.

Representative Duncan stated there was an item left open in the EDUCATION category. He moved to add the senate figure of \$245.0 for the Haines Borough School Vocational Education Building. There was brief discussion. There being no objection, it was so ordered.

EDUCATION

Returning to the TRANSPORTATION category, Representative Freeman moved to include legislative intent that the prioritization on Johns Road be changed from 1979 to 1978. There was discussion. Chairman Cowper stated it would be in order to hold this until they found out what Representative Rudd wanted here.

TRANSPORTATION

Representative Gruening stated he has received a request from Representative Cotten to add \$100.0 for an emergency vehicle shop on Birchwood Airport Strip. He moved to add that amount. There being no objection, it was so ordered.

5/24/78