

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2691

Representative McKinnon asked if Professional Services funding function would be transferred. Mr. McConkie indicated no and stated this is a joint analysis, that they provide half the funds and that this is an on-going program.

Chairman Meekins brought up the subject of statute authority being needed to effect these changes. Discussion followed, with Chairman Meekins reading a portion of the existing statute.

Chairman Meekins then requested the Department send their decisions to make budget cuts up to 15% as presented in the HFC letter and that they be in increments and in order of priority.

Representative Smith brought up the subject of contracting with the University of Alaska on various research projects. Mr. McConkie then gave his explanation of why he made his decision not to go ahead with the UA research windmill project. There was brief discussion.

There was discussion of duplication of efforts between the Permanent Fund (energy and power projects) and the Renewable Resources Corporation, with Chairman Meekins assigning Representative Rogers to look into this subject--check through statutes--and report back to the Committee Monday, February 19.

Chairman Meekins cited as an example the barley protein study. He asked about inter-facing with them as a DP-DP project. Mr. McConkie stated they will take some of the project management risk. He indicated their function is toward commercial development; once it is off and running, they move on to the next project.

Representative Rogers commented it is his understanding Renewable Resources Corporation gets into things that are highly speculative; something that banks would not get into. He also indicated last year's bill goes beyond the intent of the renewable resources money.

Chairman Meekins advised the Renewable Resources Corporation budget would be addressed at the end of the DEVELOPMENT category.

Representative Duncan requested the status on the 1978 legislation regarding the Alaska arts and crafts identification. Dick Eakins advised the statute requires that a seal be affixed to the art object. He stated this has been designed and will be delivered to the artists as requested. Representative Duncan asked if the \$108.7

has been expended, and Mr. Eakins indicated it has been cut back and that it will be expended by the end of the year.

Representative Duncan then asked the status of the 1978 legislation Ch. 159, commercial fishing and agricultural appropriation. Mr. Eakins advised they were responsible for three components: (1) the drawing up of bylaws, which has been done; (2) a capitalization needs study, which has been contracted out. He indicated the figures will be available in March, and a full analysis available April 1; and (3) recommendation of candidates for consideration of appointment.

Representative Duncan requested an overview of the Professional Services funding (see HFC Minutes, page 180). Regarding the timber industry, Mr. Eakins explained one of the problems is the withdrawing of lands and the imposition of new requirements for environmental protection. He advised this study is an attempt to find a new market and analysis of stumpage assessment. He stated those will be contracted out and are in the proposed budget.

The barley protein study, Mr. Eakins advised, is an extension of the Delta Junction barley program--a continuation of developing new strains.

Regarding the Alaska Denmark Fisheries Council, Mr. Eakins stated this is an advisory group sent to Denmark.

Commissioner Webber advised the reverse investment advisor is to entice foreign development in Alaska.

Mr. McConkie briefly explained the items under Research, Planning and Analysis. Representative Duncan asked if the Bottomfish Energy Analysis was not a duplication of what the Governor's office was doing, and Chairman Meekins asked if this didn't apply to the capital outlay account. Mr. McConkie indicated, in the past, this has not been the case. He stated these are the professional fees and services portion combined to meet the reorganization. He noted they deleted the \$22.0 for waste heat and forage and cubing study.

Lois Cook advised this is in the continuation budget and that this is the most recent budget on the reorganization. In answer to a question, she indicated the Reverse Investment Advisor, Wood, Wood Waste and Power Production Study and Phase II Economic Development Plan have not been approved by the Governor.

Representative Duncan asked how much is federal money, and Mr. McConkie replied none. Representative Duncan then asked if they would get the Governor's approval, and Mr. McConkie indicated yes.

Representative McKinnon requested the Finance Committee get a legal opinion to see if this requires an executive order. Chairman Meekins advised this would be requested.

There was further discussion on the Professional Services funding, with Chairman Meekins noting there is no industrial development. Ms. Cook indicated this is not a fine line budget. Representative Duncan stated he was not impressed with the budget for Professional Services funding. He commented they recommended changes without consulting the division directors, etc., and that it does not include rationale on why some items were cut and others proposed, etc. He indicated he would not support it.

After further discussion on the reorganization, Chairman Meekins proposed the following method for proceeding. He stated the Committee would request a legal opinion regarding the Department's authority. He asked that the Commissioner prepare the previously requested list of 15% reductions and supply backup regarding the switches together with a complete analysis of the budget, such as the one supplied in the Red Book, so that the Committee can track through and have accurate judgments. Commissioner Webber indicated compliance and that this information would be supplied the Committee by Monday, February 19.

Chairman Meekins advised a separate day would be set aside to hear testimony on Loan Fund Administration and Veteran's Loan Fund. He stated the next BRU to be considered is Tourism.

In his introductory comments to the Committee, Richard Montague stated the Division of Tourism was established in Alaska in 1961 for economic development. He advised the purpose is to stimulate the flow and increase the amount of capital in Alaska. He advised pleasure visitors to Alaska generate \$200 million annually. Chairman Meekins asked how tourism ranks with other industries in bringing in money to the State. Mr. Montague replied it is the second or third largest industry, depending on which study you look at. There was brief discussion on the independent studies performed.

TOURISM

Mr. Montague commented he feels tourism is the industry most reactive to government spending. He advised the annual number of visitors has doubled in four years, due to cooperative marketing of State and private efforts

with the industry. He stated tourism generates \$3.6 million annually--60% by the State and 40% by the private sector.

Mr. Montague discussed the \$1/4 million Reader's Digest ad that appeared in the January issue. He stated there were 225,000 responses to the ad, which was an all-time record for a Reader's Digest response. He referred to the Alaska tourism books, "Worlds of Alaska" and "The Alaska Experience", and stated there were 350 copies printed at 35¢ each. In answer to a question, he replied they were printed in Chicago and are available to anyone who writes for information on Alaska. He advised a response to the Reader's Digest ad entitles that person, for \$1.00, to receive the two Alaska tourism books by first class mail.

Chairman Meekins asked what benefit Alaska receives from the ad campaign. Mr. Montague responded they have conversion studies of actual travels which indicate Alaska does benefit from this. He also stated the majority of visitors come to Alaska for special interest activities, such as sport fishing and backpacking. In answer to a question, he advised they do not promote hunting.

Representative Rogers asked if the travel promotion specialist position was still vacant, and Mr. Montague replied that it was filled.

Representative Smith brought up the subject of the Division contracting with a firm in Hawaii. She stated this was not in the Red Book but that she found out through complaints. Chairman Meekins asked how they arrived at this decision. Mr. Montague responded this was on the advice of the private sector, as it was funded half by them (\$400,000) and half by the State (\$350,000). He commented the contract was let to the lowest bidder. He stated they received 14 proposals, and selected the top five. Of those five, he advised, three made oral presentations, and their decision was based on those presentations. He then listed those who served as judges. Mr. Montague also advised this year's decision has yet to be announced. In answer to a question, he replied last year's contract was with a firm in Hawaii.

There was further discussion on the decision for out-of-state contracts, with Chairman Meekins and Representative Smith commenting on their views. Commissioner Webber stated he agrees with Chairman Meekins comments on in-house abilities to provide services under this contract, but again pointed out they are dealing with half the employees and the funds in the tourism industry being represented by the private sector, which they must take into consideration.

Commenting on postage, Representative Duncan asked if this was for routine mailing (inquiries) or if it applied to the coupon response (Reader's Digest and National Geographic). Mr. Montague indicated it did not apply to coupon response. He advised there are two outside contracts; one for advertising and one that takes care of the mailing fulfillment. He explained there is no one in Alaska who can print the two tourism books. He stated they are mailed from Chicago by third class mail with an Alaska postmark. He stated this way they avoid the cost of the books being shipped to Alaska for mailing.

Representative Duncan asked if there were any commitments for advertising in FY 80, and Mr. Montague indicated no.

There was brief discussion on Department of Transportation and Public Facilities with regard to bookings.

At this time, Eric Yould presented his overview on the Alaska Power Authority. He advised the FY 80 budget represents a 6% increase over the previous year. He discussed the differences between the Division of Energy and the APA. He stated the APA actually builds the projects. He stated they provide the financing for these projects, such as the Healey steam plant and Phase I of the Susitna hydroelectric plant, through the revenue bond market rather than using general fund money.

ALASKA POWER
AUTHORITY

Mr. Yould stated the APA was adopted in 1977 and requires that State funds be used to develop power projects throughout the State. He advised they have currently loaned out money to Kodiak, Juneau, Petersburg, Wrangell and Ketchikan.

Mr. Yould advised this represents the minimum budget that APA needs to proceed with the bond sales. In answer to a question, he replied they have five authorized positions and use contractual funds for the majority of the work done. He stated the studies are done by private consultants. In closing, he indicated they could live with a 15% reduction, but it would curtail or eliminate certain projects. He briefly discussed the capital budget submitted by APA.

[Chairman Meekins left the meeting at this time, and Vice Chairman Freeman conducted the meeting.]

There was brief discussion on the status of the various APA projects throughout the State. In answer to a question regarding the Susitna project, Mr. Yould indicated he, personally, did not feel the federal government would restrict the Susitna project in reference to HR 39 (D-2).

There was further discussion on alternatives to Susitna, with Mr. Yould stating he feels oil and gas are not as feasible, which leaves either coal or Susitna.

The problem of energy in rural Alaska was discussed. Mr. Yould indicated he did not see an immediate answer. He stated he felt their utility rates would still be high. In answer to a question, Mr. Yould replied APA has not looked into life-cycle costs.

Representative Guy asked about the study that was done some years ago on hydro-electric projects in South-western Alaska, specifically the Kizareli River in Kodiak. Mr. Yould stated he would provide Representative Guy with additional information on this project.

There was discussion on the single-wire ground return line. He noted there were some safety problems with it, but General Electric is in the process of reconsidering it as worthwhile.

Clarissa Quinlan gave a brief overview of her Division's functions and projections. She discussed a series of Rail Belt studies that have been contracted out. She explained the Rural Energy Option Policy and the Alaska Energy Emergency Plan. She advised energy conservation is totally federally funded. She discussed a new Schools and Hospitals Program. Ms. Quinlan talked about the Pilgrim Hot Springs project and the Nome area agriculture demonstration project.

ENERGY &
POWER
DEVELOPMENT

Vice Chairman requested Ms. Quinlan make available to the Committee her written testimony. Ms. Quinlan indicated she would do this and that she would be giving a presentation on the Research and Development program next week during the lunch hour.

The meeting adjourned at 4:15 p.m.

ADJOURN

Tape HFC 79-23 Side 2 #236 - End
 79-24 Side 1 #001 - End
 Side 2 #001 - End
 79-25 Side 1 #001 - #311

HOUSE FINANCE COMMITTEE
February 14, 1979
9:10 a.m.

All members of the Committee were in attendance, with Representatives Smith and Schaeffer arriving later in the meeting. Also in attendance: John Crandall, Administrative Assistant to Chairman Meekins; Milt Barker, Fiscal Analyst, Division of Legislative Finance.

PRESENT

Chairman Meekins called the meeting to order and stated the Committee would begin DEVELOPMENT budget close-outs.

Representative Freeman advised Chairman Meekins that yesterday the Committee finished hearing testimony from Eric Yould, Alaska Power Authority, and Clarissa Quinlan, Energy and Power Development.

Chairman Meekins briefly discussed the bills that would be addressed by the Committee on Friday, February 16. They are as follows: HB 26, HB 32 (Gardiner's bill, special appropriation to APA, \$3 million fiscal note), HB 34, HB 93 and HB 143.

BILLS TO BE
CONSIDERED
2-16-79

Chairman Meekins asked Representative Duncan to give a brief explanation of his bill (HB 26 - Relating to insurance coverage for persons receiving benefits under PERS and TRS). Representative Duncan advised this will extend group insurance to any temporary employee if he has been employed for 90 days.. He stated it came in with a \$1.7 million fiscal note, but that it is now substantially reduced because of the 90-day requirement (State Affairs CS).

Representative Rogers requested his bill (HB 34 - Relating to the preparation and distribution of a taxpayer's survey of the budget) be held pending receipt of the revised fiscal note.

Representative Montgomery briefly explained the bill assigned him (HB 143 - Supplemental appropriation to Department of Health & Social Services, Division of Public Assistance) by stating it is for paying debts, and he feels these bills should be paid.

Representative Freeman brought up the Susitna and Green Lake power projects, and Representative Haugen stated he feels all power projects--Sitka and Kodiak--should be addressed in one package to provide continuity. Chairman Meekins concurred and stated he and Representatives Haugen and Rogers would look into the matter.

POWER PROJECT
PACKAGE

[Representative Smith arrived at this time.]

Chairman Meekins announced he has requested a computer run be made on the Natural Resources (NRMEC) budget for information purposes, using the following formula: take out all new positions, 5% of what is left of the Governor's figure this year, 25% reduction from last year's travel, 15% from last year's contractual and commodities, zero out equipment completely and fund lands/bldgs and grants/claims at 100%. He advised this run would be available tomorrow, and it would give the Committee a good idea on where they stand with their budget reductions and where adjustments might be made.

There was brief discussion on the Committee's decision to zero out the OSHA program.

[Representative Schaeffer arrived at this time.]

OFFICE OF THE GOVERNOR

DEVELOPMENT
BUDGET
CLOSE-OUTS

ASIAN OFFICE: Representative Rogers noted there are five positions in the whole program; one in the Asian Office, one in Economic Enterprise, one in Alaska and one in Tokyo. There was discussion on the duties and functions of the personnel. Representative Haugen asked if this was Chuck Meacham's office, and Mr. Barker indicated no that he is just administrative support.

Representative Rogers moved to hold this BRU open until Representative Smith returns from the China trip. After further discussion on salary and benefits, Chairman Meekins moved to amend the motion to reduce the Governor's figure by 15%, making the Total Expenditure \$169.0, to be allocated anyway they want. There being no objection, it was so ordered.

POLICY DEVELOPMENT & PLANNING: Representative Duncan moved the Governor's figure of \$300.0. There being no objection, it was so ordered.

DEPARTMENT OF ADMINISTRATION

SURPLUS PROPERTY: Milt Barker advised they pass on surplus federal property to the State and other non-profit organizations. He explained they charge these recipients about 10% of the value of the property. Chairman Meekins asked if this applied to the State, and Mr. Barker replied they are not part of this program. Mr. Barker stated of the \$400.0 of surplus property disbursed last year, Alaska received \$31.0.

Representative Duncan moved the Governor's figure \$252.7. There being no objection, it was so ordered.

DEPARTMENT OF REVENUE

ALASKA RENEWABLE RESOURCES CORP: Chairman Meekins noted OPEN this is new and that it would be held OPEN pending testimony.

SHARED TAXES, Municipal Assistance: Representative Duncan moved the Governor's figure \$12,000.0. Discussion followed on the 15% cut applying to revenue sharing. Representative Duncan commented he feels revenue sharing and school foundations should not be cut 15% because the costs are increasing. He stated he feels the State can afford to fund this at level support. He stated what it comes down to is the 15% reduction by the State or asking that local taxes be increased by 15%.

Chairman Meekins stated he feels this is municipal bureaucracy Representative Duncan is discussing and a separate issue from the foundation program they are addressing right now.

Representative Smith commented one of the problems being faced in Fairbanks currently is they want the State to foot the bill so that the municipality can reduce the taxes, but at the same time, they are asking for local control.

Representative Montgomery commented the instructional unit is another real problem. He advised their budget is based on an instructional unit of \$31.9; last year it was \$29.0 per unit. Chairman Meekins asked about the money allocated to the foundation, and Representative Montgomery responded it goes to schools. Representative Montgomery asked if it wouldn't be incumbent upon the Legislature to notify the borough assembly if the instructional unit is not going to be funded at \$31.9.

During further discussion, Representative Duncan stated he advocates holding the line on local government. He added he is not asking for an increase, just that they be given the same dollars.

Representative Freeman argued that revenue sharing and school foundation are not the same. Chairman Meekins agreed and cited California's Proposition 13 (Property Tax Cut) and the six-month backlash, which really makes it a false issue. Representative Freeman stated he doesn't feel they have to cut every BRU 15%--in every area. He stated he feels they have to set priorities.

[The meeting recessed at 10:30 a.m. and reconvened at 11:00 a.m.]

Representative Freeman noted the maintenance and request figures are both at \$19,500.0, and assuming this is correct, the Governor has already cut this. Chairman Meekins advised, last year, they got 16% of the gross receipts back, and the Governor complied with intent and kept this level.

Chairman Meekins moved to amend the figure to \$10,800.0, which represents a 10% reduction over the Governor's figure. The question was called for, and the amendment to the motion carried (seven in favor; four opposed).

SHARED TAXES, Amusement & Gaming Tax: Chairman Meekins noted this has been reduced from the FY 79 authorized figure. Mr. Barker explained they over-estimated last year.

Representative Freeman moved the Governor's figure of \$36.0. Representative Duncan moved to amend the figure to \$0. There was discussion. The question was called for, and the amendment to the motion carried (six in favor; five opposed).

SHARED TAXES, Aviation Fuel Tax: Representative Rogers moved the Governor's figure \$110.0, noting it is an 18% reduction over the FY 79 figure. There being no objection, it was so ordered.

SHARED TAXES, Electric & Telephone Coop Tax: Chairman Meekins noted 100% of the tax goes back. He commented the State collects this and charges a nominal fee, and then it goes back to the municipality.

Representative Duncan brought up the question of the Finance Committee being consistent in their budget cuts. Discussion followed on the necessity for statutory changes. Representative Freeman commented the only thing they are doing here is just formalizing the law.

Representative Montgomery moved the Governor's figure \$1,250.0. There was discussion, with Representative Duncan commenting the Committee has now reversed its action. Representative Meekins moved to amend the figure to \$1,125.0, which is a 10% reduction of the Governor's figure. Representative Montgomery objected. The question was called for, and the amendment to the motion failed (four in favor; five opposed). During further discussion, Representative Rogers stated he feels the power to collect or not to collect taxes should be left up to the local government. There being objection to the main motion, it was so ordered. The figure is \$1,250.0.

SHARED TAXES, Liquor License Tax: Representative Montgomery moved the Governor's figure \$555.0. There being no objection, it was so ordered.

Representative Montgomery requested AMUSEMENT & GAMING TAXES be REOPENED. He requested the previous action be recinded and moved the Governor's figure \$36.0. There being no objection, it was so ordered.

REOPENED

SHARED TAXES, Fisheries Tax: Representative Haugen moved the Governor's figure \$1,066.1. There being no objection, it was so ordered.

MUNICIPAL BOND BANK: Representative Duncan moved the Governor's figure \$257.7. Chairman Meekins objected, then withdrew his objection. There being no further objection, it was so ordered.

At this time, Chairman Meekins announced there would be a joint session at 2:00 p.m. to hear a presentation by U.S. Senator Gravel, and the Committee would continue with DEVELOPMENT budget close-outs at 3:00 p.m. He further announced the hydro-electric power projects, with Eric Yould, APA, would be considered on Friday, February 16.

ANNOUNCEMENTS

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC ENTERPRISE, LOAN FUND ADMINISTRATION, and VETERANS LOAN FUND: Chairman Meekins advised these sections would be left OPEN, pending further testimony.

[Representative Guy arrived at this time.]

TOURISM: Chairman Meekins commented he disagrees with Dick Montague's remarks and stated he feels outside contracts are not necessary. Representative Smith pointed out that the contract did not go to the lowest bidder but that seven people voted based on three oral presentations.

There was further discussion, with Representatives Haugen and Montgomery noting the State has to take into consideration specifications when awarding contracts. Brief discussion followed on in-state versus out-of-state contracts.

Chairman Meekins noted an overall increase of 7.4%. Representative Rogers asked what the difference was between salary increase and salary adjustment. Mr. Barker explained the salary increase is the FY 79 cost of the rate this year and the salary adjustment is the FY 80 cost of the FY 79 increase.

Representative Montgomery moved the Governor's figure \$1,789.9. Representative Rogers objected. Representative Schaeffer requested this be done by line item.

Chairman Meekins moved \$44.8 in Personal Services. There being no objection, it was so ordered.

Chairman Meekins moved \$35.6 in Travel, which is a 10% reduction from the Governor's figure. Representative Smith objected, suggesting the reduction be done in Personal Services rather than Travel. Discussion followed, with Representative Duncan pointing out this budget has not increased, but just reflects inflation, for the past four years.

Chairman Meekins moved to recind the previous action and moved the Governor's Total Expenditure figure of \$1,789.9. The question was called for, and the motion carried (nine in favor; two opposed).

The meeting adjourned at 12:00 noon.

ADJOURN

Tape HFC 79-25 Side 2 #001 - End
 79-26 Side 1 #001 - End
 Side 2 #001 - End
 79-27 Side 1 #001 - #543

HOUSE FINANCE COMMITTEE
February 14, 1979
3:20 p.m.

All members of the Committee were in attendance. Representative Haugen arrived later in the meeting. Also present was Milt Barker, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and advised they would continue with close-outs of the DEVELOPMENT category.

DEVELOP-
MENT
CLOSE-
OUTS

Department of Commerce & Economic Development:

TOURISM: Representative Montgomery suggested that legislative intent be included stating that "a preference should be given to in-state firms in so far as possible." No objection was noted.

ALASKA POWER AUTHORITY: In Personal Services, Chairman Meekins stated he would like to take 5% from the Governor's figure. He moved the figure of \$153.8. No objection was noted.

Travel: Chairman Meekins moved the figure of \$29.4, which is a 25% reduction from last year. Representative Rogers objected. He stated APA's activities are expanding and, if anything, he thinks they will need additional funds. He removed his objection, stating the amount of the reduction is equal to their out of state travel. No further objection was noted.

Contractual: Representative Rogers commented that some of this was Susitna related, and asked if it should be taken out of contractual and put into the Susitna bill. Representative Duncan stated he would be hesitant to reduce contractual by very much. He stated there are a lot of small hydroprojects that haven't had feasibility studies done, and funds to do them will come out of contractual. There was brief discussion. Representative Duncan stated he is not sure the entire amount would be used for Susitna anymore. He stated he was going to submit a bill for a \$195.0 study for a hydroelectric project in Kake, and Mr. Yould told him not to introduce it because he thought he'd have enough money in his contractual budget to conduct the study. Representative Rogers asked if, when the APA was created, the intent was that eventually it would no longer be paid out of general funds. Representative Duncan said that was the intent, but they are not doing any building yet, they are still in the feasibility study stage. Representative Rogers moved the figure of \$277.7, which is the FY 79 figure. Six in favor. The motion carried.

Commodities: Chairman Meekins moved to accept the figure of \$2.9. Six in favor. The motion carried. Equipment: Chairman Meekins moved to accept the figure of \$4.0. No objection was noted.

(Representative Haugen arrived at this time.)

AGRICULTURAL DEVELOPMENT, STATE FAIRS: Representative Rogers moved to accept the figure of \$162.3. Representative McKinnon amended the motion to accept the figure of \$138.0 which is a 15% reduction. The motion carried with 6 in favor and 2 opposed (Rogers and Duncan).

AGRICULTURAL DEVELOPMENT, PLANT MATERIALS CENTER: Representative Moss stated they are trying to develop a seed for Alaska. He stated they are duplicating some of the University's work.

Personal Services: Chairman Meekins moved to accept a 5% reduction from the Governor's figure, which would be \$269.3. No objection was noted.

Travel: Representative Rogers moved to accept the figure of \$4.3, which he stated is a reduction of their out of state travel. No objection was noted.

Contractual: Chairman Meekins moved to accept the figure of \$49.4. Representative Rogers objected and stated a lot of the contractual is for rent and utilities, and if these figures had been under land/buildings they would not have been cut. Chairman Meekins commented there is \$7.0 for trucks, pick-ups, etc. operating and replacement costs. The motion carried with six in favor.

Commodities: Representative Haugen moved to accept the figure of \$20.0. No objection was noted.

There was further discussion on what they do under this BRU. Representative Rogers recommended this component be referred to the Special Committee on Agriculture, so they could look into what they do and see if it duplicates the University. Chairman Meekins stated he would like to zero this component out and transfer it to the University. He stated they could come back and do this after they receive a recommendation from the Special Committee on Agriculture.

The meeting adjourned at 4:05 p.m.

ADJOURN

Tape HFC 79-27 Side 1 #543 to end
Side 2 #001 to 330

2/14/79

HOUSE FINANCE COMMITTEE
February 15, 1979
9:20 a.m.

All members of the Committee were in attendance, except Representatives Haugen and Guy. Representative Duncan arrived later in the meeting. Also in attendance: John Crandall, Administrative Assistant to Chairman Meekins; Milt Barker, Fiscal Analyst, Legislative Finance.

PRESENT

Chairman Meekins called the meeting to order and advised the Committee would continue with DEVELOPMENT budget close-outs.

[Representative Duncan arrived at this time.]

DEPARTMENT OF NATURAL RESOURCES

DEVELOPMENT
BUDGET
CLOSE-OUTS

AGRICULTURAL DEVELOPMENT, Administration and Support: There was discussion on lapse figures, with Milt Barker explaining they are available from FY 78 only at the program level, not by line item. In answer to a question on whether money can be transferred between BRU's, Mr. Barker replied it depends if it is an appropriation or allocation. He advised the director and secretary are located in Palmer, and Dr. Honsinger, State Veterinarian, is located in Juneau.

There was a discussion on duplications with the University of Alaska. Representative Rogers commented these people do the development, and the University does the demonstration.

Mr. Barker gave year-to-date figures and stated they have spent 51% through January 31 and have an FY 78 lapse of \$17.6.

Personal Services: Chairman Meekins moved \$91.5, which represents a 5% reduction in the Governor's figure. There being no objection, it was so ordered.

Travel: Representative Montgomery moved the figure \$7.4, which deducts out-of-state travel of \$5.3. Representative Rogers moved to amend the figure to \$6.3, which is a 15% reduction after deducting out-of-state travel. The question was called for, and the motion carried.

Contractual: Chairman Meekins moved the figure \$27.3, which is 15% from FY 79. There being no objection, it was so ordered.

Commodities and Contractual: Chairman Meekins moved \$.9 in Commodities and \$0 in Equipment. There being no objection, it was so ordered.

Total Expenditure: \$126.0

AGRICULTURAL DEVELOPMENT, Agricultural Loan Fund:
Mr. Barker noted this is funded from agricultural loan earnings; no general fund involved.

Personal Services: Chairman Meekins moved the Governor's figure. Mr. Barker pointed out a loan examiner position vacant since 1976. He stated the salary is \$27.9 plus benefits and that YTD shows \$8.6 left in Personal Services.

Chairman Meekins moved to amend his motion to take out the vacant position and associated costs. He advised Mr. Barker would calculate the Personal Services figure. There being no objection, it was so ordered.

Travel: Mr. Barker advised there is 89% remaining. Representative Rogers commented he feels, though it doesn't look like general fund money, it is. There was discussion on the revolving loan fund.

Representative Rogers moved the figure \$9.4, which is 50% of the Governor's request. Representative Smith objected. There was discussion on the caseload. The question was called for, and the motion carried.

Contractual: Representative Rogers noted only 20% has been used. Chairman Meekins commented half is for professional fees.

Representative Rogers moved the FY 79 authorized figure \$20.5. There being no objection, it was so ordered.

Commodities: Chairman Meekins moved the Governor's figure \$1.0. There being no objection, it was so ordered.

Equipment: Chairman Meekins moved the Governor's figure \$.5. There being no objection, it was so ordered.

DEPARTMENT OF FISH AND GAME

KING CRAB QUALITY CONTROL BOARD: Chairman Meekins pointed out there was no hearing on this and added this would be a good candidate for "Sunset" review. Mr. Barker advised it is a dedicated fund and would not go into the general fund.

There was discussion on the promotion contract. Representative Freeman suggested leaving this BRU open pending further information. Representative Moss commented this looks like advertising promotion for the crab industry.

Representative Smith commented she feels this is private enterprise promotion, but State personnel is doing the backup on this, taking away Department time, which does not show up on the budget. Representative Freeman stated the king crab industry has been in existence since 1961, and this is their money. Chairman Meekins suggested intent that no State support services be used.

Representative Rogers tentatively moved the Governor's figures with INTENT that includes a performance audit by the Division of Legislative Audit and that, if this is not up for "Sunset" review, this be done next year.

INTENT

[The meeting recessed at 10:10 a.m. and reconvened at 10:40 a.m.]

RECESS

Chairman Meekins briefly discussed a memorandum from Bill Berrier regarding the DP-DP departmental reorganization. He advised the memorandum states the Governor will be submitting a budget amendment in the amount of \$1.5 million.

DP-DP
REORGANIZATION

There was brief discussion the Committee's working off the Budget Unit Summary page as opposed to the Component Budget Summary pages of the short form. Chairman Meekins advised this would be dealing with BRU's as opposed to allocations. Representative Duncan commented he feels the Committee should consider each page of the short form because this is the way Free Conference Committee does it.

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

LOCAL GOVERNMENT ASSISTANCE, Training & Development:

There was discussion on the functions of the program. Mr. Barker pointed out a vacant clerk typist III position since last August. There was further discussion on the Nome and Bethel positions, with Representative Montgomery commenting they are important to the rural areas.

Representative Moss moved the following figures, which represent a 15% reduction over FY 79: Personal Services - \$300.2; Travel - \$47.6; Contractual - \$46.7; Commodities - \$5.1; Equipment - \$2.5; Lands/Bldgs \$1.5. Representatives Freeman and Rogers objected. Representative Rogers stated his only objection is that probably the two positions that will be cut are in Bethel and Nome. Representative Smith stated they need the travel and not the positions. She stated this is being run by personnel in Anchorage who are not even going out to the rural areas. She stated she feels these two divisions should be merged, as they are duplicating the services now.

Representative Rogers moved to amend the motion to a INTENT Total Expenditure of \$401.1, with INTENT that the positions in Bethel and Nome be retained. The question was called for, and the motion carried (seven in favor, two opposed).

LOCAL GOVERNMENT ASSISTANCE, State Assessor: Mr. Barker advised they write checks and conduct a study on the uniformity of tax assessments each year.

Chairman Meekins moved the following figures, using the Finance Committee formula: Personal Services - \$195.6; Travel - \$8.2; Contractual - \$26.9; Commodities - \$1.6; Equipment - \$0; Lands/Bldgs - \$1.2; Total Expenditure - \$232.3. There being no objection, it was so ordered.

LOCAL GOVERNMENT ASSISTANCE, Local Boundary Comm-Admin: Representative Smith stated they are exceedingly controversial, but it is a thankless job. Mr. Barker advised there are no vacancies.

Chairman Meekins moved the Governor's figures. There being no objection, it was so ordered.

Total Expenditure: \$91.7

LOCAL GOVERNMENT ASSISTANCE, Local Boundary Comm-Grants: Mr. Barker advised this is contingency. Representative Rogers moved the Governor's figure. There being no objection, it was so ordered.

Total Expenditure: \$25.0

LOCAL GOVERNMENT ASSISTANCE, Revenue Sharing Administration: Representative Smith gave a brief summary of their functions. Representative Duncan moved the Governor's figures. There being no objection, it was so ordered.

Total Expenditure : \$74.9

LOCAL GOVERNMENT ASSISTANCE, Coast Energy Impact Program: Representative Duncan moved the Governor's figures. There being no objection, it was so ordered.

Total Expenditure: \$382.1

LOCAL GOVERNMENT ASSISTANCE, Community Legal Assistance: Representative Rogers questioned the \$97.0 that was restricted last year. It was the general consensus of the Committee this be left OPEN, pending further information from Mr. Barker. OPEN

COMMUNITY PLANNING SERVICES, Community Planning Assistance:

There was discussion on the Other Funds figure \$3,785.9. Mr. Barker explained the breakdown as follows: HUD 701 House Plan funds - \$300.0; \$710.9 from DOT&PF for community profiles; and \$2,775.0 is CZM (federal receipts) coastal energy impact money. It was noted approximately \$450.0 is general fund and general fund match.

Representative Duncan requested this component be left OPEN, pending further information from Mr. Barker.

OPEN

COMMUNITY PLANNING SERVICES, Municipal Lands Trust:

Chairman Meekins announced this component would be held OPEN pending Agency testimony.

OPEN

COMMUNITY ASSISTANCE GRANTS, Municipal Revenue Sharing:

Representative McKinnon moved the figure \$16,819.2, which is a 10% reduction from the Governor's figure, making it 77% fully funded--the same as was done in revenue sharing. It was noted the Governor's figure represents 85-1/2% full funding. There was brief discussion. The question was called for, and the motion carried (six in favor; three --Duncan, Schaeffer and Smith--opposed).

COMMUNITY ASSISTANCE GRANTS, National Forest Receipts:

Chairman Meekins moved the Governor's figure of \$910.1. There being no objection, it was so ordered.

ADMINISTRATION, Office of the Commissioner:

Personal Services: Representative Rogers moved the Governor's figure \$153.7. There being no objection, it was so ordered.

Travel: Representative Rogers noted the Governor already cut this by \$3.2 and moved the figure \$9.2. There was discussion on out-of-state travel regarding the state geology board. Chairman Meekins moved to amend the figure to \$9.0. There being no objection, it was so ordered.

Contractual: Chairman Meekins moved \$13.6, which is a 15% reduction from FY 79. There being no objection, it was so ordered.

Commodities, Equipment and Lands/Bldgs: Chairman Meekins moved the Governor's figure \$1.7 in Commodities, \$0 in Equipment and the Governor's figure \$1.4 for Lands/Bldgs. He advised this makes Total Expenditure \$179.4, which is an overall 10% reduction. There being no objection, it was so ordered.

ADMINISTRATION, Administrative Services:

Personal Services: Mr. Barker advised there are no vacancies, but that they have two CETA positions. Chairman Meekins moved \$323.3, which is a 5% reduction. There being no objection, it was so ordered.

Travel: Representative Duncan moved \$1.6, which takes out conventions. There being no objection, it was so ordered.

Contractual, Commodities, Equipment and Lands/Bldgs: Chairman Meekins moved \$24.1 in Contractual, \$3.1 in Commodities, \$0 in Equipment and \$2.8 for Lands/Bldgs, making Total Expenditure \$354.9. He advised these figures are according to the Finance Committee formula. There being no objection, it was so ordered.

COMMUNITY AND RURAL DEVELOPMENT, Grants: Representative Duncan advised this is for community projects for communities of 2,000 or less population. Representative Rogers moved the Governor's figure \$841.9, "because most of the revenue sharing programs, etc., are weighted toward larger communities." Representative Freeman objected, then withdrew his objection. There being no further objection, it was so ordered.

COMMUNITY AND RURAL DEVELOPMENT, Administration:
Personal Services: Mr. Barker advised they handle day care. There was discussion on over-staffing, with Representative Smith commenting she feels the number of positions should be cut.

Representative Rogers moved the figure \$335.9, which deducts the salaries plus 25% in benefits of a Range 26 and Range 17 positions. He indicated this is would not be done by PCN; they can do that.

Travel: Representative Rogers stated this is Rural Cap, non-employee travel. Chairman Meekins moved the figure \$78.6. There being no objection, it was so ordered. Representative Rogers suggested INTENT be included. There being no objection, it was so ordered.

INTENT

Chairman Meeking moved the following figures: Travel - \$78.6; Contractual - \$59.5; Commodities - \$4.2; and Lands/Bldgs - \$.9. There being no objection, it was so ordered.

Chairman Meekins commented this finishes the DEVELOPMENT budget category, with the exception of those components left open.

The meeting adjourned at 12:10 p.m.

ADJOURN

Tape HFC 79-27 Side 2 #330 - End
 79-28 Side 1 #001 - End
 Side 2 #001 - End
 79-29 Side 1 #001 - #455

HOUSE FINANCE COMMITTEE

February 15, 1979

2:15 p.m.

All members of the Committee were in attendance except Representatives Haugen and Guy. Representative Duncan arrived later in the meeting. Also present was Bob Grogan, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and stated Mr. Grogan would present an overview of the NATURAL RESOURCES category.

NATURAL
RESOURCES
CATEGORY
BUDGET
OVERVIEW

Mr. Grogan presented an index of the Natural Resources workbooks. He stated the number of workbooks has increased from five to ten. There was discussion on the increase. Mr. Grogan commented that it is mostly just more in-depth explanations of the programs.

Mr. Crondall asked what happened with last year's legislative intent that the Development category be deleted. Mr. Grogan stated that for the last two years the Legislature has been trying to get Budget and Management to delete the category, but to date they have not had any luck in doing so. There was brief discussion on the way the budget was reviewed. Chairman Meekins stated this subject would be taken up by the Committee in greater detail at a later date.

Mr. Grogan advised the Natural Resources category is comprised of the following sections: mainly the departments of Fish and Game, Natural Resources, and Environmental Conservation. He stated in addition to these they have the Fish and Wildlife Protection portion of the Department of Public Safety, and from the Governor's Office: Limited Entry, Coastal Zone Management and State Pipeline Surveillance activities. He advised this category shows the steadiest increases from Administration. He stated this year they are showing an 11.67% increase from FY 79. He stated the average increase in other categories is about 9%. He stated fisheries has been a high priority to this Administration. He advised there are approximately 250 BRU's in this budget, so rather than go through each one, he would just pick out the highlights.

Office of the Governor, Limited Entry: Mr. Grogan stated the agency had proposed budgeting for a pilot buy back program. He said Administration didn't know what they wanted to do here, and decided to cut the program out. He stated that if the Legislature is interested in the program they may want to have the agency people testify before the Committee.

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Representative Freeman said the State shouldn't have been involved in this in the first place. Representative Rogers commented they would be spending \$1.3 million on a program benefiting a limited number of people, and asked if this could be put on program receipts. Mr. Grogan stated it is fairly close to being able to pay for itself now, and the statute provides that it can be program receipts.

Office of the Governor, Fisheries Commissions: Mr. Grogan stated the justification for increases in the budget is based on the argument that Alaska needs someone to represent them at various hearings. He stated it appears the State already has someone representing them at these hearings. He said in some cases there could be four or five people from various departments at a hearing.

Office of the Governor, Coastal Zone Management: Mr. Grogan advised CZM will be getting \$2.5 million in federal funds, as a new source of funding is opening to them. He stated the funding is primarily going out as grants to local communities, so there is a great deal of local impact from the program. The Committee indicated they would like to hear testimony from this agency.

Office of the Governor, State Pipeline Surveillance: Mr. Grogan stated it would probably be a good idea to talk with these people. He stated there are three surveillances in the Natural Resources budget: one in the Governor's office, one in Fish and Game, and one in Environmental Conservation. He stated he has no questions about the portions in Fish & Game and in Environmental Conservation, but he does have some concern about this one. Mr. Grogan stated this particular BRU has quite a bit of vacancy. He said what they are trying to do is "tread water" until the gas pipeline goes. He suggested the Committee consider trimming this budget. He said it is all program receipts, which come from Northwest Pipeline.

Representative Rogers asked what the difference was between Gas Pipeline Surveillance and State Surveillance. Mr. Grogan advised that State Surveillance is winding down now with the oil pipeline, and there are just a few positions left. He stated most of the positions have been transferred to the Gas Pipeline.

Mr. Grogan advised there was quite a bit of legislative intent last year in the Natural Resources budget, and the Department did not respond to their letters concerning whether or not they complied with the intent until just last week.

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Mr. Grogan advised that one of the top priorities of the Department this year is in Parks. He advised that what the Department has basically done is reinstate all the cuts made by the Legislature and Governor last year.

Mr. Rogers said he understands the Commissioner has a reorganization plan. Chairman Meekins commented that if agencies come in with reorganization plans every year, it becomes very difficult to cut them, as it is hard to track what has been changed. Mr. Grogan commented that, given the time frame the Legislature is working in, if the Department were to come in with a reorganization plan at this time, he didn't think it could be done. There was discussion.

There was discussion on the overall Natural Resources budget. Mr. Grogan stated that basically it is general funds. He stated the Department has a high level of vacancy throughout its budget. Chairman Meekins stated he understands there are many people working for the Department who do not show up in the Budget.

DEPARTMENT OF NATURAL RESOURCES:

Management and Administration, Temporary d-2 Operations: Concerning legislative intent, Mr. Grogan advised he has received a response from the Department which said the positions were filled and the Department is supporting the effort.

Management and Administration, Office of the Commissioner: Mr. Grogan advised there are several new general fund positions approved by the Governor under this BRU. He advised that most of these positions were requested with the feeling the Department needs some administrative aid. He advised that Position #1 in the short form, director of administrative services, has already been filled.

Mineral and Energy Management, Petroleum Management: Mr. Grogan advised there are ten authorized positions under this BRU. However, the PBR shows 12 positions are actually there; eight positions are shown up as being vacant, and six of them have been vacant since September 1976. He stated there is no relationship between the budget and what is actually happening. The Committee indicated they would like to hear testimony from these people.

Geological & Geophysical Programs, Publications: Mr. Grogan advised there is a decrease in this budget. He said what they basically do is publish some rather technical documents in the geological and geophysical area. He advised the feeling of the Governor was that the publications are not of that much benefit to that many people. He stated he is

commenting on this because he understands several legislators have received telegrams saying they need the publications. Representative Rogers stated he would check into this to see if it is a duplication of University efforts.

Oil and Gas, Conservation: Mr. Grogan advised they made a major request this year. He stated they are asking for reinstatement of all the reductions made by the Governor.

Land Management: Mr. Grogan advised the governor's budget shows only 33 positions authorized. The PBR shows 32 positions, with 16 being vacant. The Committee suggested the people within the Division of Lands present testimony. Representative Rogers asked what kind of positions these were. Mr. Grogan stated some are clerical, but all are related to land.

District Operations, Southcentral District: Mr. Grogan advised they are requesting 50 new positions. He stated these positions reflect the transfer of the fire fighting effort from BLM to the State. He advised that most of these positions have been approved by Revised Program. He stated all those positions showing as part time in the budget had been temporary positions last year. He said they were changed to part time to figure benefits for the fire fighters.

District Operations, Northcentral District: Mr. Grogan stated this BRU shows a transfer in of federal funds. He advised the end result is that the State is giving more in general funds, but the net result is more federal funds than last year. He said he would put together a memo showing where all these new positions are. Mr. Grogan said that apparently what the Federal government is saying is that since the State will be getting some of their land from the federal government, they should begin picking up the costs of fire fighting on those state lands.

Parks & Recreation-Districts: Mr. Grogan advised this is the Department's highest priority. He said if the Committee were to assume a 15% reduction from the FY 79 authorized, this Division would get hit the hardest.

DEPARTMENT OF FISH & GAME:

Commercial Fish: Mr. Grogan advised that this Division has received better treatment than any other division.

Commercial fish, Federal Aid Programs: Mr. Grogan advised that what the foot note on this page of the short form indicates is that they had enough money left over in those line items to fund personal services positions.

Commercial Fish, Special Projects: Mr. Grogan advised a lot of revised programs went through Budget and Audit for special projects. He advised the RP's generally created new positions, and they are trying to establish a place for those positions within the budget. He stated that positions #1 through 8 in the short form have been established by RP; positions #9 through 19 are new positions. He advised these are federal funds. He commented that if the Legislature continues holding the line on general fund positions, but continues to accept federal positions, they might end up with a federally run agency rather than a state agency. He stated they may find that the agencies are no longer doing with the State wants them to do.

(Representative Duncan arrived.)

Sport Fish: Mr. Grogan advised this division shows an increase in general funds. He stated that E.J. funds are subject to drop due to federal withdrawals of land. He stated fish and game is about 85% funded with big game hunting tags which are expected to be low. He said in the past this money was used to match federal funds.

F.R.E.D.: Mr. Grogan stated this agency has had an operating budget increase every year in excess of 50%. He stated this is the first year it has been less, and it is a 6% increase. He advised the Committee that there is a lag between the time a hatchery is completed and the time they have an operating budget, so even without appropriating anymore for hatcheries there will be operating costs.

Administration and Support, Office of the Commissioner: Mr. Grogan pointed out this BRU shows a clerk authorized as a new position. He stated Fish & Game authorized this new position as temporary. He explained that every once in awhile they get enough money to change a temporary position to a full time position. He stated they already had 8/10's funding, so they just added 2/10's more funding.

Administration and Support, Administrative Services: Mr. Grogan advised that position #8 in the short form is funded by ASHA building maintenance money. Representative Rogers questioned the note indicating money went to the Fairbanks Zoo on December 5, and suggested this be checked into because the Fairbanks Zoo is closed in December.

Game, Investigations and Research: Mr. Grogan advised they have the same situation here as they do in Sport Fish, with a fish and game funds decrease.

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Boards of Fish and Game: Mr. Grogan advised the Governor has a special program under miscellaneous setting up a pilot program to cover one region. He advised he will get additional information on this.

Fish and Game Support Services, Subsistence Section:

Mr. Grogan stated the budget presentation for this BRU is poor. Chairman Meekins stated he would refer this to the Subsistence Committee to see what they can put together for this component.

Habitat Protection, Special Federal Projects: Mr. Grogan advised that 14 new positions were given blanket approval by the Governor. He stated they are all federal funds. He said it strikes him that this is a real contradiction to what was done before.

DEPARTMENT OF PUBLIC SAFETY:

Protection, Enforcement: Mr. Grogan advised that Position #2 in the short form is to be paid by excesses in contractual services money.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION:

Water Programs, Environmental Analysis: Mr. Grogan advised they have an ecology position which has been vacant since 1977. He said on the Senate side they received testimony which indicated they had been holding that position open to pay for salary increases and other personal service needs.

Gas Pipeline Impact: Mr. Grogan advised of the five positions authorized, only two were filled. He stated he assumed the budget requirements are based on information given to them by Northwest Pipeline last year. Representative Rogers suggested representatives from Northwest also be brought in.

There was discussion on how to proceed on receiving testimony for the Natural Resources category. Chairman Meekins stated they would bring agency people before the full Committee to testify.

The meeting adjourned at 4:25 p.m.

ADJOURN

Tape HFC 79-27 Side 1 #543 to end
 Side 2 #001 to end
 79-28 Side 1 #001 to end
 Side 2 #001 to end
 79-29 Side 1 #001 to end
 Side 2 #001 to end
 79-30 Side 1 #001 to end
 Side 2 #001 to 286

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HOUSE FINANCE COMMITTEE

February 16, 1979

9:10 a.m.

All members of the Committee were in attendance except Representatives Haugen and Guy. Representatives Moss and Rogers arrived later in the meeting. Also present were: Representative Parker; Pat Murphy, Sherri Shelley, and John Pugh, Alaska Public Employees Association; Marlene Lesh, Office of the Governor; Bruce Cummings, Deputy Director, Division of Retirement and Benefits; Alison Elgee and Mike Orlove, Division of Budget and Management; Cathy Lloyd, Deputy Commissioner, Department of Health and Social Services; and Rod Betit, Division of Public Assistance.

PRESENT

Chairman Meekins called the meeting to order and stated the first order of business would be consideration of HB 26:

HB 26

An Act relating to insurance coverage for persons receiving benefits under the public employees' and teachers' retirement systems."

Representative Duncan stated there is a revised fiscal note in the amount of \$20.0 for FY 80. He stated it provides that the person pick up the cost of all the insurance, as outlined at the State Affairs Committee Substiture.

Sherri Shelley, General Council, Alaska Public Employees Association, advised the original bill provided that the retiree pick up only one-half the costs. She stated the Division of Retirement and Benefits was in favor of the legislation, except for the cost, so the House State Affairs Committee amended the bill to allow the employee to pick up the entire cost of the benefits.

Representative Montgomery referred to the fiscal note and questioned the need to put on a full time person to administer the program. Mr. Bruce Cummings, Deputy Director, Division of Retirement and Benefits, stated the person will be required to handle the monthly billings, because it cannot be an automatic billing but has to be done manually. He stated they feel they need this staff position. Representative Montgomery stated he is in favor of the program, but still cannot see the need for a full time person. Mr. Cummings advised the existing health insurance carrier might not be the carrier for the program. He stated they have to go to bid with the program.

(Representative Moss arrived at this time.)

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Representative Schaeffer asked how they came up with the preliminary figure. Mr. Cummings advised it is an estimate that was provided by Blue Cross.

There was further discussion on the need for the additional position. Mr. Cummings stated they have only one position handling the insurance functions at this time. Representative Rogers questioned the number of new position requests in their budget. Mr. Cummings stated none of these positions are related to health-related functions.

Representative Duncan moved to report out the State Affairs Committee Substitute for HB 26. There was discussion. Representative Freeman moved to amend the motion to report out State Affairs CSHB 26 with the fiscal note in the amount of \$20.0 for FY 80. There being no objection, it was so ordered. CSHB 26 was reported out with a "do pass" recommendation.

STATE
AFFAIRS
CSHB 26
REPORTED
OUT WITH
REVISED
FISCAL
NOTE

Chairman Meekins stated the next bill to be considered was HB 34.

HB 34

"An Act relating to the preparation and distribution of a taxpayers' survey of the budget."

Representative Rogers advised this would add to the tax form summaries of the budget. He stated the summary could be no longer than six pages. He advised there is a two year "sunset" provision to the bill, and there is a revised fiscal note in the amount of \$16.3 dated 2/6/79.

Representative Duncan commented that the State Affairs CS doesn't mention the questionnaire, and asked if he intended to have one. Representative Rogers advised the intent of State Affairs is that they can put in a questionnaire if they want to. He advised his original idea was to get some information back from the taxpayers, but they don't have to do the questionnaire.

Representative Rogers moved to report out the State Affairs CS for HB 34, with the revised fiscal note in the amount of \$16.3. There being no objection, it was so ordered. CSHB 34 was reported out with individual recommendations.

STATE
AFFAIRS
CSHB 34
REPORTED
OUT WITH
REVISED
FISCAL
NOTE

Chairman Meekins stated the next bill to be considered was HB 93.

HB 93

"An Act making a supplemental appropriation to the Office of the Governor, for supervisory bargaining unit contract; and providing for an effective date."

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Mr. John Pugh, President, Alaska Public Employees Association, stated they are asking for the Legislature's support of HB 93. He stated the bill represents the total package of benefits for the supervisory employees. He stated it is for the second half of the FY 79 budget.

Representative Freeman asked how many people this included, and Mr. Pugh advised there were about 860 supervisory. He advised that who belongs to this group is determined by the Labor Relations Agency. The people they represent range from a Range 12 up to deputy directors of various organizations.

Representative Duncan questioned the insurance increase. Mr. Pugh stated it is the same as the supplemental that was before the Legislature last spring for the General Government employees. He stated it is an increase in general medical from 80% to 90%. He stated it also includes inflation costs.

Representative McKinnon questioned the dry cleaning allowance. Mr. Pugh stated it applies to employees who wear uniforms in Public Safety, Corrections and Airport Security. He stated the majority of those are Public Safety personnel.

Representative Montgomery asked what the date of expiration was for the negotiations. Mr. Pugh explained the previous contract has already expired. The new one, which they are requesting the supplemental for covers the period from January 1, 1979 to December 31, 1979. Representative Montgomery asked if they had tried to go from a calendar year to a fiscal year so they could be consistent with state budgets. Mr. Murphy stated they would very much like to negotiate on a fiscal year basis so they wouldn't be put in the situation of having to testify on behalf of these supplementals. However, he stated it seems to be the Governor's position that they should be negotiated on a calendar year basis, primarily because it gives management a little bit of leverage in negotiating.

Mr. Pugh commented that the Governor has put in a bill requesting a 7% increase for exempt and partially exempt employees. He also stated the legislature passed a 6% personnel raise for everyone other than supervisors. He stated the supervisors are staying within the legislative 6% increase of last year, as their request is at 5 1/2%.

There was discussion on the employees covered. Mr. Murphy advised the median is probably around range 18 or 19, with a salary of about \$2500. There was discussion on the costs included in the contract and how they are broken out in the fiscal note.

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Representative Moss asked what would happen if the Legislature does not approve the funds for the contract. Representative Freeman commented that the law says the the contract is contingent upon appropriation by the Legislature, so he doesn't think it becomes legal until the Legislature appropriates the money. Mr. Murphy stated the law does say this is subject to appropriation by the legislature. He stated this is a Governor's bill and he should have been here to testify on it. Mr. Murphy stated this was the Governor's contract with them -- he was to make every effort to live up to his part of the bargain. Representative Freeman agreed with this and stated administration negotiates these contracts and then leaves it up to the APEA to go through the negotiations again with the Legislature. He stated it seems to him that Administration should be hear to explain this bill to the Legislature. Chairman Meekins commented the Lt. Governor and Mr. Specking had been in contact with him requesting that this bill be taken up, and indicated it was a high priority. Several members of the Committee indicated they had not been approached concerning the importance of the bill.

There was further discussion on the contract. Representative Moss stated he resents the fact that the negotiators know the state doesn't have any money, yet they approve these contracts. Mr. Pugh commented that some supervisors are making less then some of the people they supervise. He stated they are the first contract to come up after the money crunch and President Carter's 7% guideline, and he stated they have stayed within that guideline.

Representative Freeman stated he thinks many of the comments today have been addressed to the wrong people. He stated it is the Administration's responsibility to be concerned with the fiscal state of the State. He stated from a practical standpoint they already have to do what the Administration has agreed to in the contract.

Representative Rogers questioned the fiscal note. Ms. Alison Elgee, Division of Budget and Management, stated that basically the difference between the amount prepared by Administration and the amount submitted is due to supervisors funded out of capital improvement projects. Representative Rogers stated there are 867 positions, and asked how many CIP positions there were. Ms. Elgee advised that about 26.6% of these are CIP positions.

Representative Montgomery asked how many negotiating groups there are and Ms. Elgee said about six or seven. Representative Montgomery asked how many more supplementals they would get like this one. Ms. Elgee stated the bargaining unit contracts expire December 31, so the Legislature will see these contracts next session. She stated there will

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be supplementals coming in because of the cost of living clauses. Representative Montgomery stated he thinks it is important in terms of keeping track of the budget, that all these supplementals come before them at one time. Representative Rogers agreed, but said he thinks it would be a good idea to get this one out of the way. He suggested including legislative intent asking the Governor to negotiate contracts on a fiscal year basis for future employee contracts.

Representative Montgomery asked when the other contracts would be coming through. Ms. Elgee stated they are presently waiting for the Anchorage Consumer Price Index which the contracts were negotiated on. She stated the bills will probably be introduced two or three days after they receive that information.

Representative Duncan moved to report out HB 93. Representative Montgomery objected. There being no further objection, HB 93 was reported out with a "do pass" recommendation.

HB 93
REPORTED
OUT

A recess was called at 10:35 a.m. and Chairman Meekins recalled the meeting to order at 11:00 a.m.

RECESS

Chairman Meekins stated the next bill to be considered was HB 143:

HB 143

"An Act making a supplemental appropriation to the Department of Health and Social Services, division of public assistance; and providing for an effective date."

Ms. Cathy Lloyd, Deputy Commissioner, Department of Health and Social Services, stated this is an on going program. She stated it is difficult to project the medicaid budget. She stated when they prepare a budget they try to use the latest figures; however, she stated it is difficult to know in advance how someone will use the medicaid coupon. She advised they lapsed \$2.8 million in 1978 in the nursing home area. She stated they are asking the legislature to take these funds and reappropriate them in a different area. She stated they are asking that \$1.8 million be split in this area. She explained how this is broken out, and presented a worksheet (in original bill file).

Chairman Meekins stated he has received complaints that there are bills up to two or three years old that still have not been paid. Ms. Lloyd advised they have had various problems with the system. She stated she thinks they now have them more or less solved, and they are down to a five week turn-around. She stated concerning bills that are two or three years old, this could be due to the "3rd party liability", where the vendor is supposed to go after the liability.

2/16/79

Representative Montgomery asked why they wanted to change the date in the bill from June 30, 1979 to June 30, 1978. Mr. Rod Betit stated the confusion is because a lot of bills come in after the fiscal year ends, yet it is still an obligation of the previous fiscal year. He stated they are holding obligations for FY 78, and if the bill were to remain as it is with the funds to be used for FY 79, they could not be used against these FY 78 bills.

There was discussion on the medicaid program. Representative Rogers asked if they had any information on doctors refusing medicaid patients. Mr. Betit said they don't have any actual information. He stated it could be happening, but if they officially state they are not taking patients they could lose their license.

Representative Parker stated his understanding is there is not a gynacologist in Anchorage who is treating medicaid patients, and there is only one pediatrician who is. Representative Parker asked how many licensed physicians there were and Mr. Betit said around 400.

Representative Parker stated he believes there are medicaid vendors who have stopped treating patients because they are having trouble being paid. He stated he has not been able to find out from the Department how many physicians are receiving public funds other than medicaid. He said the Department told him they don't have any idea and can't find out. There was discussion. Ms. Lloyd stated she will look into administrative services and see if she can find an answer to Representative Parker's question.

Chairman Meekins stated he has received calls and letters regarding bills outstanding from the Department of Health and Social Services. He asked what the problem was and how it was going to be resolved. Ms. Lloyd stated they would not be covered under this supplemental. She stated there are other supplementals for Corrections, Family Health and Handicapped Children, one in Internal Revenue, and another in Adult Confinement. Mr. Betit stated in most cases the supplementals are predicting a need that won't occur until about May or June. He stated there shouldn't be any bills sitting around. Ms. Lloyd stated she was not familiar with any of these requests for payments of bills. Chairman Meekins asked if he could send his letters to her, and Ms. Lloyd responded yes, and she would break them down for him.

2/16/79

Representative Rogers moved that a CS be prepared for HB 143, changing "1979" on lines 14 and 21 to "1978", and that the CS be reported out. There being no objection, it was so ordered. CSHB 143 was reported out with a "do pass" recommendation.

Finance
CSHB 143
Reported
Out

The meeting adjourned at 11:30 a.m.

Adjourn

Tape HFC 79-29 Side 2 #285 to end
79-30 Side 1 #001 to end
Side 2 #001 to end
79-31 Side 1 #001 to end
Side 2 #001 to 614

2/16/79

HOUSE FINANCE COMMITTEE
February 16, 1979
1:40 p.m.

All members of the Committee were in attendance. Representatives Meekins, McKinnon and Duncan arrived later in the meeting. Also present were: Eric Yould, Executive Director, Alaska Power Authority; Paul Arnell; Bob Arnold, City of Ketchikan; Ted Ferry, Ketchikan Public Utilities; Representatives Gardiner and Zharoff; and Bob Grogan, Legislative Finance Division.

PRESENT

Vice-Chairman Freeman called the meeting to order and stated they would receive information on the NATURAL RESOURCES category. Mr. Grogan presented a memorandum regarding the assumptions used in preparing the summary budget. He also presented the summary for the Natural Resources category (see attachments #1 and #2). There was discussion on the figures. Mr. Grogan will prepare another summary using assumptions recommended by Representative Rogers.

NATURAL
RESOURCES

(Representative McKinnon arrived at this time.)

Vice-Chairman Freeman called for a recess at 2:00 p.m.
Chairman Meekins recalled the meeting to order at 2:05 p.m.
(Representative Duncan arrived at this time.)

Chairman Meekins stated HB 32 would be brought up for consideration:

HB 32

"An Act making a special appropriation to the Department of Commerce and Economic Development, power project revolving loan fund of the Alaska Power Authority; and providing for an effective date."

Mr. Eric Yould, Executive Director, Alaska Power Authority, said they were put into operation for the primary purpose of finding a means for developing hydroelectric projects throughout Alaska, with the exception of nuclear projects. He stated the concept was to go through the revenue bond market for those projects. He stated the problem they found in attempting to finance some of these projects is that in some of the smaller communities they don't have the cleanest record of financial worth, so it is difficult to get financing. He stated he thinks the state will have to be involved in getting the long term financing.

Chairman Meekins asked why the revenue bonds are hard to sell if the projects are economically feasible. Mr. Paul Arnell stated the revenue bonds are generally sold on the strength

of revenues the bond bills see in the future. He stated that if the capacity of the project far exceeds the needs for the Community, the bond council might think the community will not be able to pay for the excess needs. There was discussion on financing hydroelectric projects.

Mr. Yould stated that in order to resolve these problems they are looking for an appropriation from the general fund to the "reserve fund" of the Alaska Power Authority. He advised these funds would be put into high level securities. Representative Rogers asked how big a reserve they would be looking at, and Mr. Yould stated it would be on a project by project basis. He stated they are talking about long term financing here. He stated one of the ingredients in getting long term financing is having enough front end money to conduct studies that are needed before they even get to the bond market.

Mr. Yould stated they are looking at the following projects that are beyond the feasibility study stage: Tyee Lake in Petersburg, which would be 15 megawatts, at a cost of about \$45 million; Swan Lake, Ketchikan, 20 megawatts at a cost of \$185 million, and Terror Lake in Kodiak, 20 megawatts at \$85 million dollars.

Mr. Yould stated his staff is attempting to put a realistic dollar figure on projects throughout the State. He stated they are talking about maybe eighteen to twenty projects. He stated he thinks there is some long term benefit to developing hydroelectricity in the state. There was discussion on the revolving loan fund. Mr. Yould advised he has made information available to Representative Miles who has indicated he would be coming up with legislation to expand the revolving fund.

There was brief discussion on the Alaska Power Authority budget. Mr. Yould advised they submitted a capital budget and in establishing his priorities the Governor reduced APA's operating budget. He stated the intent was that the capital budget be used for community needs for up front financing in the amount of \$3 million. Representative Rogers requested that Mr. Yould provide a priority listing within the \$3 million appropriation, and then what APA's priorities would be up to the \$11.4 requested. Mr. Yould stated he would provide this information.

Representative Montgomery asked how many more hydroelectric project bills they would see this Session. Mr. Yould stated he didn't know. He stated the bills are being introduced by individual legislators.

Swan Lake Hydroelectric Project, Ketchikan:

Representative Gardiner stated the Swan Lake project has been going for a long time in his area. He stated it has been 30 years since the initial feasibility study. He advised that so far the State has made an investment in the project in the amount of a \$620.0 loan through the water resource revolving loan fund. He said that last year the Legislature approved approximately \$15 million for various hydroelectric projects throughout the State, but the portion of the appropriation to Swan Lake was vetoed by the Governor. He stated if this project is not added immediately, Ketchikan will have to add more diesels for electricity. He stated that will increase costs for electricity. He advised the money they are requesting will bring the project up to the construction phase in 1981. Chairman Meekins asked if the Swan Lake Project received this money, would they be brought up to the point where they could go to the Bond Market. Representative Gardiner stated this was correct.

Mr. Ted Ferry, Chairman, Ketchikan Public Utilities Board, advised the Committee that all the political boards and groups in Ketchikan have put the hydroelectric project as the number one priority in the Ketchikan area. He stated as things stand now they are on schedule. He stated they can't afford to sit on this project for another year. He advised that at the present time it takes over one million gallons of fuel a year to keep their diesels going, and that money could go a long way with a hydroelectric plant in operation. He stated if the appropriation is approved they can keep the project on schedule.

Mr. Bob Arnold, Manager, Ketchikan Public Utilities, presented testimony on the Swan Lake project (see attachment #3).

A recess was called at 3:07 p.m. and Chairman Meekins recalled the meeting to order at 3:30 p.m.

Terror Lake Hydroelectric Project, Kodiak:

Representative Zharoff, Kodiak, stated there is currently a bill in the House Commerce Committee for the Terror Lake project. He advised that all they heard about the Swan Lake project also applies to the Terror Lake project. He stated the project has been known of for a long time; in World War II the army considered Terror Lake as a site for the hydroelectric project. He advised he has received a letter from the Kodiak Electric Association requesting him to seek interim and long term financing for that project. He advised the amount of the bill is \$2 million. There was further discussion on financing of hydroelectric projects.

Chairman Meekins stated they are trying to focus their efforts in the hydroelectric area. He stated he would like to see a procedure put together. He stated the projects could be approved out of general funds. He stated there has also been discussion on using the permanent fund for these projects. Mr. Yould stated one of the biggest problems they have seen is that there are a number of projects that are economically feasible, but they cannot be financed without some sort of effort from the State. He stated they have come up with the idea of "double-barrel bonding". He concurred that the Legislature is in a difficult position, because the APA has not given them optimum financing plans. Chairman Meekins requested that Mr. Yould look into these questions on financing, without limiting himself to the Governor's plan, and also provide the committee with further information on what method they should use. Mr. Yould stated that basically he is talking about a dedication of reserves for the energy account. He stated if they had an indication of how much money was coming to the fund they would have an idea of how much they could levy to the projects. There was further discussion.

Chairman Meekins referred HB 32 and the question on how to finance hydroelectric projects to Representatives Freeman and Haugen. He requested they come back to the Committee with a method on how to proceed.

HB 32
REFERRED
TO
SUBCOMMITTEE

The meeting adjourned at 4:05 p.m.

ADJOURN

Tape HFC 79-31 Side 2 #614 to end
 79-32 Side 1 #001 to end
 Side 2 #001 to end
 79-33 Side 1 #001 to 227

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

MEMORANDUM

DATE: February 14, 1979

TO: Honorable Russ Meekins, Chairman
& Members, House Finance Committee

FROM: J. A. Hogan, Director
Legislative Finance

SUBJ: Budget Assumptions Run

Attached are twelve copies of a sample budget run for the Natural Resources category showing reduction assumptions, run at the request of the Chariman. The assumptions used throughout the category for the various line items are as follows:

Personal Services: Governor (-) new positions (-) 5%

Travel: FY 79 Authorized (-) 25%

Contractual: FY 79 Authorized (-) 15%

Commodities: FY 79 Authorized (-) 15%

Equipment: Ø

Lands/Bldgs.: FY 79 Authorized/Governor whichever is less

Grants/Cllms.: FY 79 Authorized/Governor whichever is less

Misc.: Ø

JH:bf

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

16:50

2/15/79

***** NATURAL RESOURCE MANAGEMENT *****

SHORT
FORM
PAGELEG. REC. - GOVERNOR
COMPARISON

BUDGET COMPONENT	FY78 ACT	FY79 ADJ	REQUEST	GOVERNOR	LEG. REC.	LEG. REC.	GOVERNOR
OFFICE OF THE GOVERNOR							
2 LIMITED ENTRY	1158.3	1183.6	1879.7	1336.9	1105.1	-231.8	-17.2%
FISHERIES COMMISSIONS							
6 INTERNATIONAL NORTH PACIFIC	12.0	12.0	25.0	25.0	9.0	-16.0	-64.0%
8 INTERNATIONAL FISHERIES	144.3	126.4	155.9	155.9	125.6	-30.3	-19.3%
10 PACIFIC MARINE FISHERIES	27.4	27.4	29.0	29.0	23.3	-5.7	-19.6%
12 LAW OF THE SEA	17.6	18.9	20.0	20.0	14.8	-5.2	-26.0%
*** PROGRAM TOTAL ***	201.3	184.7	229.9	229.9	172.7	-57.2	-24.8%
COASTAL ZONE MANAGEMENT							
16 CZM ADMINISTRATION	2119.7	2015.3	4141.5	4141.5	1748.0	-2393.5	-57.7%
18 NOAA		149.7	152.4	152.4	144.8	-7.6	-5.0%
*** PROGRAM TOTAL ***	2119.7	2165.0	4293.9	4293.9	1892.8	-2401.1	-55.8%
STATE PIPELINE SURVEILLANCE							
20 GAS PIPELINE REVIEW	149.2	1038.3	1658.4	1658.3	1039.1	-649.2	-39.0%
24 OIL PIPELINE SURVEILLANCE	525.8	87.2	184.8	38.6	29.1	-9.5	-24.5%
26 PIPELINE SURVEILLANCE-SPEC. PR		23.3	11.7	11.7	8.8	-2.9	-24.7%
*** PROGRAM TOTAL ***	675.0	1148.8	1854.9	1708.6	1047.0	-661.6	-38.6%
*** AGENCY TOTAL ***	4154.3	4682.1	8258.4	7569.3	4217.6	-3351.7	-44.2%
*** FUNDING IMBALANCE					-4217.6		
DEPARTMENT OF REVENUE							
28 FISH & GAME LICENSING	519.2	573.7	309.8	289.5	512.9	223.4	77.1%
*** FUNDING IMBALANCE					-512.9		
DEPARTMENT OF NATURAL RESOURCES							
MANAGEMENT AND ADMINISTRATION							
32 OFFICE OF THE COMMISSIONER	723.9	860.7	1106.8	974.3	805.9	-168.4	-17.2%
34 OFFICE OF THE ASSOC. COMM.	54.2						
36 PIPELINE ADMIN & SUPPORT	25.2						
38 COASTAL ZONE COORDINATION	11.7						
40 PLANNING AND RESEARCH	651.2	984.2	957.6	766.2	765.6	-0.6	0.0%
42 TEMPORARY D-2 OPERATIONS		122.8	89.6	89.6	85.1	-4.5	-5.0%
44 PLANNING UNIT	131.3	110.4			18.4	18.4	100.0%
46 STATE-FEDERAL COMMISSION	600.2	638.3					
*** PROGRAM TOTAL ***	2197.7	2616.4	2154.0	1830.1	1675.0	-155.1	-8.5%
MINERAL AND ENERGY MANAGEMENT							
50 LEASING MGMT	173.5	232.2	300.3	259.4	235.4	-54.0	-20.7%
52 PETROLEUM MGMT	846.8	700.7	946.8	789.9	617.2	-172.7	-21.8%
54 MINERALS MGMT	38.3	58.9	135.8	55.6	50.5	-5.1	-9.1%
56 ADMINISTRATION	156.0	224.2	462.4	439.0	109.0	-210.0	-51.2%
*** PROGRAM TOTAL ***	1214.6	1216.0	1845.3	1513.9	1072.1	-441.8	-29.1%
GEOLOGICAL & GEOPHYSICAL PROGR							
60 RESOURCE INVESTIGATIONS	1248.3	1042.1	1351.5	1219.7	971.4	-248.3	-20.3%
62 PUBLICATIONS	169.9	174.5	224.1	114.5	113.6	-0.9	-0.7%
64 MINERAL LABORATORY	233.3	249.4	296.2	261.0	228.7	-32.3	-12.3%
66 REGULATIONS AND INFORMATION	167.0	167.6	200.4	190.3	165.3	-25.0	-13.0%
68 ADMINISTRATION	216.5	237.9	290.2	237.7	218.4	-19.3	-8.0%
*** PROGRAM TOTAL ***	2035.0	1871.5	2362.4	2023.2	1697.4	-325.8	-16.0%
OIL & GAS							

6/1/79

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#1

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

16:50

2/15/79

***** NATURAL RESOURCE MANAGEMENT *****

SHORT
FORM

SHORT FORM PAGE	BUDGET COMPONENT	FY78 ACT	FY79 ADJ	REQUEST	GOVERNOR	LEG.REC.	LEG.REC. - GOVERNOR COMPARISON	
72	CONSERVATION	830.9	1588.8	2111.3	1737.9	1476.2	-231.7	-13.5%
76	ROYALTY OIL AND GAS BOARD	179.7	322.7	207.8	237.8	283.1	75.3	36.1%
	LAND MANAGEMENT							
80	CENTRAL OFFICE	743.0	1126.7	1408.9	1365.9	1065.9	-303.0	-22.0%
82	LAND & WATER DIRECTOR	166.0	439.1	170.3	170.3	361.3	191.0	112.1%
84	WATER MANAGEMENT	71.7	296.8	650.9	403.5	299.6	-103.9	-25.6%
	*** PROGRAM TOTAL ***	980.7	1861.9	2230.1	1939.7	1726.8	-212.9	-11.0%
	LANDS ADMINISTRATION & SUPPORT							
88	LANDS MANAGEMENT	585.1	1195.9	1547.8	1279.3	1116.1	-163.2	-12.7%
90	CLASSIFICATION	299.1	1043.2	1135.1	1002.3	956.2	-46.1	-4.5%
	*** PROGRAM TOTAL ***	884.2	2239.1	2682.9	2281.6	2072.3	-209.3	-9.1%
	ADMINISTRATION & SUPPORT							
94	CADASTRAL ENGINEERING	927.3	3474.5	3680.8	3314.7	3017.6	-297.1	-9.0%
	FOREST PROTECTION & MANAGEMENT							
98	FIRE PROTECTION-STATE	307.5	207.6	372.5	221.9	158.7	-63.2	-28.5%
100	FIRE PROTECTION-BLM	1200.1	277.6	371.9	371.9	1028.2	-656.3	-176.5%
102	RESEARCH & TECHNICAL	57.1	105.2	136.9	126.2	103.6	-22.6	-17.8%
104	MANAGEMENT AND TIMBER SALES	129.9	260.2	250.3	250.3	234.5	-15.8	-6.2%
106	ADMINISTRATION	69.7	170.4	268.4	246.6	191.8	-54.8	-22.1%
	*** PROGRAM TOTAL ***	1764.3	1021.0	1400.0	1216.9	1716.8	499.9	41.0%
	DISTR ICT OPERATIONS							
110	SOUTHEAST DISTRICT	371.2	811.1	970.7	956.4	860.9	-95.5	-10.0%
112	SOUTHCENTRAL DISTRICT	1236.2	2434.4	3020.0	2667.9	1558.6	-1109.3	-41.5%
114	NORTHCENTRAL DISTRICT	833.6	1880.6	2305.5	1992.4	1285.4	-707.0	-35.5%
	*** PROGRAM TOTAL ***	2441.0	5126.1	6296.2	5616.7	3704.9	-1911.8	-34.0%
116	CONSERVATION ACTION CORPS	311.8	506.5	592.3	523.1	460.2	-62.9	-12.0%
	PARKS & RECREATION-DISTRICTS							
120	MAT-SU	394.3	437.7	510.7	463.6	422.3	-41.3	-8.8%
122	CHUGACH	400.5	448.9	519.8	451.4	404.5	-46.9	-10.3%
124	KENAI-KODIAK	232.1	235.3	309.1	289.9	219.5	-69.4	-24.0%
126	SOUTHEAST	208.0	219.2	349.7	252.4	225.0	-27.4	-11.8%
128	COPPER BASIN	100.0	136.9	161.2	146.3	127.0	-19.3	-13.1%
130	INTERIOR	315.7	374.2	416.7	379.8	358.6	-21.2	-5.5%
132	OPERATIONS ADMINISTRATION	44.2	49.0	75.7	50.7	45.6	-5.1	-10.0%
	*** PROGRAM TOTAL ***	1694.8	1901.2	2342.9	2033.1	1802.5	-230.6	-11.2%
	PARK MANAGEMENT							
136	PARK DEVELOPMENT	159.2	620.9	289.7	235.3	445.5	210.2	89.2%
138	STATE-FEDERAL COORDINATION	139.8	85.1	96.6	96.6	86.6	-10.0	-10.3%
140	ADMINISTRATION & SUPPORT	251.1	225.8	325.9	318.9	254.1	-64.8	-20.2%
	*** PROGRAM TOTAL ***	550.1	931.8	712.2	650.8	785.2	135.4	20.7%
142	HISTORIC RESOURCE MANAGEMENT	385.6	302.9	450.6	372.6	299.5	-73.1	-19.5%
	*** AGENCY TOTAL ***	16397.7	24980.4	29068.8	25232.1	21790.6	-3441.5	-13.5%
	*** FUNDING IMBALANCE					-21790.6		
	DEPARTMENT OF FISH & GAME							
	COMMERCIAL FISH							
146	RESEARCH	1875.0	2628.5	3675.7	2741.3	2117.8	-623.5	-22.6%
148	MANAGEMENT	4353.6	4591.7	5169.3	4905.5	4255.0	-650.5	-13.2%
150	ADMINISTRATION AND SUPPORT	736.5	849.8	845.0	1052.5	765.3	-287.2	-27.2%
152	FEDERAL AID PROGRAMS	1398.0	1442.0	1577.3	1539.2	1351.9	-187.3	-12.1%

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STATE OF ALASKA -- OPERATING BUDGET SUMMARY

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***** NATURAL RESOURCE MANAGEMENT *****

SHORT
FORM

SHORT FORM PAGE	BUDGET COMPONENT	FY78 ACT	FY79 ADJ	REQUEST	GOVERNOR	LEG.REC.	LEG.REC. - GOVERNOR COMPARISON	
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STATE OF ALASKA -- OPERATING BUDGET SUMMARY

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***** NATURAL RESOURCE MANAGEMENT *****

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BUDGET COMPONENT	FY78 ACT	FY79 ADJ	REQUEST	GOVERNOR	LEG.REC.	LEG.REC. - GOVERNOR	COMPARISON
SPECIAL PROJECTS			740.0	741.0	1.0	-739.0	-99.8%
*** PROGRAM TOTAL ***	8363.1	9512.0	12007.3	10978.5	8491.0	-2487.5	-22.6%
SPORT FISH							
INVESTIGATIONS AND RESEARCH	2049.1	2857.7	3103.4	2747.0	2444.2	-295.8	-10.7%
MANAGEMENT	782.6	854.0	1030.1	811.2	798.0	-13.2	-1.5%
SPORT FISH RESTORATION	55.0	59.8	102.8	62.4	49.8	-12.6	-20.1%
ADMINISTRATION	177.4	207.9	221.1	235.4	196.9	-38.5	-16.3%
*** PROGRAM TOTAL ***	3064.1	3978.4	4457.4	3849.0	3488.9	-360.1	-9.3%
F.R.E.D.							
OPERATIONS	4652.9	7000.4	9384.5	7395.0	5730.5	-1664.5	-22.5%
ENGINEERING SUPPORT	149.3						
ADMINISTRATION	939.9	853.1	1041.2	869.2	680.5	-188.7	-21.6%
TECHNOLOGY AND DEVELOPMENT		1247.7	1664.3	1377.9	1120.6	-257.3	-18.6%
*** PROGRAM TOTAL ***	5742.1	9101.2	12090.0	9642.1	7531.6	-2110.5	-21.8%
ADMINISTRATION AND SUPPORT							
OFFICE OF THE COMMISSIONER	237.0	288.6	443.3	328.6	275.2	-53.4	-16.2%
PUBLIC COMMUNICATION	191.1	197.8	372.7	220.1	186.4	-33.7	-15.2%
ADMINISTRATIVE SERVICES	2370.0	2189.1	3776.1	2308.6	2038.7	-269.9	-11.6%
HOUSING PROGRAM	37.6	120.6			96.1	96.1	100.0%
VESSELS	1295.7	1297.3	1526.9	1418.5	1247.5	-171.0	-12.0%
*** PROGRAM TOTAL ***	4041.4	4093.4	6119.0	4275.8	3843.9	-431.9	-10.0%
GAME							
INVESTIGATIONS AND RESEARCH	4174.6	5155.3	6188.4	5289.8	4737.4	-552.4	-10.3%
MANAGEMENT	444.0	553.8	683.4	442.0	496.8	54.8	12.3%
HUNTER SAFETY	96.4	126.1	128.1	122.4	116.1	-6.3	-5.0%
ADMINISTRATION AND SUPPORT	340.9	390.0	400.5	399.4	379.4	-20.0	-5.0%
*** PROGRAM TOTAL ***	5055.9	6225.2	7400.4	6253.6	5729.7	-523.9	-8.3%
BOARDS OF FISH AND GAME							
BOARDS OF FISH & GAME	147.2	312.8	342.0	399.7	231.5	-168.2	-42.0%
FISH & GAME SUPPORT SERVICES							
SURSTISTENCE SECTION		500.0	1420.1	845.9	645.7	-200.2	-23.6%
HABITAT PROTECTION							
MARINE/COASTAL HABITAT MGMT	271.2						
LAND AND WATER PROTECTION	274.8						
LAND AND WATER CONSERVATION	288.8	285.7	385.1	305.8	279.1	-26.7	-8.6%
ADMINISTRATION AND SUPPORT	176.8	270.0	233.2	198.1	179.2	-18.9	-9.5%
ENVIRONMENTAL MONITORING		493.1	703.5	531.8	474.7	-57.1	-10.6%
SPECIAL FEDERAL PROJECTS		44.0	455.5	455.5	.4	-455.9	-100.0%
OIL PIPELINE MONITORING	481.9	214.8	28.6		68.9	68.9	100.0%
GAS PIPELINE MONITORING	76.0	1053.1	1691.3	1691.3	1087.1	-604.2	-35.6%
NORTH SLOPE HAUL ROAD		77.6	55.4	55.4	52.4	-3.0	-5.3%
*** PROGRAM TOTAL ***	1569.5	2439.3	3552.6	3237.9	2141.7	-1096.9	-33.8%
*** AGENCY TOTAL ***	27993.3	36161.3	47388.8	39482.5	32103.3	-7379.2	-18.6%
*** FUNDING IMBALANCE					-32103.3		
DEPARTMENT OF PUBLIC SAFETY							
PROTECTION							
ENFORCEMENT	4557.8	5319.6	6469.5	5525.1	4831.7	-693.4	-12.5%
DIRECTOR'S OFFICE	603.9	576.8	631.7	606.7	552.0	-54.7	-9.0%
AIRCRAFT SECTION	700.9	789.9	1054.4	820.9	660.2	-160.7	-19.5%

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2/16/79

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

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***** NATURAL RESOURCE MANAGEMENT *****

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BUDGET COMPONENT	FY78 ACT	FY79 ADJ	REQUEST	GOVERNOR	LEG.REC.	LEG.REC. - GOVERNOR COMPARISON
MARINE ENFORCEMENT	903.2	1306.0	1659.4	1447.3	1179.1	-268.2
*** PROGRAM TOTAL ***	6765.8	7992.3	9815.0	8400.0	7223.0	-14.64
*** FUNDING IMBALANCE					-7223.0	
DEPARTMENT OF ENVIRONMENTAL CONSERVATION						
WATER PROGRAMS						
238 WATER POLLUTION CONTROL	335.9	341.6	430.1	424.5	310.8	-113.7
240 WATER SUPPLY	627.1	788.0	786.0	786.0	219.1	-566.9
242 FACILITY CONSTRUCTION AND OPER	230.3	201.9	484.0	479.6	195.3	-284.3
244 DIRECTORS OFFICE	93.5	95.2	125.7	125.7	91.0	-34.7
246 ENVIRONMENTAL ANALYSIS	308.1	428.8	445.8	443.8	343.8	-100.0
*** PROGRAM TOTAL ***	1603.9	1855.5	2271.6	2259.6	1160.0	-1099.6
TERRESTIAL PROGRAMS						
250 AIR QUALITY	223.8	282.6	240.5	240.5	198.6	-41.9
252 LAND USE	219.2	326.4	348.0	348.0	177.1	-170.9
254 DIRECTORS OFFICE	95.2	95.7	99.7	99.6	92.3	-7.3
*** PROGRAM TOTAL ***	538.2	704.7	688.2	688.1	468.0	-220.1
ADMINISTRATION AND SUPPORT						
258 OFFICE OF THE COMMISSIONER	445.6	354.4	396.7	336.3	320.7	-15.6
260 ADVISORY BOARD	8.9	11.9	12.6	12.5	9.1	-3.4
262 MANAGEMENT SERVICES	300.0	317.8	355.9	343.9	301.5	-42.4
264 TECHNICAL SERVICES	328.1	351.0	436.7	405.5	321.3	-85.2
266 PROGRAM COORDINATION	336.0	411.6	518.2	494.6	413.2	-81.4
*** PROGRAM TOTAL ***	1418.6	1446.7	1720.1	1593.8	1365.8	-228.0
OIL PIPELINE MONITORING						
270 OIL PIPELINE MONITORING	165.0					
272 GAS PIPELINE IMPACT	20.3	260.8	610.6	610.6	238.0	-372.6
*** PROGRAM TOTAL ***	185.3	260.8	610.6	617.6	238.0	-372.6
REGIONAL OFFICES						
276 SOUTHEAST REGION	264.7	262.9	415.0	385.2	261.4	-124.8
278 SOUTHCENTRAL REGION	455.8	572.6	778.6	759.5	580.0	-179.5
280 NORTHERN REGION	421.9	568.0	664.1	664.1	493.7	-170.4
282 PRINCE WILLIAM SOUND REGION	147.5	160.4	191.0	191.0	149.9	-41.1
*** PROGRAM TOTAL ***	1289.9	1563.9	2048.7	1999.8	1484.0	-515.8
TANK & OIL TERM SAFE						
286 TANKER & OIL TERMINAL SAFETY	339.0	995.9	455.7	450.8	629.9	179.1
*** AGENCY TOTAL ***	5374.9	6827.5	7794.9	7602.7	5345.7	-2257.0
*** FUNDING IMBALANCE					-5345.7	
STATE BOND COMMITTEE						
DEBT SERVICE						
290 FISH AND GAME FACILITIES	1847.9	2816.6	4582.2		3911.3	3911.3
292 WATER AND SEWER	3094.6	3496.0	5149.7		5149.7	5149.7
294 PARKS AND RECREATION	358.2	596.5	1341.5		1341.5	1341.5
296 FIRE PROTECTION	77.0	138.1	191.7		337.3	337.3
*** PROGRAM TOTAL ***	5377.7	7047.2	11265.1		10739.8	10739.8

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

16:50

2/15/79

***** NATURAL RESOURCE MANAGEMENT *****

SHORT FORM PAGE	BUDGET COMPONENT	FY78 ACT	FY79 ADJ	REQUEST	GOVERNOR	LEG.REC.	LEG.REC. - GOVERNOR COMPARISON
*****	TOTAL EXPENDITURES	66572.9	88264.5	113900.8	99315.9	81932.9	-17383.0 -18.0%
*****	FUNDING						
	FED. RECEIPT	10190.3	11671.9	14205.3	14826.4		
	GENERAL FUND	50538.4	67174.7	89835.5	75060.1		
	OTHER FUNDS	5844.2	9417.9	9860.0	9449.4		

Approximate GF Reductions:

-13211.1

-18.0%

SWAN LAKE HYDROELECTRIC PROJECT

CHAIRMAN - AND MEMBERS OF THE COMMITTEE

MY NAME IS BOB ARNOLD AND I AM HERE TODAY REPRESENTING THE
MANAGER OF KETCHIKAN PUBLIC UTILITIES TO TESTIFY FOR THE
APPROPRIATION REQUEST YOU HAVE BEFORE YOU FOR THE SWAN LAKE
PROJECT.

LET ME, FIRST OF ALL, ADDRESS THE ISSUE OF THE DIRECT APPROPRIATION FOR HYDROELECTRIC PROJECTS YOU GENTLEMEN HAVE MADE AND ARE MAKING POSSIBLE.

NUMBER ONE - THESE APPROPRIATIONS ARE FOR THE PURPOSE OF LOANS
AND NOT GRANTS.

NUMBER TWO - THESE APPROPRIATIONS WILL ULTIMATELY BE
RETURNED TO THE POWER PROJECT REVOLVING
LOAN FUND ^{from} FOR THE DEVELOPMENT.

NUMBER THREE - BECAUSE OF THIS REVOLVING LOAN FUND
ASPECT, THESE APPROPRIATIONS CANNOT BE
CONSTRUED AS BEING BENEFICIAL TO ONE
LOCALITY WITHIN THE STATE ONLY.

SECOND, LET ME DIRECT YOUR ATTENTION TO THE FACT THAT ALASKA'S
WATER RESOURCES - IF DEVELOPED - ARE ACTUALLY WORTH MORE THAN
THAT OIL SITTING UP THERE IN PRUDHOE BAY. THIS IS EVIDENT IN
THAT THE COST COMPARISON OF THESE HYDROELECTRIC PROJECTS MUST SHOW
THAT IT IS LESS EXPENSIVE TO PRODUCE POWER FROM HYDROELECTRIC
ENERGY THAN BY BURNING OIL.

WITH THIS FACT IN MIND, AND CONSIDERING THE DURATION OF THE BENEFITS - A HYDROELECTRIC FACILITY ^{infinitely} IS CONSIDERED TO BE A HUNDRED YEARS. THE QUESTION TO BE ANSWERED IS NOT; "CAN WE DELAY THIS YEAR'S APPROPRIATION IN THE HOPE THAT IT WILL BE EASIER TO FUND NEXT YEAR?", BUT RATHER; "CAN WE AFFORD NOT TO PROCEED WITH THE DEVELOPMENT OF ALASKA'S WATER RESOURCES?".

THIS QUESTION BRINGS US TO THE ROOT OF THE MATTER AND IN PARTICULAR TO THE ROOT OF KETCHIKAN'S REQUEST FOR A DIRECT APPROPRIATION FOR THE SWAN LAKE HYDROELECTRIC PROJECT. FRANKLY SPEAKING, IF KETCHIKAN IS NOT SUCCESSFUL IN OBTAINING YOUR HELP AT THIS TIME FOR THE SWAN LAKE APPROPRIATION, IT WILL DIRECTLY IMPACT KETCHIKAN TO THE TUNE OF AN ADDITIONAL 10 - 13 MILLION DOLLARS IN CAPITAL OUTLAY ALONE PRIOR TO 1984.

THIS \$10 - \$13 MILLION CONSISTS OF:

\$6,000,000 TO \$7,000,000 IN ESCALATION OF CONSTRUCTION COSTS DUE TO INFLATION (7% TO 9%).

\$4,000,000 TO \$6,000,000 FOR ACQUISITION OF ADDITIONAL DIESEL GENERATION TO MEET THE LOAD.

TRANSLATED IN TERMS OF PROJECT FINANCING, IT MEANS WE WILL NEED TO ARRANGE PROJECT FINANCING FOR 91 TO 92 MILLION RATHER THAN 85 MILLION. ADDITIONALLY, REPAYMENT OF THAT FINANCING WILL NEED TO BE STRUCTURED TAKING INTO CONSIDERATION THE DEBT SERVICE FOR THE \$4 TO \$6 MILLION FOR THE ACQUISITION OF ADDITIONAL DIESEL GENERATION.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE.

MR. FERRY STATED THAT KETCHIKAN IS BITING THE BULLET. IF YOU AS A COMMITTEE, AND KNOWING THE VALUE OF HYDROELECTRIC PROJECTS, ARE NOT ABLE TO ACT FAVORABLY ON THIS REQUEST; CAN YOU EXPECT THE COMMITTEE NEXT YEAR TO BE ANY STRONGER THAN YOURSELVES?

THANK YOU FOR PROVIDING US WITH THE OPPORTUNITY TO TESTIFY ON BEHALF OF THIS APPROPRIATION REQUEST.

HOUSE FINANCE COMMITTEE
February 19, 1979
9:10 a.m.

All members of the Committee were in attendance except Representatives Smith and Guy. Representative Duncan arrived later in the meeting. Also present: Commissioner Ernst Mueller, Department of Environmental Conservation; Kathleen Stewart, Finance Officer, DEC; Jon Scribner, Director, Water Programs, DEC; and Bob Grogan, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and stated they would receive testimony on the Department of Environmental Conservation, NATURAL RESOURCES category.

NATURAL
RESOURCES
CATEGORY
DEPT. OF
ENVIRON-
MENTAL
CONSER-
VATION

Commissioner Mueller referred to the budget and stated there is a problem with funding between Chevron and the Governor. He stated they have had to make amendments to the bill because it was funded unconstitutionally. He stated the funding source reflected in this program actually is contained in a bill the Governor submitted to the Legislature last week.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION:

Water Programs:

Water Pollution Control: Chairman Meekins questioned the \$125.0 to be paid as "assistance to the Municipality of Anchorage." Mr. Scribner advised this is the result of a large federal grant to the State. He stated Anchorage will receive a portion of this grant to conduct a local water quality management planning program. He stated it will be looking at pollution from urban runoff which is degrading the quality of some of the creeks.

Water Supply: Representative McKinnon asked if this was the program for water and sewer. Commissioner Mueller stated there are two programs: one is the village safe water program, and the other is other water programs. Representative McKinnon asked what the status is on the Governor's Efficiency Review Committee's recommendation that these programs be consolidated. Commissioner Mueller stated not much has happened other than the Legislature transferring Seafood out of Health and Social Services and into Natural Resources. He stated there is still a small task force looking into consolidating these programs, but it has been difficult to come up with an answer to the problem.

(Representative Duncan arrived at this time.)

2/19/79

Representative Rogers questioned the position that has been vacant since last May. Mr. Scribner stated they filled that position with an assignee from Public Health Service which comes out of their contractual budget. He stated it is actually a filled position. Representative Rogers asked if the money was coming out of Contractual, not Personal Services. Mr. Scribner stated this was correct, and said they are trying to straighten this out so it doesn't show up as a vacancy. He stated the money is available from the 100 series, and they are trying to work with the budget people to get it reflected in the contractual service area.

Chairman Meekins asked how much money is in the Village Safe Water Program. Commissioner Mueller stated there is \$37.5 in miscellaneous which is the operating budget for the Program. He stated that also included are two positions for planning and initial design. He stated there is also a capital improvement budget which was approved by the Legislature last year.

Representative Freeman asked how many of the Commissioner's people work inside municipal boundaries, and how many outside. Commissioner Mueller stated this was difficult to say. He stated most of the work they do is reflected by where the population is. He stated he would say the bulk to his people work within organized municipalities. Representative Freeman asked if there wasn't a lot of work being done by the Department within the boundaries of municipalities which could be assumed by the municipality. Commissioner Mueller stated some of the responsibilities are assumed by the larger municipalities. He stated the Anchorage municipality and the Kenai Peninsula Borough manage air programs within the boundaries, but Kenai is pulling out. He stated Anchorage and the Fairbanks North Star Borough will continue their programs.

Representative Freeman referred to subdivision of land, and stated it seems reasonable to him that the problems of subdivisions should be the concern of the municipal government rather than the State. He stated maximum local control is mandated in the constitution, and he thinks it should be given to the municipalities. Commissioner Mueller stated the problem is that some of the municipalities don't have the resources to assume these responsibilities. Representative Freeman commented that as long as the State is involved they will feel they never have to assume the responsibility, and therefore won't come up with the resources. There was further discussion. Commissioner Mueller stated they are trying to set minimum standards so an area outside a municipality will not have more stringent requirements than an area inside a municipality. He stated the Committee should also be aware that many subdivisions do not have on line sewer and water. Representative Freeman commented that he thinks the Department is "protecting the citizen to death". There was further discussion.

Chairman Meekins stated he understands it will cost the Division of Lands \$150 million to sell lands the Legislature asked them to sell. He stated he understands a lot of that cost is due to the Division having to comply with regulations set up by the Department of Environmental Conservation. Commissioner Mueller stated their concern is that water and sewer systems be operative. He stated he is concerned that if an improper system is built, after five or six years the State will have to come in and pay for half the costs of improving the system. There was discussion on the \$150 million figure. Commissioner Mueller stated it doesn't know where that figure came from, and he was not aware that they were requiring the Department of Natural Resources to put in sewer and water systems. Representative Freeman stated this is from a report by the Division of Lands to the Legislature on disposal of lands.

Chairman Meekins asked if the Department of Environmental Conservation was aware that the Division of Lands is saying it is these requirements that are adding to the cost of disposing of land. Mr. Scribner stated they are only aware of it to the extent that there were problems in one area in Glennallen where there was some difficulty in interpretations because there were three different regions involved. He stated that has been resolved. He stated he has checked with the Division of Lands and asked them if they have problems with DEC regulations, and the Division has assured him that this is not the case. There was discussion. Chairman Meekins commented the Committee seems to be getting the "bureaucratic shuffle". Commissioner Mueller stated they have talked with the Division of Lands and apparently are getting different answers than the Legislature is. There was further discussion.

Chairman Meekins appointed a Subcommittee to be headed by Representative Freeman to check into this and report back to the Committee as soon as possible with suggestions for a method of proceeding to solve this problem.

Facility Construction and Operation: Chairman Meekins asked if any CIP positions were included here. Mr. Scribner stated there are two positions. He stated these are the only CIP positions in the entire Department. Chairman Meekins requested a list of all positions budgeted with Capital Improvement money and a complete breakdown of how it is used. Commissioner Mueller stated he would provide this information.

Representative Rogers requested a complete list of all vacant positions and an explanation. Commissioner Mueller stated they would provide this information.

2/19/79

Chairman Meekins asked what they are constructing under this BRU. Commissioner Mueller stated this is the section that manages the State's construction program for water and sewer facilities. He stated they also manage the federal EPA sewer system. He stated this goes primarily to the major organized boroughs. There was discussion on which projects are being constructed. Representative Schaeffer requested a preliminary time schedule on the \$1.8 million water and sewer project in Kotzebue. Mr. Scribner stated they could not provide this right now. He stated they were working with the Bush Caucus to see what the Legislature intended be done with this money.

Chairman Meekins requested that the Department respond to Representative Freeman's requests for information in a courteous and timely manner. Commissioner Mueller stated they would do so.

The meeting recessed at 10:00 a.m.

ADJOURN

Tape HFC 79-33 Side 1 #227 to end
Side 2 #001 to 282

2/19/79

HOUSE FINANCE COMMITTEE
February 19, 1979
1:30 p.m.

All members of the Committee were in attendance, except Representatives Guy and Smith. Representative Duncan arrived later in the meeting. Also in attendance from the Department of Environmental Conservation: Commissioner Ernst Mueller; Glenn Akins, Director, Planning and Programs; Dale Wallington, Director, Terrestrial Programs. Also present: Colonel Fred Wolstad, Director, Division of Fish & Wildlife Protection, and Mike Clemmons, Department of Public Protection; Chuck Taylor, Budget and Management; John Crandall, Administrative Assistant to Chairman Meekins; Bob Grogan, Fiscal Analyst, Division of Legislative Finance.

PRESENT

Chairman Meekins called the meeting to order and advised the subcommittee on HB 32 (special appropriation to the Department of Commerce & Economic Development, power project revolving fund of the Alaska Power Authority--Swan Lake, \$3,115,000) has recommended a Finance Committee Substitute addressing Terror Lake, \$2 million, and Tyee Lake, \$2 million. He stated the committee substitute is currently being prepared and will be considered at a later date.

HB 32

[Representative Duncan arrived at this time.]

Chairman Meekins announced the Committee would begin Department hearings on the NATURAL RESOURCES budget.

NATURAL
RESOURCES
BUDGET
HEARINGS

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Water Programs: Commissioner Mueller advised Water Supply, primarily deals with water supply supervision including village water supply, and Facility Construction and Operation are currently in the same BRU, just different components.

Chairman Meekins asked about the \$20 million in federal funds they are going to administer, and was informed the federal government will fund 100% of the State annual construction program. The Commissioner stated the advantage of the State's administering this program is that they can avoid the delay in going through both the concept plans and the detailed design. He added those positions are 100% federally funded.

The four new positions requested were discussed. The Commissioner advised a large block of the money is for travel out to those communities to expedite the program.

At the request of Chairman Meekins, Commissioner Mueller stated they would supply the Finance Committee with a breakdown on "other money" listed under travel and contractual.

REQUEST

Commissioner Mueller pointed out the data processing chargeback. He explained, currently, Administration is budgeting their costs and that, from now on, it would be reflected in their own budget.

Chairman Meekins asked the total general fund and federal fund. He was informed the FY 80 budget reflects \$2,212.1 in federal funds and \$3,560.7 in other general fund. Funding sources were discussed.

Director, Director's Assistant and secretary are the three positions in the Director's Office, Commissioner Mueller noted.

Under Environmental Analysis, Commissioner Mueller advised this includes field investigations. He stated they develop conditions for permits for new discharges. He stated this is done on contract and partly with the municipality.

Chairman Meekins questioned the need for the separate components. Commissioner Mueller responded he had no objection to this being compacted into one or two components. He commented this is the way it was set up when he came to the Department.

There was discussion on the federal fund and general fund match, with Chairman Meekins stating this is difficult for the Finance Committee to track through when the general fund match shows up in one component and the federal money shows up in another. He requested the Commissioner supply the Finance Committee with a form that traces through the federal and general fund match ratio and grant program and that he point up some of the components that might be combined. Commissioner Mueller indicated he would do this. Chairman Meekins noted Senator Sackett, Senate Finance Committee Chairman, had made a similar request.

REQUEST

There was discussion on federally-funded programs the State has opted into due to the fact that they did not want to layoff personnel. Chairman Meekins requested the Commissioner provide a complete list of all the federal programs the State has opted into and the effect it would have should the State decide to opt out. Commissioner Mueller indicated compliance and that he could have this information to the Committee by the end of the week.

REQUEST

Terrestrial Programs: Dale Wallington stated this is everything except water pesticide program and solid waste management. He pointed out the three new positions requested in Land Use are for land disposal of solid waste. He advised they set minimum standards for handling waste in the State. He stated their job is to try to get the municipalities to live up to these standards. In answer to a question, he replied they recommend or ok the dump sites but do not place them.

There was discussion on the problem of the small communities in complying with the standards set. Commissioner Mueller advised the standards are set for protecting public health and it is their job to make sure the communities are in compliance with basic standards. Mr. Wallington stated if the State doesn't do this the federal government will. State and local control versus federal control was discussed. Mr. Wallington stated the program acts as a buffer between the federal government and the local community; i.e., it is easier for the State to "face down" the federal government rather than the small community.

Further discussion followed on federal mandate and the question of the State's paying for control they don't have. Commissioner Mueller advised they are mandated by federal (EPA) guidelines, with the exception of solid waste--those guidelines aren't done yet.

There was discussion on the new positions requested.

Administration & Support, Advisory Board: Commissioner Mueller stated this was set up by statute when the Department was founded. He advised their job is to overview the Department's programs and make recommendations. He commented the board meets several times a year, and there are eight people besides himself, who serves as chairman. In answer to a question, he stated this is of marginal utility.

Management Services: The difference between CETA funds and salary for clerk typist II was pointed out. It was noted an error was made in making it all general fund when it should have been part federal fund and inter-agency receipts.

Chairman Meekins asked if Management Services and Program Coordination weren't the same thing. Glenn Akins replied this could be combined with the other 12 positions. In answer to a question, he advised they provide information services to the public on how to go through the approval process. He further stated they have no direct regulatory authority and no grant making.

Gas Pipeline Impact: Chairman Meekins asked when this budget was prepared, and Commissioner Mueller indicated it was probably last July or August. There was discussion on this not being a realistic budget in view of the situation with Northwest Pipeline. Representative Rogers requested a revised budget be prepared reflecting current information and provided to the Finance Committee.

Regional Offices: There was discussion on vacant positions, with the Commissioner advising he would provide detail to the Finance Committee.

Tanker & Oil Terminal Safety: Chairman Meekins noted the program is down 50%. Commissioner Mueller advised this is due to the lawsuit the Governor and Department filed against Chevron. Discussion followed on the status of that suit. In answer to a question, he advised the funding mechanism is a dedicated fund. He stated they already collected fees during FY 79 and don't have to give them back. He stated there was enough money in the fund to run the FY 79 program. He stated the Attorney General's office reached an out-of-court settlement.

There was discussion on the passage of current legislation, which the budget reflects. There was a question on this being funded through the bill's fiscal note rather than the budget and if this would require the PCN's to be zeroed out and new ones applied for. Chairman Meekins stated these questions would be considered when the Committee has the legislation before them.

[The meeting recessed at 3:00 p.m. and reconvened at 3:25 p.m.]

DEPARTMENT OF PUBLIC PROTECTION

Protection: In a brief overview, Colonel Fred Wolstad stated they have officers in 33 locations throughout the State. He advised they maintain 11 vessels, including one 100-footer and two 65-footers, which includes 17 positions. Chairman Meekins asked the difference between Marine Management and the Coast Guard, and Colonel Wolstad replied the Coast Guard is concerned with search and rescue and enforcement with foreign nationals, whereas this program deals with protection of all the commercial fisheries.

In answer to a question regarding vacancies, Colonel Wolstad stated there are some positions vacant at the present time, including four officer positions and an investigator II. He stated when these recruits graduate, the program will be operating at 100%.

There was discussion on the forensic chemist II and custodial worker II WG VIII positions. Representative Duncan noted there was an increase in temporary man-months from 20 to 27. Mr. Clemmons noted the total request was for 146 man-months.

In discussing the imposition of the Antiquities Act, Colonel Wolstad stated this could result in additional workload or it could result in less. He stated, currently, the Department is trying to work this out. Representative Freeman asked if they are presently enforcing federal regulations regarding the land withdrawn under the Antiquities Act. Colonel Wolstad advised, at the present time, only State law is being enforced, not federal. He added, however, if the Board of Fish and Game adopts federal regulations, then they are obligated to enforce this. Representative Freeman commented he is opposed to the federal government imposing the Antiquities Act, then asking the State to enforce it.

Chairman Meekins noted the Department's actions are proscribed for them in some cases but asked if there would be objection should legislative intent be attached to this indicating "these funds are contingent upon not enforcing federal regulations, even those that are through Fish and Game". Colonel Wolstad replied they are not at all in opposition to this, and added they have not assumed any additional enforcement at this time. He stated the Department must enforce nine specific acts, but the Antiquities Act is not among them. He advised they have to comply with what the Board of Fish and Game decides.

Chairman Meekins requested a list of priorities from the Department as to where the 15% budget reductions should be made and also a breakout of percentage of personnel and expenses spent on land enforcement that is impacted under the Antiquities Act and D-2. Colonel Wolstad stated he would have this information to the Finance Committee by the end of the week. He also added that 55%-65% of their time is spent in the area of commercial fish based on activities reports from their office.

REQUEST

Director's Office: Colonel Wolstad advised this himself, deputy director, supervisor of the detachments, supervisory staff and guide control--12 continuation positions.

Aircraft Section: Colonel Wolstad advised this gives protection to officer pilots (approximately 42) and also State Troopers. In answer to a question, he stated they supply the aircraft and maintenance tools. Representative Montgomery asked if the Trooper received an additional salary increment for being a pilot and was informed no, this is through their collective bargaining under hazardous duty pay.

Marine Enforcement: Colonel Wolstad advised this includes maintenance and fuel and salaries for personnel aboard the three large vessels--one 100-footer and two 65-footers. He stated there are no vacant positions at this time. There was discussion on salaries and the fact that the skipper makes less than that of the crew. The Committee was informed this is due to the several different bargaining units involved.

Representative Schaeffer requested a copy of the aircraft leases for the Nome, Bethel and Fairbanks areas.

REQUEST

Chairman Meekins announced Representative Rogers is looking into the possibility of the House Finance Committee sponsoring an FY 81 budget. He stated the Committee would pass it and send it to Free Conference Committee. He advised this would give rationale to the Interim Budget Committee (Duncan, Sackett and Meekins). Representative Freeman indicated interest in looking into this matter.

ANNOUNCEMENTS

Chairman Meekins further announced a lot of bill referrals are not going to the Finance Committee. As previously discussed, he stated those referrals have been requested, and the rules state the Finance Committee receives anything with fiscal impact.

The meeting adjourned at 4:30 p.m.

ADJOURN

Tape HFC 79-33 Side 2 #001 - End
 79-34 Side 1 #001 - End
 Side 2 #001 - End
 79-35 Side 1 #001 - #454

HOUSE FINANCE COMMITTEE
February 20, 1979
9:00 a.m.

All members of the Committee were in attendance, except Representative Smith. Representatives Rogers and Duncan arrived later in the meeting. Also in attendance: Deputy Commissioner Carl Rosier, Program Management, and Steve Moyer, Acting Director, Research, Department of Fish and Game; Chuck Taylor, Budget and Management; John Crandall, Administrative Assistant to Chairman Meekins; Bob Grogan, Budget Analyst, Legislative Finance.

PRESENT

Chairman Meekins called the meeting to order and advised the Committee would continue hearings on the NATURAL RESOURCES budget.

NATURAL
RESOURCES

[Representative Rogers arrived at this time.]

DEPARTMENT OF FISH AND GAME - Commercial Fish:

Carl Rosier pointed out some of the issues that are impacting the Department at the present time; i.e., the number of federal actions regarding the 200-mile zone, involvement in herring planning development, expanding role in ground (bottom) fisheries and salmon fisheries. He discussed the impact regarding D-2 lands withdrawals.

Mr. Rosier explained the Department's program for converting temporary positions over to permanent seasonal positions. He stated this is about a 30% turn-over.

Mr. Rosier advised they are greatly impacted by the federal research dollars being pulled back for shrimp research.

Mr. Rosier advised the Department has been undergoing a reorganization process that is currently underway. He discussed the new Subsistence Section that was implemented last year. He further stated the Department is looking at the possible return of marine mammals. He indicated the budget does reflect the Department's priorities.

Chairman Meekins asked how D-2 affects commercial fish. Mr. Rosier replied this primarily affects sport fish and subsistence and has a minimal impact depending on control of the waterways. Restricted access, he commented, would suggest a rearrangement mostly regarding population of the game areas.

In answer to a question concerning the conversion of temporaries to permanent seasonal positions, Mr. Rosier explained this is generally throughout the budget. He stated they are faced with a reduction and will do this by hiring less temporaries. He indicated they will submit a budget amendment to reflect this.

[Representative Duncan arrived at this time.]

At this time Steve Moyer gave a brief presentation using various charts. He discussed harvest productions of salmon (last year's harvest was a record) and other fin fish, ground fish, king crab and shrimp. He commented the major harvest is salmon and shell fish and that king crab produces the most total dollars.

Mr. Moyer pointed out the commercial fish program generally pays for itself. He stated the value of the resource produced has increased.

Mr. Moyer discussed a statewide comparison chart of the dollars spent per dollars back to the fishermen. He advised the average production is compared to FY 78. They are as follows: salmon - 4¢ on the dollar, herring - 5¢ on the dollar; ground fish - 5¢; shell fish - 1¢.

A chart on the Status of Alaska Commercial Salmon Stocks was displayed and discussed.

The meeting adjourned at 10:00 a.m.

ADJOURN

Tape HFC 79-35 Side 1 #454 - End
Side 2 #001 - #530

2/20/79

1:30 mtg

2/22

9:10 mtg

HOUSE FINANCE COMMITTEE
February 22, 1979
1:30 p.m.

All members of the Committee were in attendance, except Representative Smith. Chairman Meekins, Representatives Guy, Rogers, Freeman and Schaeffer arrived later in the meeting. Also in attendance from the Department of Fish and Game: Carl Rosier, Deputy Commissioner, Program Management; Steve Pennoyer, Acting Director, and Mary Ann Johnson, Administrative Assistant, Commercial Fish; Russell Clark, Director, Business Administration; Robert Roys, Director, and Beverly Reaume, Administrative Assistant, FRED Division; Lou Bandarolla, Sport Fish; Robert Newman, Dr. Don McKnight and Diane Bennett, Division of Game. Also present: Larry Kimball, Director, Planning, and Commissioner Lee McAnerney, Department of Community and Regional Affairs; Chuck Taylor, Budget and Management; John Crandall, Administrative Assistant to Chairman Meekins; Bob Grogan and Milt Barker, Legislative Finance.

PRESENT

The meeting was called to order by Representative Duncan, who announced Chairman Meekins and Vice Chairman Freeman were presenting testimony at 1:30 p.m. and would join the meeting later. Representative Duncan advised the Committee would continue hearings on the NATURAL RESOURCES budget from the Department of Fish and Game, beginning on short form page 145, Commercial Fish.

NATURAL
RESOURCES
BUDGET

[Representative Guy arrived at this time.]

Steve Pennoyer displayed several charts and discussed the various aspects of commercial fish, including resource utilization and brood stock regulation.

[Representative Rogers arrived at this time.]

In presenting a chart, "Commercial Fisheries Request Summary", Mr. Pennoyer stated this is primarily a maintenance budget with the exception of four new programs totaling \$325.0.

[Vice Chairman Freeman arrived at this time and conducted the meeting.]

Mr. Pennoyer gave the following information regarding the new programs:

Cook Inlet Salmon Stock Assessment Fish & Game Technician III 15.4 man-months	\$89.4
Alaska Peninsula Shrimp Fishery Fishery Biologist I 6 man-months	\$85.3
Berring Sea Herring Management & Research Fish & Game Technician III 18 man-months	\$114.9
Southeast Quarantine Fishery Management Strategies EDP Programmer I 12 man-months	\$35.4

Discussion followed on the conversion of temporary personnel to seasonal positions. The impact as computed by the Department, Mr. Pennoyer advised, is 53-1/2 man-months. He stated, with the conversion, the temporaries would be reduced by that amount.

Representative Duncan asked for a breakdown on contractual. Mr. Pennoyer advised a substantial amount goes toward aircraft and vessel chartering. He stated costs run between \$2.0-\$3.0 per day for a vessel. Representative Haugen asked if there were any tax collected, and Mr. Rosier answered yes, cold storage tax.

Mr. Pennoyer informed the Committee his overview covered short form pages 147-156 and that the charts he displayed are reproduced and will be made available to the Committee if they so desired. Representative Duncan asked that this REQUEST be done.

Representative Rogers requested Mr. Pennoyer respond to the question of outside contracts, such as those with the University of Washington. Mr. Pennoyer replied this is a case on on-going contracts and added the Department does use the University of Alaska and supports them on developing their masters thesis, etc.

Sonar counter development expertise was discussed, with Representative Montgomery commenting he would like to see the University of Alaska involved in this. Mr. Pennoyer indicated agreement.

There was discussion on the two vacant positions, short form page 147.

The log-book program was discussed, with Mr. Pennoyer explaining it was set up with the cooperative effort of the Alaska Trollers Association. He stated it updates and improves data regarding graphic conditions, location of species, etc. He stated it is a pilot observer program. Representative Haugen requested a copy of the log-book be made available to the Finance Committee.

REQUEST

Bob Grogan noted this program is not reflected in the budget. Mr. Pennoyer responded it was unintentionally left out of the budget and that a budget amendment for \$65.0, the same as last year, has been submitted.

Vice Chairman Freeman requested a breakdown of log-book program expenses. Mr. Pennoyer commented it is pass-through money. During further discussion, Russ Clark explained the Department receives itemized billings from the Alaskan Trollers Association. He stated this is not a lump sum grant to the Trollers Association--they are reimbursed for the amount they spend only. He further advised, "If they do not use the \$65.0, it lapses into the general fund; if they go over that amount, it is their nickel." Mr. Pennoyer indicated the Department will provide the Committee with a printout of the Trollers Association expenses.

REQUEST

Representative Duncan asked how the Department arrived at the data processing chargeback figure. Mr. Clark indicated this is from the Department of Administration printout. He advised almost all computer charges are a continuation of what was done in the past, based on the number of runs, etc. Representative Duncan asked how this compares to last year. Mr. Clark indicated he would provide the Committee with that information.

REQUEST

Representative McKinnon asked for rationale behind re-allocating contractual or commodities funding to personal services and if the funds were lapsed and converted this year or if it was prioritization. Mr. Pennoyer indicated he did not know that perhaps it was prioritization. Representative McKinnon asked how the commodities needs are determined. Mr. Pennoyer responded that, unless there is a change in the program, it is computed as last year. There was discussion on these funds being used to fund additional temporaries. Mr. Pennoyer replied he feels the programs are not quite that fixed and that there can be adjustments made.

Representative Montgomery asked if aircraft rentals are contracted out. Mr. Rosier advised, generally, they do not have contracts; it is done through the availability of air charters which they try to spread around. He did indicate, however, there are some contracts and that, in some cases, they use State (Public Safety) aircraft.

Representative McKinnon requested a percentage breakdown of the vacancy factor. Mr. Pennoyer indicated the following: Research - 5.7%; Management - 5.7%; federal aid - \$9.6%.

There was discussion on the North Pacific Management Council funding, with Representative Haugen noting they won't fund Agency research for over a two-year duration, so that, basically, this becomes a general fund expenditure. Mr. Rosier indicated the Department would be coming back to the Legislature in the next few years regarding this funding. He stated, currently, it is joint management sharing between the State and federal governments under the North Pacific Council.

[There was a brief recess from 2:20 p.m. until 2:25 p.m.]

RECESS

Vice Chairman Freeman announced the DEVELOPMENT category of the budget, short form page 79, would be considered at this time. He noted this BRU was left open pending testimony.

DEVELOPMENT
BUDGET

[Chairman Meekins and Representative Schaeffer arrived at this time.]

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

Community Planning Services, Municipal Lands Trust:

Larry Kimball discussed the Alaska Claims Settlement Act. In discussing the trust program, he advised there approximately 100-105 communities involved in the program that are eligible for 1,280 acres of land each that will be deeded to the State in trust. He stated the minimum size for those villages qualifying is a population of 25.

In discussing the reconveyances, Mr. Kimball stated, by the end of FY 80, there would probably be 45-50 trust lands conveyed. He advised they are working with approximately 95 land transactions now and that will double with next year with the reconveyances.

In answer to a question, Mr. Kimball advised these are lands selected by the village corporation subject to reconveyance to the municipality. He stated the villages have requested the Department's help in this matter. He

stated this is being done through quit claims where the village corporations convey the land to the State in trust.

Chairman Meekins stated the question the Committee had was why give the money to the Department now when it doesn't have the lands? He further asked, in other words, if this weren't funded, in addition to lands for schools, would it also slow down the land conveyance? Mr. Kimball replied that it would, and Commissioner McAnerney added they have been doing the preliminaries now. Representative Moss requested a copy of a list of villages involved.

REQUEST

Representative McKinnon asked how many villages have received their conveyance. Mr. Kimball replied, currently, no village has received total conveyance but that 13 communities have partial conveyance now and 13 are pending.

There was further discussion on school construction that has begun on BLM land.

[The meeting recessed at 2:40 p.m. and reconvened at 2:55 p.m.]

RECESS

DEPARTMENT OF FISH AND GAME, Sport Fish: Lou Bandarolla presented a brief overview, commenting the budget reflects no new programs, no new positions and a tightening and evaluation of current programs. He advised the two programs they are cutting back on are field census and various harvesting aspects.

NATURAL
RESOURCES
BUDGET

Historically, Mr. Bandarolla advised, funding sources for Sport Fish have been through license sales--195,231 sold. He commented Sport Fish is the only one funded in this manner; the rest of the Department is funded through general fund. He noted, however, the budget does reflect some general fund money this year. He indicated this is because they have used up any cushion they had and are required to maintain some fiscal balance.

Russ Clark explained that, in the past, they have had a balance in excess of their expenses. There was discussion on revenues equaling expenditures. Mr. Clark indicated another thing that is impacting the budget this year is the Game section. He advised that, due to the Antiquities Act and D-2 legislation, there is a shortfall in the Game section. He stated Sport Fish program pays for 90% of itself but that 10% has to be funded through other than license revenue.

Chairman Meekins noted a balance of \$312.0 in the fund and asked why they needed the money this year. Mr. Clark advised \$87.0 is the projected balance at the end of FY 80.

Mr. Bandarolla advised they have reduced the budget by eliminating certain projects for a year, such as the Valdez census. He stated they are also contemplating converting some permanent employees to seasonal.

[Representative Duncan arrived at this time.]

There was discussion on the federal requirements for federal funding, with Mr. Bandarolla indicating they have certain management and requirements to meet. In answer to a question, he advised their vacancy rate is low, not more than 3-4% overall.

[Representative Schaeffer arrived at this time.]

At this time Chairman Meekins announced bill assignments for those bills with very little fiscal impact--zero to \$18,000. He commented Committee members just need to check to see if the fiscal note is correct and report back to the Committee on Friday, February 23, during bill session. The assignments are as follows:

BILL
ASSIGNMENTS

HB 18	-	Duncan	-	Fiscal Note	\$ 3.6
HB 66	-	Moss	-	Fiscal Note	\$0
HB 81	-	Rogers	-	Fiscal Note	\$0
HB 107	-	Meekins	-	Fiscal Note	\$18.6
HB 153	-	Duncan	-	Fiscal Note	\$0
HB 241	-	Montgomery	-	Fiscal Note	\$0
HB 84	-	McKinnon	-	Fiscal Note	\$0
SB 4am	-	McKinnon	-	Fiscal Note	\$0

Fisheries Rehabilitation, Enhancement & Development:

Bob Roys presented a handout to the Committee, "Categories of Hatcheries by User Group" and "Present Status of Hatcheries" (see attached) and displayed various charts and graphs.

Mr. Roys discussed a chart regarding Capital Investments on Hatcheries and Fish Ladders. He displayed charts on salmon, trout, grayling and shelfish egg takes. In discussing a chart on adult returns from salmon hatcheries, he stated the forecast for 1979 is 493,000. In answer to a question, he advised it takes four years to show a return on eggs.

Chairman Meekins asked if there were any CIP positions, and Mr. Roys indicated there are seven. Chairman Meekins requested a list of those positions be made available to the Finance Committee.

REQUEST

Beverly Reaume presented an overview comparing figures to FY 79. She discussed the programs being phased out and those that are new. She advised the major increase in the budget came in five facilities that will be operational by 1980. She stated the total reduction from programs being phased out is \$567.0; the total request for new programs is \$993.0; making a total net increase of \$426.0.

There was discussion on the temporary positions to seasonal, with Ms. Reume stating this results in a loss of 45 man-months. In answer to a question, she advised APEA is another reason for the conversion. She stated they are concerned with the large number of employees not receiving benefits.

There was further discussion on the Aquaculture Association replacing certain functions of FRED. Mr. Roys commented, basically, they are not interested in building hatcheries.

Representative Duncan requested a reproduction of all charts displayed by the Department. Representative Guy requested an updated report on the Bethel hatchery.

REQUEST

Chairman Meekins announced to Committee members a meeting he had had with the Speaker and Rules Committee Chairman regarding the referral of bills and fiscal notes to the Finance Committee. He stated the result was that the Finance Committee will receive all bills that have fiscal impact.

ANNOUNCEMENT

Game: Bob Newman gave a brief overview of the functions and responsibilities of his Division. He also covered figures on the bueget in general.

Chairman Meekins asked that he comment on how D-2 will affect the Game Division and if the budget figures are adjusted for D-2. Mr. Newman indicated the section dealing with marine mammals is up in the air right now. He noted the difference between the FY 80 total request figure of \$6,018.6 and the \$6,253.6 that appears in the short form. He advised the \$235.0 difference is due to the Budget and Management request that the Division put in the figures they may get in contract dollars. In answer to a question, he stated they contract with the Park Service and OCS for specific research. He commented, if these funds become available, they must include these in the budget. Representative Duncan pointed out, in the past, these would have been handled through RP's.

Don McKnight displayed a chart on the summary of positions and funding sources for FY 79 and an estimate for FY 80. In discussing funding sources, Dr. McKnight advised, historically, this has been funded through program receipts and PR funds--federal funds--such as excise tax on firearms and ammunition. He commented this has been the source of funding since statehood.

Dr. McKnight explained a chart on PR apportionments since FY 70. He noted the reason for the sharp drop in the chart is due to the differences in the beginning of state and federal fiscal years. He advised the federal fiscal year begins October 1 through September 30, whereas the State's is July 1 through June 30. He stated this three-month lapse period is referred to as the "T Quarter". There was further discussion, with Dr. McKnight stating that, in FY 76, they did receive some general fund money which was the only time since statehood. He advised some of the federal money, if not spent, is then reverted.

There was discussion on the crowded hunting conditions resulting from the Antiquities Act and D-2 and limited entry to guides.

Consideration of non-game programs was discussed, with Mr. Newman indicating a non-game program was proposed last year and was not approved. Dr. McKnight cited Colorado as an example of raising revenue through a non-game program.

Mr. Newman advised the budget does reflect \$750.0 out of general fund this year. He stated this will be from here on out, as the program cannot be maintained depending solely on the sale of hunting licenses as the funding source. He commented he feels it should not be up to the hunters to protect the whole wildlife area. He stated they have made a number of in-program cuts and that the budget now reflects their priorities.

There was brief discussion on lynx and otter control. Mr. Newman advised the quota on otters and the subsistence section also impact the Division, as well as D-2. He briefly explained a chart showing the distribution around the State of where budget dollars are being spent. He noted much more emphasis is being placed on the western section of the State. Representative Duncan requested a reproduction, and Chairman Meekins requested a reproduction using percentages. Representative Rogers requested a corresponding reproduction for Fish.

REQUEST

Chairman Meekins advised the Caucus had requested the Committee look into the question of the changeover to the general fund as well as the impacting of the Antiquities

Act and D-2 on the Department.

There was further discussion on the status of marine mammals which, Mr. Newman informed, does not include whales. He advised they have been managing walrus since 1976, and so far have not received federal funds for this. He advised the federal government has now prepared a list of seven other endangered species for State management. In answer to a question, he replied, if they resume mammals management, it is not reflected in the budget.

The meeting adjourned at 4:50 p.m.

ADJOURN

Tape HFC 79-35 Side 2 #530 - End
 79-36 Side 1 #001 - End
 Side 2 #001 - End
 79-37 Side 1 #001 - End
 Side 2 #001 - #395

3/20/79

CATEGORIES OF HATCHERIES BY USER GROUP

	Primarily Sport *****	Primarily Commercial *****	Both Commercial & Sport *****	Possible Spin off Subsistence/Carcasses *****
<u>Southeastern</u>				
Beaver Falls		x		x
Deer Mountain	x			x
Klawock		x		x
Hidden Falls		x		x
Crystal Lake			x	x
Snettisham			x	
Starrigavan			x	x
<u>Prince William Sound</u>				
Cannery Creek		x		
Main Bay			x	
<u>Cook Inlet</u>				
Tutka			x	x
Crooked Creek			x	x
Anchorage Complex	x			
Big Lake			x	x
Trail Lakes			x	x
<u>AYK</u>				
Clear			x	
Kotzebue		x		x
<u>Bristol Bay</u>				
East Creek		x		
<u>Alaska Peninsula</u>				
Russell Creek		x		x
<u>Kodiak</u>				
Kitoi Bay		x		
Karluk		x		
<u>TOTALS</u>	2	9	9	12

PRESENT STATUS OF HATCHERIES

<u>Investigations</u>	<u>Design</u>	<u>Under Construction in 1979</u>	<u>Operational 1979</u>
<u>Southeastern</u>			
Beaver Falls			X
Deer Mountain			X
Klawock 1/		X (Completion)	X
Hidden Falls 1/		X (Completion)	X
Crystal Lake		X (Renovation)	X
Snettisham 2/	X	X (Initial)	
Starrigavan			X
<u>Prince William Sound</u>			
Cannery Creek 1/		X	Partial
Main Bay 2/	X (EIS)		
<u>Cook Inlet</u>			
Tutka			X
Crooked Creek			X
<u>Anchorage Complex</u>			
Phase I 2/			X
Phase II & III	X	X (Partial)	
Trail Lakes 1/	X		
Big Lake			X
<u>AYK</u>			
Clear 1/	X	X	X (Initial Test)
Kotzebue 2/	X		
<u>Bristol Bay</u>			
East Creek			X
<u>Alaska Peninsula</u>			
Russell Creek 1/		X (Completion)	X
<u>Kodiak</u>			
Kitoi Bay			X
Karluk (Navy Station) 1/	X		X (Test from Kitoi & Navy Station)
<u>TOTALS</u>	3	5	15

1/ 1976 Bond
2/ 1978 Bond

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HOUSE FINANCE COMMITTEE

February 21, 1979

9:15 a.m.

PRESENT

All members of the Committee were in attendance except Representative Smith. Also present were: Representatives Hayes and Anderson; Jeff Haynes, Deputy Commissioner, Department of Natural Resources; Harry Ose, Administrative Officer, DNR, George Hollett and Claude Hoffman, Division of Lands; Tom Cook, Director, Minerals and Energy Management; Lonnie Smith, Commissioner, Oil and Gas Commission; and Bob Grogan, Legislative Finance Division.

Chairman Meekins called the meeting to order and stated they would receive information from the Department of Natural Resources, in the NATURAL RESOURCES category.

NATURAL
RESOURCES
CATEGORY
DEPT. OF
NATURAL
RESOURCES
TESTIMONY

DEPARTMENT OF NATURAL RESOURCES:

Mr. Jeff Haynes, Deputy Commissioner, Department of Natural Resources, stated their budget is essentially a maintenance budget. He stated they attempted to make up some funding in the Division of Parks which has been underfunded in previous years.

Land Management:

Chairman Meekins asked what the status was on the disposal of lands as mandated by the Legislature last session. Mr. George Hollett, Deputy Director, Division of Lands, stated they had presented a report to the Legislature entitled ALASKA LAND, A REPORT TO THE LEGISLATURE, January, 1979, which gives the breakdown on what they have done. He stated some land has been disposed of, and they are in the process of disposing of other. He stated the main land policy act is AS 38.04 (HB 720 last year) which is their principal act; AS 38.05 is the one they had been working under in previous years.

Chairman Meekins asked if the statutes require that the land be surveyed before they dispose of it. Mr. Hollett stated they can lease land, but cannot pass title on it unless it is surveyed. Mr. Claude Hoffman, Division of Lands, stated this policy must be complied with when they alienate lands from public to private ownership. He stated that in order to pass free title they have to establish a boundary. Mr. Haynes stated the main purpose of this is to avoid problems between adjoining land owners.

Mr. Hoffman stated the Bureau of Land Management passes blocks to the State with no interior monumentation within a 23,000 acre block.

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Representative Freeman asked what the problem is with surveying, and why hasn't it been done. Mr. Hollett stated the main problem is money. He stated they do have some surveyed land. Representative Freeman said that last year he worked with the Division of Lands and they told him the average cost of surveying a five acre lot would be \$700. He stated the Legislature figured that 30,000 acres would be 6,000 lots, so figured the cost would be \$4.2 million. He stated the Legislature supplied the Division of \$5.7 million to do the surveys. He asked why they hadn't been done. Mr. Hoffman stated they have 28 survey contracts underway. He advised that some lands that have been surveyed are scheduled for disposal. He stated some of the lands are identified for disposal in April.

Representative Freeman commented on the imbalance between using homesite and open to entry programs for disposing of land. Mr. Hollett stated part of the problem as he sees it is they ran into problems getting the survey contracts out and getting people on the contracts prior to the June 30th date. He stated their contracting and getting land into small sites for the homesite program is where there were problems. He stated that in order to get into a program they had to use the open to entry program to meet the June 30th date. Representative Freeman stated he believes the Governor has objected to disposing of land for "free". Representative Freeman stated his goal as far as homesites was concerned was to allow the people to obtain land by methods other than cold cash. He stated he thinks the reason they disposed of open to entry land rather than homesite land is because it can be sold for cash. He asked if this had any bearing on their decision to go to open-entry land. Mr. Hollett said not that he knows of. He stated the only thing that came up in discussion was to get the land out.

Chairman Meekins stated that last year the Division claimed it cost \$700 to survey a five acre lot. He asked what they think it would cost now. Mr. Hollett said that is pretty close to reality. He further explained. Chairman Meekins asked how much money they were given last year for surveying and Mr. Hoffman responded \$3.6 million total. Chairman Meekins stated that would be enough money to survey 30,000 acres, and he asked why that was not done. Mr. Hoffman stated it takes awhile to identify parcels for surveying. He stated they had to go through the negotiating award contract process, and winter came on rapidly. He stated they only had two to four months to conduct survey work from the time they were authorized the money.

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Representative Freeman stated he thinks the proper thing to have done was to come up with a balanced program between open to entry and homesites and then come back to the legislature if they were underfunded. He stated he feels betrayed.

Mr. Haynes stated he didn't know of any philosophy in the Department to favor open to entry. He stated there are a lot of statute requirements that have to be gone through before they can dispose of land. He stated he will check into this and see if there is anything to what Representative Freeman says. He stated he will provide an answer to the question on homesites to the Committee.

Representative Freeman referred to the Report, and stated he notices there is nothing at all in his district. He referred to an earlier sale at Beek Bay in Ketchikan where 23 lots were sold at auction at approximately \$32,000 each.

Representative Rogers referred to the FY 79 land disposal program, and asked how many lots will be disposed of before June 30. Mr. Hollett stated they are in the process of putting together a brochure for some of the areas that will come up. There was discussion on the lands that will be disposed of.

Chairman Meekins stated the Legislature passed a statute requiring that 50,000 acres be disposed of, with 30,000 to be in small tracts balanced between homesites and open to entry, and they gave the division \$3.7 million to do this. He asked how many tracts had been sold. Mr. Hoffman said none. Chairman Meekins asked how many surveys had been completed and Mr. Hoffman said none have been finalized. He stated they are in the process of being finalized. There was discussion on how long it takes to survey a tract. Mr. Hoffman stated they can do between 18,000 to 40,000 feet a day, which is one tract.

Representative Moss questioned how much land they have surveyed relating to the Governor's withdrawal of land. Mr. Hollett stated there is no title transfer with that because it stays in state ownership.

Mr. Haynes stated he thinks the Department should respond in writing to the questions raised by the Committee today. He stated he thinks part of the confusion is due to their terminology.

Mr. Haynes stated that for the first year, to get effectively into land disposals, there is more work than people think. He stated a lot of the land is undisposible.

Representative Moss referred to the reclassification of land, and wondered if they would be withholding land that the Legislature intended be disposed of. Mr. Haynes stated his understanding of the classification process is that it didn't interfere with land disposal. Chairman Meekins agreed with Representative Moss and stated it appears contradictory that Administration can take away thousands of acres of land, but cannot give away even one acre. He stated he would like something in writing on this.

Representative Rogers requested a response in writing regarding the statutory references the Division has to go through to dispose of land. There was discussion on this. Representative Freeman stated the Committee asked the Division last year if any statutory changes had to be made to make the disposal of land easier, and the Division said to leave the statutes as they were.

Chairman Meekins questioned the hiring practices of the Department and Mr. Haynes stated they are aware of some of the questions asked by the Chairman, and some of them are under investigation by the Ombudsman.

Chairman Meekins called a recess at 10:15 a.m. and the meeting was recalled to order at 10:35 a.m.

Land Management: Representative Rogers asked how many positions are vacant. Mr. Hollett stated there are two positions vacant. Representative Rogers stated according to the numbers he has, there should be about 10 vacant. He asked how they were doing on the other line items and Mr. Hollett stated they are overspending in contractual services because of appraisal contracts.

Management and Administration, Office of the Commissioner: Mr. Harry Ose, Administrative Officer, stated the Commissioner's Office is essentially a hold the line budget, with the exception of four new positions. He advised the Office of the Commissioner provides support services for the Department. He stated they have processed more invoices in the last half year period than they did for the whole previous year. He stated their inability to act on administrative needs makes it extremely difficult for program managers to deliver. He stated his understanding is that the Department of Natural Resources is the only department without an administrative services section. There was discussion. Mr. Haynes stated they are looking at consolidating positions. He stated a major goal of the Department is efficiency. Representative McKinnon asked what additional functions they will be assuming with the new positions, and an administrative services section. Mr. Ose stated most of the people are being put on to handle what they are doing now.

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Representative Schaeffer asked what the Department's response was to the FY 79 legislative intent. Mr. Ose stated he was not involved in delivering a response to the legislative intent; however, he presented a memo concerning the Department's response to the intent. Representative Freeman stated his understanding is that the request for information on legislative intent was made in the Fall, and he asked why the Department didn't respond until February 1. Mr. Ose said the development of a response was not his responsibility, so he can't answer this question.

Representative Schaeffer stated it appears they still have more than 71% of their budget left for supplies, and asked why. Mr. Ose stated it was not unusual for them to hold up in making expenditure until the end of the year in order to get an inventory on the types of supplies they needed.

Mr. Ose stated he would provide a list of vacant positions as of the end of January.

Management and Administration, Planning and Research: Mr. Ose stated this is an Anchorage office. He stated it is also a hold the line budget. He stated there is some reduction in people.

Representative Rogers asked that he find out how much it will cost in FY 80 to meet the 650 acre agricultural lands classification. Mr. Ose stated he would provide that information.

Management and Operations, Temporary d-2 Operations: In answer to a question from Representative Rogers, Mr. Ose stated the positions were set up in a special BRU and funded to the end of this FY. He stated the unusual status of d-2 makes it difficult to see if everything is done; consequently, it was felt the positions should be funded for another year. Representative Rogers requested a written response on what the \$150.0 in the \$2 million d-2 appropriation bill was for, what it does, and if there is any overlap with this BRU.

Mineral and Energy Management: Mr. Tom Cook, Director, Mineral and Energy Management stated their basic function is to manage the state's mineral resources. He stated they are operating this year on approximately \$1.2 million, and they are asking for an increase of approximately \$300.0 to implement the state's leasing program and to strengthen the state's royalty procedure. He advised they are requesting four new positions.

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Representative McKinnon asked if Leasing Management is the program that oversees the Beaufort Sea leasing. Mr. Cook stated that cuts across the board. He stated their petroleum section is also heavily involved. Representative McKinnon asked if the December 1979 date on leasing is still realistic. Mr. Cook stated he believes so. In answer to a question from Representative McKinnon, Mr. Cook stated they do an economic and geological analysis of the sale area. Representative McKinnon asked if this was pre-sale or pre-development. Mr. Cook stated at this point it is a pre-sale analysis. Representative McKinnon stated the figures seem to indicate they will be leasing before the actual analysis is done. Mr. Cook stated that is not correct, he stated the analysis will be made public in March. There was discussion.

Representative McKinnon asked how much was state acreage on the Beaufort Sea lease. Mr. Cook stated approximately 60%, and there is 18% in disputed acreage. He stated the rest is federal acreage. There was further discussion on the Beaufort Sea leasing.

Representative McKinnon asked if there needs to be a statute change to allow the state to exchange seismic data information with the U.S.G.S. Mr. Cook stated he didn't think so. He stated the information they have will be sufficient without actually exchanging the data. There was further discussion. Representative Rogers asked if they could require the results of data under law. Mr. Cook stated that was considered, but not implemented. He stated he thinks the acquisition of unprocessed seismic data would serve no purpose. There was discussion on seismic data, what is provided, and why it should be held confidential. Mr. Cook stated he did not want the responsibility for contracting and maintaining data for which he is not funded. He stated he believes they are getting sufficient data. Representative McKinnon stated he is under the impression a lot of states require seismic data as a condition of obtaining a permit. Mr. Cook stated he is not aware of any.

Representative McKinnon referred to their contractual budget, and asked what they got from Western under contract that they would not have received if they could have received the confidential information. Mr. Cook stated they got very little more than they would have otherwise, but they would have had to get that information from Western's suppliers.

Chairman Meekins referred this to a Subcommittee of Representatives McKinnon and Rogers. He asked them to take this budget and make recommendations to the Committee on how to proceed.

The meeting adjourned at 11:50 a.m.

ADJOURN

Tape HFC 79-37 Side 2 #395 to end
79-38 Side 1 #001 to end
79-38 Side 2 #001 to end
79-39 Side 1 #001 to 493

HOUSE FINANCE COMMITTEE
February 21, 1979
1:40 p.m.

PRESENT

All members of the Committee were in attendance except Representatives Smith and Schaeffer. Representatives McKinnon, Rogers and Duncan arrived later in the meeting. Present from the Department of Natural Resources were: Jeff Haynes, Deputy Commissioner; Harry Ose, Administrative Officer; Jim Riley, Geological Engineer; Lonnie Smith, Oil and Gas Commission; Claude Hoffman; George Hollett; Steve Reeves; Don Holdt, Alaska Royalty Pipeline Board; and Terry McWilliams, Division of Parks. Also present was Bob Grogan, Legislative Finance Division.

<u>TAPE #</u>	<u>DESCRIPTION</u>	<u>NATURAL RESOURCES CATEGORY TESTIMONY FROM DEPT. OF NATURAL RESOURCES</u>
79-39 Side 1		
493	Call to order, NATURAL RESOURCES CATEGORY; Department of Natural Resources	
506	<u>Geological & Geophysical Programs</u> : Jim Riley, Geological Engineer: Component provides information to other state agencies Re: programs and industry.	
515	Riley explained programs they are involved in.	
520	Riley stated budget is maintenance plus some federal funding. (Rogers and McKinnon arrived.)	
533	<u>Geological & Geophysical Programs, Resource Investigations</u> : Riley advised difference from maintenance is \$125.0 in federal receipts. There's an addition of three new fulltime positions.	
564	<u>Geological & Geophysical Programs, Publications</u> : Riley advised budget is reduced to \$68.2. Means a loss of two positions	
572	Discussion on publications, where they get information, and need for this BRU.	
655	Rogers requested a break-down on program receipts for FY 79 and projections for FY 89. Also requested they look at Governor's Bill -- HB 108 -- and see if there is any duplication. Haynes will provide. (Duncan arrived.)	
692	<u>Geological & Geophysical Program, Mineral Laboratory</u> : Riley advised increase is in federal funding; \$15.0 is for equipment in geothermal program.	

TAPE #DESCRIPTION

- 708 Rogers requested same information on program receipts requested in earlier BRU. Haynes will provide.
- 715 Geological & Geophysical Program, Regulations and Information: Riley stated this is a maintenance budget.
- 719 Geological and Geophysical Program, Administration: Riley advised this is less than a maintenance budget. Decrease of \$33.1 due to a proposal to move minerals lab to a different location, but that proposal has been shelved.
- 739 Discussion on functions of lab.
- HFC 79-39 Side 2
- 010 Rogers requested additional information on proposed relocation of lab. Department will provide.
- 22 Oil and Gas, Conservation: Lonnie Smith, Commissioner, Oil and Gas Commission: Presented attachment -- see attached.
- 144 Smith stated this is a maintenance budget.
- 155 Meekins questions meaning of "increase! underfunding". Taylor, Budget and Management, stated it is another term for vacancy turnover.
- 183 Rogers asked if they charge for inspections. Smith said no.
- 191 McKinnon questioned program dealing with drilling in areas of potential hazard. Smith explained program. Stated specific areas with problem are in Homer, Eagle River and Glennallen.
- 269 McKinnon questioned additional positions. Smith stated they are associated with reservoir work.
- 295 Meekins questioned their ability to get positions filled because of lower pay. Smith advised positions were changed to exempt status. Still have difficulty in hiring petroleum engineers. One in FY 79 budget is vacant. Discussion on positions.

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<u>Tape #</u>	<u>Description</u>
381	<u>Land Management:</u> George Hollett advised transfer of funds in contractual service was done because HB 720 allocated money out to different components.
404	Rogers asked if they planned to reorganize Department. Haynes stated no final decision has been made. Rogers suggested if they do they should get a budget plan to Legislature soon. Meekins requested a reorganization chart -- containing oil and new, and how they compare.
449	<u>Administration & Support, Cadastral Engineering:</u> Claude Hoffman stated it is a maintenance program. Contractual funds are maintenance from HB 720 last year. Contractual funds discussed.
490	Hoffman referred to morning's discussion and stated last years fiscal note attached to HB 720 did include \$2 million for surveying. Department requested a calendar year to get surveying done. Further discussion of mornings' meeting. Re development costs Hoffman stated they have exact figures for costs to develop sites in organized boroughs: Juneau -- \$9.56 million, 333 lots surveyed; South of Ketchikan -- \$3.57 million, 145 lots surveyed; North of Ketchikan -- \$2.5 million, approximately 100 lots surveyed; Mat-Su Borough -- \$1.7 million, 400 lots surveyed; Hoffman stated figures are engineering cost estimates for money that was spent other than for surveys. Survey is in addition to these costs.
560	Hoffman said plans are being reviewed by Department of Environmental Conservation.
584	Further discussion on cost of disposing of lands, and difference in cost in- and outside of boroughs.
660	Freeman comments regarding problems between departments of Environmental Conservation and Natural Resources.
690	Meekins questioned extent people within Division of Lands make suggestions on regulations and how they are enforced. Hoffman answered Division would be more than happy to dispose of land if they were able to do it.
698	Discussion on classification of land. Steve Reeves stated classification is a rubber stamp for the most part.

2/21/79

<u>Tape #</u>	<u>Description</u>
718	Discussion on advertisements on TV last fall "Six ways to get land". Contract for advertising went to Mystrom Advertising in amount of \$240.0.
<u>HFC 79-40 Side 1</u>	
001	Further discussion on advertising.
184	Recess 2:55 p.m. to 3:28 p.m.
185	<u>Forest Protection & Management</u> : Hollett explained the increases and reductions between these BRU's was from getting into state fire protection rather than through BLM.
233	Hollett stated only increases other than maintenace are for state fighting fires and funding of the Forest Practice Act for one-half year.
280	Discussion on predicting fires and use of "LANDSAT".
326	<u>Forest Protection & Management, Management and Timber Sales</u> : Discussion on Haines timber sale.
445	Duncan requested updated information on the Haines timber sale -- when it will be and what is being done. Haynes will provide.
492	<u>District Operations</u> : Hollett stated this covers three disctricts and there are some increases.
569	Hollett advised increases in Southcentral and North-central districts are due to new lands they will be taking over for protection. Also they are changing people from temporary to part-time seasonal, which should work out problems they are having with unions and getting people to return to work year after year.
600	Discussion on seasonal versus temporary.
690	Discussion on using the emergency fund for fighting fires and then coming in for a supplemental, rather than having general fund monies in the budget.
<u>HFC 79-40 Side 2</u>	
010	Further discussion on use of emergency fund.
080	<u>Royalty Oil & Gas Board</u> : Rogers questioned status of the proposal to relocate the Board from Anchorage to Juneau. Don Holdt, Executive Director, stated no action has been taken.

<u>Tape #</u>	<u>Description</u>
100	Rogers asked who approves expenditure of the Board's funds. Holdt said the Commissioner did.
145	Discussion on travel.
230	<u>Conservation Action Corps:</u> Terry McWilliams, Director, Division of Parks, explained program. 180 youth participate in program.
318	<u>Parks & Recreation-Districts:</u> McWilliams advised the Parks budget is a high priority this year. Last year they had a 1.8% increase overall, not including inflation.
354	McWilliams stated they have been underfunded in past, and have had an increase in sites to manage.
377	Discussion on difference between state and federal parks. McWilliams said state parks are "user oriented".
380	Explanation of which parks they manage. 3.3 million acres of parks; all but Wood-Tikchik are on state highway systems.
440	Discussion on lack of parks in Kenai Peninsula Borough area. McWilliams said bond issue passed last November gave \$5.8 million for major development of that area, and work is scheduled for this summer.
500	McWilliams advised they don't have a "user fee" for parks.
552	<u>Park Management:</u> McWilliams said they have one new position request here, under <u>Park Development</u> .
567	Rogers requested a list of CIP positions in whole Department. Ose will provide.
592	<u>Park Management, State-Federal Coordination:</u> McWilliams advised this is for either acquisition of property or development, and the money is distributed to communities throughout the state. Haugen requested a list of appropriations made so far and the communities that have received the funds. McWilliams will provide.
627	<u>Park Management, Administration and Support:</u> McWilliams advised the difference in dollar amount is due to travel of deputy director being transferred from one component to another.
636	Meeting adjourned 4:43 p.m.

ADJOURN

Tape HFC 79-39 Side 1 #493 to end
to
79-40 Side 2 #001 to 627

Alaska Oil & Gas Conservation Commission FY80 Budget

In reviewing our budget you have before you the monies and positions that have been deleted from our requested budget. However, you cannot tell what activities are associated with this funding. We feel that you should be made aware of the activities related to our deleted budget components that we will not have the capability to do without these funds.

The following is a brief discussion of what comprises each of the 5 components that were deleted along with the funding amount of each.

AMOUNT25.0 Component 1 - Technical Studies and Surveillance

This funding would provide improvements and additions to our current computer data systems so that technical information would be more readily available to our technical staff. This will improve our efficiency to make reserve estimates, reservoir studies and monitor our field surveillance activities.

91.7 Component 3 - Drilling in Areas of Potentially Hazardous Conditions

The 1977 Legislature charged the commission with the definition and regulation of areas where hazardous condi-

tions could exist when drilling shallow wells. The study of the geology of the sedimentary basins, where little or no deep drilling has taken place, is necessary to delineate and regulate hazardous areas for public safety. Research of historical data would be the initial focus of this program. With the advent of more land in the private sector and the ensuing increase in waterwell drilling, it becomes more important to get this program started. A petroleum geologist and a statistical technician would provide the professional and technical help necessary.

Amount

89.5 Component 4 - Study of Natural Gas Potential in Alaska

In the last few years there has been a renewed interest in exploratory drilling to locate natural gas reserves. There are 22 gas fields in Alaska of which 4 are producing gas for sale. There are 14 gas fields that have one or two wells. More study of these fields and the surrounding areas is needed to estimate the potential size and deliverability. A petroleum engineer and a clerk typist II would provide the professional and clerical support needed for this work.

60.8 Component 5 - Stratigraphic Investigations

In areas such as east of Prudhoe Bay where the Pt. Thomson and Flaxman Island discoveries have been announced, the sediments cannot be correlated without the aid of strati-