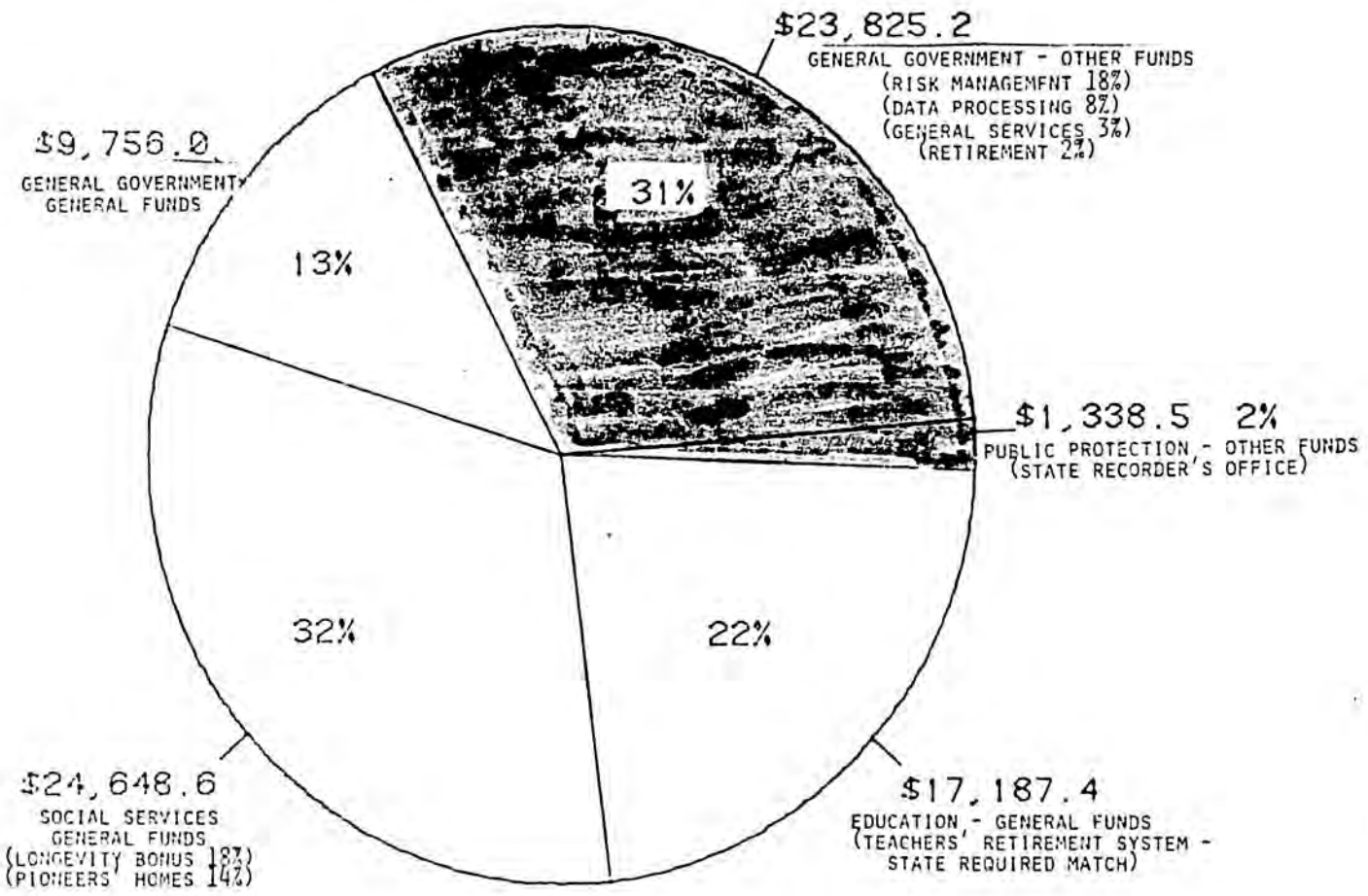


HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2696

Attachment #1

DEPARTMENT OF ADMINISTRATION  
FY 80 BUDGET  
BY CATEGORY - BY FUND SOURCE

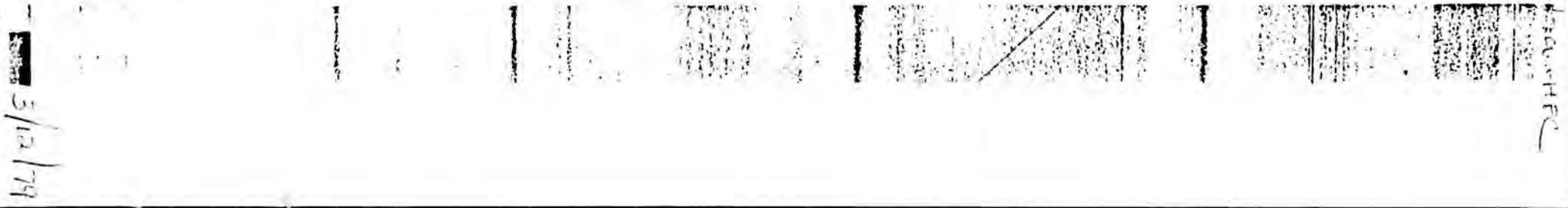


588

0% \$252.7 DEVELOPMENT - OTHER FUNDS (FEDERAL SURPLUS PROPERTY)

GENERAL FUNDS \$51,502.9  
OTHER FUNDS \$25,416.4

TOTAL \$77,009.4

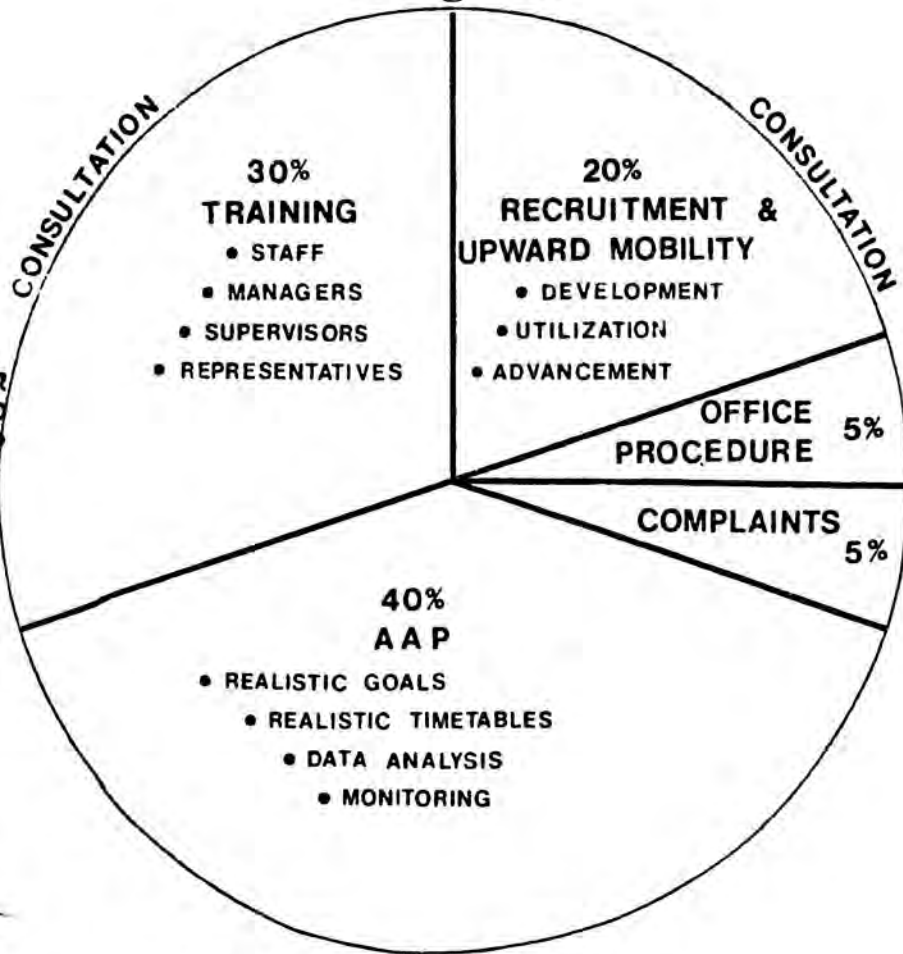


5/12/79

3/12/80 HFC

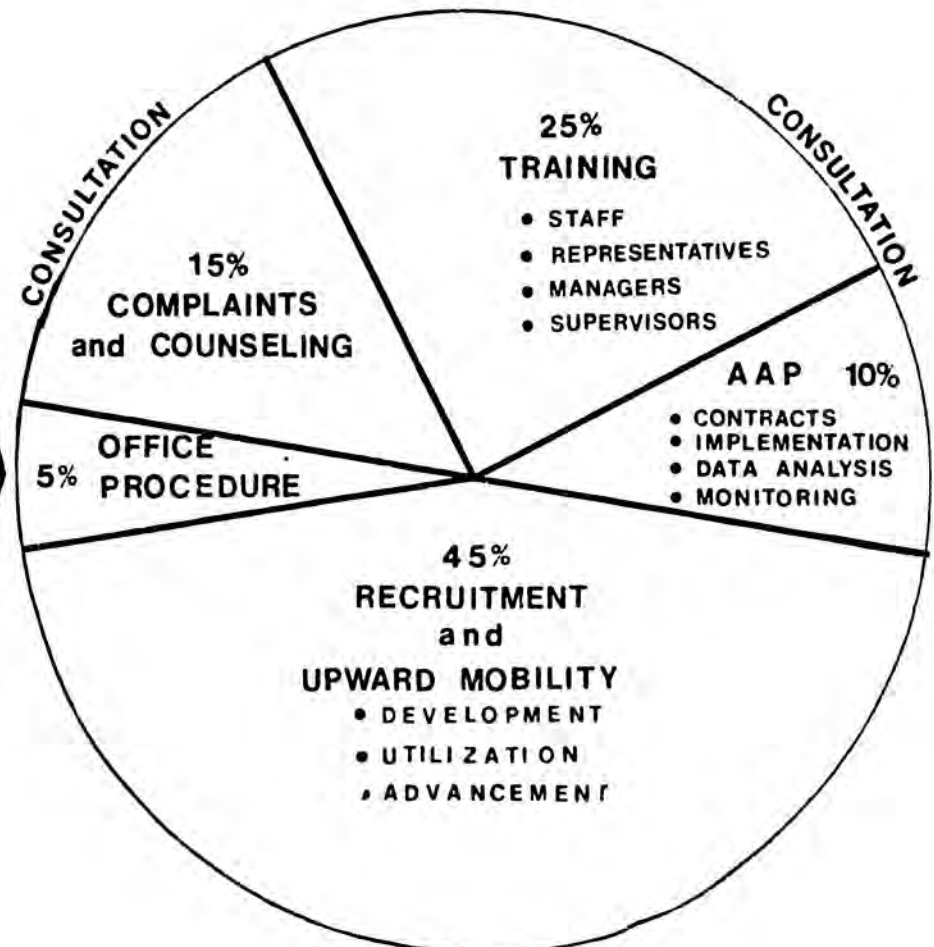
# Strategy for an Effective Equal Employment Opportunity Program

## Present Program



September 1978 to July 1979

## Effective Program



July 1979 to January 1981

Attachment #3

589

3/12/79

3/12/79 HFC

**Division  
of  
Equal Employment Opportunity**

**REPORT  
to the  
LEGISLATURE**

As requested by the Legislature, this response addresses major accomplishments of the Division of Equal Employment Opportunity and expresses our planned direction for the Equal Employment Opportunity program (EEO) in the Executive Branch. You are encouraged to review the report and the attachments. The Legislative intent items are restated and italicized followed by a narrative for the convenience of the reader.

**Karen W. Cory  
Director**

Historically, the Equal Employment Opportunity Program has been less effective than desired. However, several major changes have occurred. On September 7, 1978, the Governor appointed Karen W. Cory the Director of the newly restructured Division of Equal Employment Opportunity. The Division is located in the Department of Administration, with offices in Juneau and Anchorage - - the two areas of highest employee concentration. The goal of the State of Alaska is the achievement of equality in all aspects of employment within the Executive Branch. To attain the goal, a program was designed which includes a systematic plan based on management objectives, organizational analysis, and problem identification. The Division is responsible for developing, coordinating, implementing, revising and monitoring the overall State Equal Employment Opportunity and Affirmative Action Program.

The Division's comprehensive program emphasizes: 1) recruitment and upward mobility (the utilization, development and advancement of employees); 2) EEO training of managers, supervisors and EEO representatives; 3) design and implementation of the State's Affirmative Action Plan and assisting departments with updating their plans; 4) compiling, distribution, analysis, and monitoring of EEO statistical data; 5) counseling, investigation, and resolution of complaints of discrimination; 6) planning and establishment of reasonable affirmative action objectives; and 7) monitoring State and department Equal Employment Opportunity and Affirmative Action Program.

*It is the intent of the Legislature that the State Equal Employment Opportunity Office shall: continue to generate the 'State Hiring Statistics' Report which reflects state employment data by race and sex.*

The Division of Equal Employment Opportunity is continuing to provide the 'State Hiring [Employment, sic] Statistics' Report on a quarterly basis (Attachment A).

### 3700 Series

1. Purpose: To summarize state work force currently employed by race, sex and salary range. This data provides information for development of an affirmative action plan. Dissemination - Quarterly.
2. Components: Summaries of the total number of employees by race and sex in each salary range within the Executive Branch, the Judicial Branch and the Legislative Branch. Reports within 3700 series are:

R01-02W-3700 - Total number of employees by race and sex in each salary range within individual departments.

R02-02W-3700 - Total number of employees by race and sex in each salary range within Executive, Judicial and Legislative Branches.

R02-02W-3700 - Lists total number of employees by race and sex in each department within the Executive, Judicial and Legislative Branches.

R01-02W-3700 - Lists total exempt and/or elected officials within the Executive, Judicial and Legislative Branches.

R01-02W-3710 - Same as the previous reports within the 3700 series but only lists permanent employees.

R01-02W-3720 - Temporary employees only.

3. How it is intended for use: In reviewing the data, it will be readily seen where there are concentrations of minorities and females by salary range and by department in the State work force.

(REVIEW STATISTICS - Attachment A.)

In addition to the 3700, we generate the

B. 3590

1. Purposes: To provide detailed information summarized in the 3700 series. To aid departments in affirmative action plans in areas of: promotion, career ladders, salary ranges, etc. Dissemination - Quarterly.
2. Components: Lists all employees within each department of the Executive, Judicial, Legislative by location, position title, salary range, step, and salary, EEO-4 category, race and sex.
3. How it is intended for use: In reviewing the data, each department will be able to identify and to analyze specific problem areas which need corrective action as inferred by 3700 series.

*Generate data on the availability of minority and female workers in different occupational classification;*

The source for the number of minorities and females available for employment is the latest census which was conducted in 1970. Although the Alaska Department of Labor, Employment Security Division, has attempted to update this information in the publication "Labor Market Information for Affirmative Action Programs 1976," the results are based on 1975 data and 1970 census information. The 1970 Census of Population Information used white, black, hispanic and "other" races to collect and compile census race data. The U. S. Office of Federal Contract Compliance and the U. S. Equal Employment Opportunity Commission require employers to furnish work force statistics using white, not of Hispanic origin; black, not of Hispanic origin; Hispanic; American Indian/Alaska Native; and Asian/Pacific Islander. These differences in Federal requirements are a major concern to all employers mainly because there are no standard methods for comparison of labor force and work force statistics.

We plan to provide the number of minorities and females actually applying for State employment by various job classes.

Until the Division is able to generate available labor force statistics by occupation classification, we are providing detailed information by salary range categories, Ranges 5-10; 11-15; 16-21; and 22-30.

ALASKA LABOR FORCE

STATE-WIDE

	<u>TOTAL</u>	<u>WHITE</u>	<u>BLACK</u>	<u>HISPANIC</u>	<u>OTHER*</u>	<u>TOTAL MIN.</u>
Labor Force	158,948	137,265	3,465	2,638	18,218	24,321
Percentage		86.4%	2.2%	1.7%	11.5%	15.3%
Female	38.6%					

-ANCHORAGE-

Labor Force	69,631	64,704	2,217	1,434	2,800	6,451
Percentage		92.9%	3.1%	2.1%	4.0%	9.3%
Female	41.6%					

-JUNEAU-

Labor Force	8,434	7,451	60	121	923	1,104
Percentage		88.3%	.7%	1.4%	10.9%	13.1%

-FAIRBANKS-

Labor Force	24,121	22,149	862	513	1,110	2,485
Percentage		91.8%	3.6%	2.1%	4.6%	10.3%

STATISTICAL SOURCE: Department of Labor  
Employment Security Division

\* NOTE: Alaska Natives were included in the "other" category when the 1970 Census was taken.

*Increase State EEO Office efforts in affirmative recruitment.*

The top priority of the Anchorage office is the Talent Bank, initiated by Governor Hammond in May, 1978 which is established to provide a current list of women and minorities who are qualified for appointment to exempt and partially exempt positions, boards and commissions, and to facilitate referral of qualified applicants for State classified positions.

For example, the Anchorage EEO office assisted the Department of Fish and Game (Subsistence Division) in their recruitment efforts to secure qualified applicants. The following contacts were made:

ORGANIZATION

CINA

Anchorage School District  
Bristol Bay Native Association - Dillingham  
Alaska Federation of Natives - Anchorage  
Alaska Legal Services - Kotzebue  
Alaska Legal Services - Nome  
KDLG - Dillingham  
Dillingham Job Service  
Calista Corp. - Anchorage  
Anchorage School District  
RurRAL CAP - Anchorage  
Alaska Legal Services - Bethel  
Alaska Legal Services - Barrow  
Alaska Legal Services - Fairbanks

This area was served because of the locations of the vacancies. Contacts are projected for other regions as positions become vacant in those locations.

A memorandum entitled "New Direction of the Division of EEO" was sent to representatives of the twenty various departments, agencies and offices in the Anchorage area. Also, an introduction letter was sent from the Division Director to minority and women's organizations to establish ongoing communication. Several personal visits have been made to these organizations.

3/12/79

As of January, 1979, all known minority, women's and handicapped individuals' organizations have been contacted (in Anchorage area) regarding the Talent Bank, contributing to over 150 referrals/applicants for State classified, exempt and partially exempt positions. These individuals are being encouraged to get on State registers (Attachment B). We have also received seven (7) resumes from individuals interested in serving on State boards and commissions. Twenty-one (21) individuals have been placed in professional positions through the Talent Bank recruitment.

The need for disseminating information on equal employment opportunity to residents of rural Alaska is an essential part of affirmative recruitment. Major obstacles do, however, exist: limited bilingual staffing; the logistics of effectively reaching outlying villages and communities; and the scarcity of bilingual literature on State employment have all had an adverse impact. The Division is currently using alternative methods to reduce these obstacles and enhance recruitment of minorities and women in these areas.

*The State EEO Office shall: Train its staff in the technical understanding of equal employment laws and regulations;*

On September 21-22, the Director held the first joint staff meeting of the Juneau and Anchorage offices. At this meeting, staff were trained in the technical understanding of EEO laws and complaints. On separate occasions, the Anchorage and Juneau staff received training with the Alaska State Commission for Human Rights regarding the Human Rights Law, complaint procedure and regulations. Also, Anchorage staff received training from Division of Personnel and Labor Relations on application analysis and personnel regulations pertaining to hiring.

To explore methods of delivering workshop information to managers and supervisors, Ms. Anita Robinson, Human Relations Officer, Anchorage School District, conducted training with Anchorage Division of Equal Employment Opportunity staff. On February 9th, the Division of Vocational Rehabilitation will train the staff in techniques for interviewing handicapped persons.

*Require all State agencies to prepare affirmative action plans;*

All State agencies have been informed that they are to prepare an Affirmative Action Plan. The Division has provided uniform Guidelines and will continue technical assistance (Attachment C). The deadline for completion of the plans is June 30, 1979 for each Department. The approved Department Affirmative Action Plan will be transmitted to the Governor's Office by July 31, 1979.

*Train State government personnel who are responsible for managing EEO and Affirmative Action policies for State government agencies in equal employment laws and regulations.*

On December 14, 1978, the Director facilitated a one-day workshop session for all department Equal Employment Opportunity representatives (one person from each Department). Governor Hammond presented the opening remarks. A major item on the agenda was the discussion of the Guidelines for updating/writing the Affirmative Action Plans for departments and the State's overall plan. These Guidelines resulted from considerable work by the Division of Equal Employment Opportunity Advisory Committee (Attachment D).

To date, eight (8) workshops have been conducted by the Division of Equal Employment Opportunity (158 managers and supervisors have participated). By December 31, 1979, sixty-four (64) workshops will have been conducted in Anchorage, Juneau, Fairbanks, Sitka, Kotzebue, and Ketchikan. Each participant receives a training workbook for their future reference. The workbooks were prepared by the Division (Attachments E1, E2).

*The State EEO office shall prepare detailed program measures and objectives, training plans and methods for program managers, and shall present this information in written report form to the first session of the Eleventh Legislature on or before February 1, 1979.*

**Division Goal:** The achievement of equality in all aspects of employment within the Executive Branch of State government.

#### OBJECTIVES OF THE DIVISION OF EEO

FOR THE CALENDAR YEAR 1979

- | <u>Time</u>       | (1) <u>All fifteen (15) departments will have a written Affirmative Action Plan consistent with the Affirmative Action Plan Guidelines by June 30, 1979.</u> |
|-------------------|--|
| February 28, 1979 | (a) Final printing and distribution to department of Affirmative Action Plan Guidelines  |
| March 30, 1979    | (b) Train Department EEO Representatives   |
| May 31, 1979      | (c) Provide technical assistance through visits by Division of EEO staff (5 Departments per month)   |
| June 30, 1979     | (d) Monitor progress toward completion of plans  |
|                   | (2) <u>Complete overall State of Alaska Affirmative Action Plan consistent with Guidelines by September 1, 1979.</u>   |
| July 13, 1979     | (a) Review Department Affirmative Action Plans   |
| July 31, 1979     | (b) Extract pertinent Department Affirmative Action Plan information for use in State Plan   |
| August 31, 1979   | (c) Compile information from Department Affirmative Action Plans and write State's AAP   |

- (3) Develop and implement a comprehensive recruitment program for minorities and women by December 31, 1979.
- April 30, 1979 (a) Develop procedure for Departments' use to notify Division of EEO of anticipated vacancies in a timely manner
- May 31, 1979 (b) Develop cooperative (Division of EEO and Departments) program and procedures for minority and female recruitment
- Continuous (c) Contact minority and female organizations and maintain communication
- Continuous (d) Advertise through media regarding State employment opportunities
- Continuous (e) Refer skilled/qualified individuals through Talent Bank (encourage applicants to get on registers)
- (4) Plan and develop a career development and upward mobility program for use by fifteen (15) departments of the Executive Branch by December 31, 1979.
- May 31, 1979 (a) Obtain and research for adaption to Alaska policies, programs, plans, practices, efforts, and progress in career development and upward mobility from other States and private industry through correspondence and/or visits
- August 31, 1979 (b) Visit Department Personnel Officers, Managers and Division of Personnel for purposes of discussion and to obtain specific recommendations/suggestions regarding career development/upward mobility
- December 31, 1979 (c) Write career development and upward mobility program
- (5) Conduct fifty-six (56) remaining Equal Employment Opportunity and Affirmative Action training workshops on a statewide basis for Managers and Supervisors by December 31, 1979.
- December 17, 1979 (a) Conduct thirty-four (34) Equal Employment Opportunity and Affirmative Action Workshops in Juneau
- July 30, 1979 (b) Conduct fourteen (14) EEO and AA workshops in Anchorage
- July 31, 1979 (c) Conduct five (5) EEO and AA Workshops in Fairbanks
- May 30, 1979 (d) Conduct three (3) EEO and AA Workshops in other Alaskan cities (Sitka, Ketchikan, Kotzebue)
- (6) Finalize written Complaint Procedure by March 1, 1979.
- March 1, 1979 Complete complaint procedure

The Director will present to the First Session of the Eleventh Legislature detailed program measures and objectives and a written report on plans and methods for training of program managers.

As the Director of Division of Equal Employment Opportunity, I encourage you to contact me for clarification on any item. I would appreciate your comments and suggestions regarding the Equal Employment Opportunity Program as we work to insure human dignity in all employment affairs of the Executive Branch. Please contact me at 465-3571.

*Karen St. Cory*

HOUSE FINANCE COMMITTEE  
March 13, 1979  
9:10 a.m.

All members of the Committee were present except Representative PRESENT Meekins. Also present were Representative Parr, and Pat Conheady, Department of Natural Resources.

Vice-Chairman Freeman called the meeting to order and brought HB 107 up for reconsideration.

HB 107

"An Act making a supplemental appropriation for the payment of miscellaneous claims; and providing for an effective date."

Representative Montgomery advised the Committee Report was signed with the condition that it not be passed out until he had an opportunity to investigate the back-up information provided. He said one bill was submitted in the amount of \$4,597.88 without documentation, and staff recommends deleting that amount from the committee substitute. He said the other amounts can be substantiated. There was brief discussion. He presented a new finance committee substitute which incorporates that change.

Representative Montgomery moved that a new committee report be signed and Finance CSHB 107 be reported out. There was no objection. CSHB 107 was reported out with a "do pass" recommendation.

NEW  
FINANCE  
CSHB 107  
REPORTED  
OUT

Vice-Chairman Freeman stated the next bill to be considered was HB 19.

HB 19

"An Act relating to agricultural and industrial fairs."

Representative Parr explained the bill would raise the amount of the grants the state would give to fairs until Title 3. He commented this bill was introduced last Session, but it never got out of Committee. He said that essentially the bill raises the amount from \$25,000 to \$75,000 for fairs that have been in existence for over 30 years (Palmer and Fairbanks fairs).

Representative Parr stated he whole-heartedly supports the Finance Committee's determination to reduce the costs of the budget, and he would have no problem with a 15% reduction being applied across the board to these grants. He stated he believes the increase is justified.

Representative Rogers referred to the letter from the Commissioner of the Department of Natural Resources concerning proposed amendments to the bill. Representative Parr said the intent of the second amendment is that the local people have to put up something. He said if the Committee thinks the intent would be satisfied by allowing in-kind contributions, that would be fine with him.

3/13/79

(Representative Guy arrived.)

Representative Rogers questioned the third amendment in the letter. Representative Parr said the original intent of the legislation was that these grants be used only for agricultural and industrial fairs. It was not intended for other types of celebrations (i.e. Fairbanks Winter Carnival).

Representative Duncan suggested they raise the amounts depending on years for all the fairs. Representative Parr commented that he thinks the increase is justified. He thinks how much the increase should be, should be determined by this Committee. There was discussion.

Mr. Pat Conheady, Department of Natural Resources, stated they think this is a good program. He went over the proposed amendments (in original bill file).

Representative McKinnon asked if the Anchorage Fur Roundevouz is the only fair, other than those that are either agriculture or industrial oriented, that is under the program right now. Mr. Conheady said yes. In answer to a question from Representative Rogers, Mr. Conheady said there are probably six or eight other fairs along the same lines as the "Rondy" that would like to be eligible. There was further discussion.

Representative Rogers stated he has an amendment he would like to propose for the bill. He moved to delete the wording after "sums" on line 11 up to before "The" on line 14, and replace that with "\$2500.00 times the number of years the fair has been held, subject to a maximum of \$75,000. There was discussion on the amendment. Representative Schaeffer stated he would like to amend Representative Rogers' motion to keep the same language in, but change "30" on line 12 to "20", delete "\$25,000" on line 12 and insert "\$50,000", and on line 13 delete "\$8,000" and insert "\$25,000". Representatives Smith and Rogers objected to this amendment. Representative Schaeffer stated that Rogers' motion would be reducing the amount that fairs are currently receiving for the first few years. Representative Rogers said that was correct, but after the 3rd year the amounts would be increased.

Vice-Chairman Freeman requested that this be held until the afternoon session as they had to go down to a Floor session. There was no objection from those making the motions. HB 19 was held.

HB 19  
HELD  
OVER

The meeting recessed at 9:55 p.m.

ADJOURN

-----  
HFC 79-72 Side 2 #023 to end

3/13/79

HOUSE FINANCE COMMITTEE

March 13, 1979

1:35 p.m.

All members of the Committee were in attendance, except Chairman Meekins. Representatives Rogers, Smith and Guy arrived later in the meeting. Also in attendance: Representatives Zharoff, Osterback and Miles; Eric Yould, Director, Alaska Power Authority; David Niece, Manager, Kodiak Electric Association; Bill Meaney, Treasury Management, Department of Revenue; Hilton Wolfe, Division of Parks; Pat Conheady, Department of Natural Resources; Janet Greene, Office of the Governor; Dick Bradley, Legislative Affairs Agency; Gary Jenkins, Department of Revenue; John Crandall, Administrative Assistant to Chairman Meekins; Alison Farnan and Bob Grogan, Legislative Finance Division.

PRESENT

Vice Chairman Freeman called the meeting to order and explained Chairman Meekins was out of town and that he had a subcommittee meeting at 1:30 p.m. Vice Chairman Freeman advised Representative Duncan would conduct the meeting if there were no objection and that he would return later.

[Representative Rogers arrived at this time.]

Representative Duncan brought HJR 30 up for consideration:

HJR 30 - Relating to the sale of revenue bonds of the Alaska Power Authority for the Terror Lake hydroelectric generating project at Kodiak, Alaska.

HJR 30

Representative Zharoff, prime sponsor, presented a brief overview explaining HJR 30 allows the Power Authority to issue bonds for the financing of the project.

[Representative Smith arrived at this time.]

Representative Zharoff described why he is concerned with the hydroelectric project in Kodiak. He advised, yesterday, the House voted to accept HB 32 which advances funds for the Kodiak project. He commented on the price for fuel in Kodiak and the rate increases. He read an excerpt from the Kodiak Electric Association (KEA) description of facilities.

In response to a question, Eric Yould explained, to date, \$520.0 has been spent on the project which was used for field studies. He advised the \$2 million appropriation is needed for actual construction. He noted the resolution is necessary for Alaska Power Authority (APA) authorization for the issuance of revenue bonds to finance the project.

[Representative Guy arrived at this time.]

David Niece testified KEA has been looking at application for licensing since 1977. He stated financing was not available at that time. Rural Electrification Administration (REA), he explained, was the only one available, and this project was too much for them to swing at that time.

Mr. Niece distributed a handout to the Committee on the Terror Lake Hydroelectric Project (see Attachment 1) and discussed the facts and figures contained therein. He commented on the expenditure to date (\$1.2 million) for studies on the Terror Lake project. He noted the application for licensing was submitted to the Federal Energy Regulatory Commission (FERC) and loan application was submitted to REA. He described the location and detailed the size of the project. He indicated the Coast Guard will become a customer of KEA. He noted a savings of \$79 million for rate payers over the life of the loan.

Mr. Niece pointed out that, with the financing arrangement, if the State and APA were to issue revenue bonds, National Rural Utilities Cooperative Finance Corporation (CFC) would guarantee them, and this would not encumber the State's bonding capacity.

Representative Montgomery questioned the difference between the \$81 million for the cost of the project noted in the handout and the \$120 million figure in HCR 30. Mr. Yould responded the board of directors of KEA, in January of this year, sent a request to APA for assistance in the financing of the power project. He advised this would not encumber the State general fund. He commented APA would like to see the loans paid off so that those funds can be made available for other power projects. He indicated the method of financing is getting as much 5% financing as possible. He discussed the guarantee of APA bonds. He advised this would allow KEA to get financing from APA and CFC for the unsecured portion of the project.

Mr. Yould commented, under Section 180, APA must receive the approval of the Legislature under a joint resolution before APA can loan any funds. He stated the only reason for the \$120 million figure in HJR 30 is for cost overruns and if the project is delayed over the years. The \$81 million figure, Mr. Yould advised, is the cost estimate of the project.

Mr. Yould added he cannot state what liability the State would have if the Legislature approved the general design of the project. He advised the APA statute states the Legislature must approve the general design and the sale of bonds. He commented, as far as the general design is concerned, the project is fully reviewed by FERC for safety of design regarding earthquakes, etc.

In response to a question from Representative Rogers noting the difference between \$120-\$81 million represents a 50% reserve, Mr. Yould commented the general fund would fall third as a funding source, behind REA and APA. He advised fourth would be the utility KEA itself.

Representative Schaeffer asked if a similar resolution was passed on the Swan Lake project. Mr. Yould indicated no but that it will be necessary to do so when APA has a financial plan. He, again, stressed that all APA projects must be given specific approval by the Legislature. He stated revenue bonds are sold strictly on their merit and that the State is not encumbered. He stressed that the financial requirements of REA and CFC serve as check points.

After brief discussion, Representative Duncan commented it is not the Committee's intent to take action on HCR 30 today, but to await the return of Chairman Meekins.

HCR 30  
HELD OVER

The next bill up for discussion was HB 157:

HB 157 - "An Act making a supplemental appropriation to the Department of Revenue, treasury management; and providing for an effective date."

HB 157

Bill Meaney testified the reason for the supplemental request is for FY 79 management of the permanent fund. He stated, at the time the fiscal note was prepared, the Department anticipated that a permanent fund bill would pass the 1978 Legislature. He advised there was no money appropriated for this in FY 79, and in FY 77 and FY 78, it was the same amount.

Representative Guy asked what operation of the fund involves. Mr. Meaney replied this includes management of where securities are housed, provides accounting service, purchase sales, telephones, studies made, personnel time, etc. He advised, currently, the fund is \$100 million.

Representative Rogers questioned what would happen if this were not approved, and Mr. Meaney responded he doesn't believe "we would have any contract; the securities would be back on our doorstep."

In response to a question from Representative McKinnon on how the investment of the permanent fund differs from the general fund, Mr. Meaney explained the general fund is basically a very short-term fund, while the permanent fund is a long-term fund.

Representative Rogers noted management of the permanent fund is on an interim basis until permanent legislation is passed. He asked if it is being managed as an entirely separate fund, and Mr. Meaney indicated yes.

There was discussion on the estimated income of the permanent fund this year. In response to a question, Mr. Meaney advised the management contract is with Bank of America in San Francisco. Representative Moss asked how much is invested in Alaska and how much outside. Mr. Meaney advised this is looked at as an interim investment until such time as the Legislature decides on a permanent management. He added it is not invested in Alaska at this time.

There was discussion on whether the permanent fund could be invested in mortgages, and Representative Moss asked why part of the fund was not invested in Alaska. Mr. Meaney pointed out "one of the things to consider is that the general fund is already a large depositor in Alaska, and if the permanent fund were to invest in local banking in CD's and the Legislature decides it wants to deposit this to mortgages, what impact would this have on the Alaska banking system?"

Representative Duncan noted Chairman Meekins has no objection to the bill being reported out of Committee. Representative Rogers moved and asked unanimous consent that HB 157 be reported out. There being no objection, it was so ordered. HB 157 was reported out with a "do pass" recommendation.

HB 157  
REPORTED OUT

The next items to be considered were HB 87 and HCR 1:

HB 87 - "An Act making a special appropriation to the Legislative Council for the purpose of conducting a study relating to the extent of foreign investment in Alaska's fisheries; and providing for an effective date."

HB 87

HCR 1 - Directing the Legislative Council to conduct a study relating to the extent of foreign investment in Alaska's fisheries.

HCR 1

Representative Osterback, Interim Committee on Bottomfish, presented a brief overview of HB 87. He advised 98% of the salmon is owned by Japanese capital, and Alaska would like to know what percent is owned by foreign investment in the other species. He stated this bill would put on a couple of extra people to do the work.

Representative Duncan noted this relates closely with HCR 1. Representative Rogers commented it might be easier to fund this by fiscal note through HCR 1, because if this is done by a bill, the Governor can veto the bill, but if it is done by resolution, the Governor can veto only the fiscal note.

Representative Guy moved to report out HB 87. Representative Rogers objected. Representative Rogers moved to amend the motion to report out HCR 1 with the \$43.0 fiscal note from HB 87. Representative Guy objected, then withdrew his objection. There being no further objection, it was so ordered. HCR 1 was reported out with a \$43.0 fiscal note attached. The Committee recommended "do pass".

HCR 1  
REPORTED OUT  
w/HB 87 FN

HB 87  
HELD OVER

The next bill to be addressed by the Committee was HB 36:

HB 36 - "An Act making a special appropriation for a study of Alaska's fisheries taxation law; and providing for an effective date."

HB 36

Representative Osterback explained the \$46.5 special appropriation is for an analysis to find out the true taxes coming from the fisheries. He advised it would include all species of fish in Alaska. In response to a question, he noted a similar bill passed the House last year, but was killed in the Senate.

Representative Guy moved and asked unanimous consent that HB 36 be reported out. There being no objection, it was so ordered. HB 36 was reported out with the majority recommending "do pass".

HB 36  
REPORTED OUT

HB 307 was brought up for consideration:

HB 307 - "An Act making transfers between appropriation items in the FY 79 appropriation, and making a supplemental appropriation for the Department of Natural Resources, Division of Parks; and providing for an effective date."

HB 307

Hilton Wolfe testified this request represents an adjustment in the FY 79 Division of Parks. He explained the reasons that resulted in an underfunding of \$130.0 in the current budget. He advised there is no change in positions or man-hours.

Mr. Wolfe advised the request is to increase the authorized expenditures for the FY 79 operating budget of the Administration & Support component within the Park Management BRU. The total increase requested, Mr. Wolfe advised, is \$22.7, and of that, \$18.0 would be transferred from various components of the District Operations BRU and Parks & Recreation cover program. He stated an additional \$4.7 is requested from the general fund.

Representative Duncan noted a transfer request and supplemental request in one bill is unusual.

Representative Montgomery commented, with only 3-1/2 months left in FY 79, it seems the Department could recoup the loss so that this would not include a supplemental. Pat Conheady pointed out there has already been a reduction here and that, historically, this budget is the one that is always cut first.

Representative Rogers stated he has an amendment, suggested by Mr. Conheady, that will address itself to Representative Montgomery's question. Representative Rogers moved to delete the following from the bill title: ", and making a supplemental appropriation" and "Division of Parks"; and change Section 3 from an appropriation to a transfer between appropriation items; that \$4.7 be transferred into Department of Natural Resources, Park Management, Administration & Support, contractual services; and that it is transferred from DNR, Division of Lands, Administration & Support, personal services. He stated this would zero out the fiscal impact.

ROGERS  
AMENDMENT

Representative McKinnon moved and asked unanimous consent that a Finance Committee Substitute for HB 307 be reported out adopting the above amendment. There being no objection, it was so ordered. Finance CS for HB 307 was reported out with a "do pass" recommendation.

FINANCE CS  
FOR HB 307  
REPORTED OUT

HB 19 was the next bill to be considered by the Committee.

HB 19 - "An Act relating to agricultural and industrial fairs."

HB 19

Representative Rogers stated he would like to withdraw his amendment proposed at this morning's meeting and move the following amendment: page 1, line 11, delete: "following sums..." through "...other fairs held annually." on line 14; and replace this with "\$8,000, plus \$2,500 times the number of years the fair has been held, subject to a maximum of \$75,000". Representative Smith objected, stating she does not want to increase the funding for State fairs on an annual basis.

ROGERS  
AMENDMENT

Representative Guy requested a list of those communities eligible to receive this; i.e., how many fairs collect money now and how long this has been in existence. Mr. Conheady said he would provide this information.

REQUEST

Representative Rogers noted this law has been on the books since 1939 and that Haines, Fairbanks, Palmer and Kodiak currently receive this. He indicated Bethel is eligible for \$19,500.

Representative Duncan moved the following amendment:  
"that the basic grant for a state fair not exceed \$8,000,  
if the community can match this; in addition, fairs in  
existence five years or longer, the amount can be in-  
creased in increments of \$2,500 annually to a maximum  
of \$75,000". Representatives Smith and Guy objected.  
During discussion, Representative Rogers withdrew his  
above amendment, and Representative Guy withdrew his  
objection. Representative Montgomery noted the fiscal  
note would change considerably with this amendment,  
and he could not support it. The question was called  
for, and the motion failed (three in favor--Duncan,  
Rogers & Guy--six opposed).

DUNCAN  
AMENDMENT

Representative Schaeffer moved the basic grant be increased  
from \$8,000 to \$15,000. Representative Smith objected.  
The question was called for, and the motion failed (two  
in favor--Schaeffer & Guy--seven opposed).

SCHAEFFER  
AMENDMENT

Representative Rogers requested the HB 19 be held over,  
pending the return of Chairman Meekins. There being no  
objection, it was so ordered.

HB 19  
HELD OVER

The next order of business was HB 89:

HB 89 - "An Act making a supplemental appropriation  
to the Office of the Governor, Tokyo Office;  
and providing for an effective date."

HB 89

Janet Greene commented this is the first time the Gover-  
nor's Office has had to request a supplemental for this.  
She advised this is related to the recent decline of the  
dollar. She explained this appropriation is necessary  
to maintain the contract's equivalent level of service  
--the same level of funding authorized in the current  
budget. She advised the FY 79 budget was based on an  
exchange rate of 300 Japanese yen to the U.S. dollar;  
the rate has since fallen to as low as 180 yen to one  
dollar.

Representative Montgomery questioned how the contract  
with Mr. Yoshio Katsuyama, who manages the Tokyo office,  
is written. Ms. Greene advised it is written in U.S.  
dollars. Representative Montgomery commented, if this  
is the case, then the State has no obligation for addi-  
tional funding. There was discussion on this being a  
negotiated contract, with Representative Montgomery  
requesting a copy of the contract be made available to  
the Finance Committee. In response to a question from  
Representative Montgomery, Ms. Greene advised Mr. Katsu-  
yama has, on occasion, lapsed money. She added they are

REQUEST

currently working on a companion bill that would make the managers of the foreign offices employees of the State. In answer to a question, Ms. Greene replied the Tokyo office is located in the Hotel Osaka. She further stated that, basically, the Tokyo office ran out of money last month.

Representative Schaeffer moved to report out HB 89. There being no objection, it was so ordered. HB 89 was reported out of Committee, the majority reporting it back without recommendation.

HB 89  
REPORTED OUT

[The meeting recessed at 3:10 p.m. and reconvened at 3:25 p.m. Vice Chairman Freeman returned during this time and conducted the meeting.]

RECESS

Vice Chairman Freeman brought HB 352 up for consideration and noted eight Committee members were present.

HB 352 - "An Act relating to state income tax returns; and providing for an effective date."

HB 352

Representative Miles, prime sponsor, explained the purpose of the bill. He stated a similar forms was introduced during the last Legislature but did not pass. He advised the goal of the bill is to protect the State's citizens right to privacy. He stated he feels it is unfair to require an individual taxpayer to submit a copy of a federal taxation form to notify the Department of an audit of his federal income tax return.

During discussion, Representative Duncan wondered if this would be a wise thing to do; i.e., take away this requirement. He stated he feels it should be the taxpayer's responsibility to notify the Department of a change in his federal income tax return. He further stated he feels this would result in a bureaucratic mess and would cause delay of returns, etc.

Representative Miles stated he feels this is a philosophical question and that the bill actually gives the individual the option of going through all the calculations. He stated he feels "the computer shouldn't be running our lives".

Representative Rogers pointed out a fiscal note has been requested but not yet received.

Representative Duncan asked if Representative Miles had any objection to amending Section 1(d), line 12, to read "A taxpayer shall be required to notify...if there is a change in the tax statement", and Representative Miles indicated he did not but recommended it not be done as this would take away from the original intent of the bill.

Vice Chairman Freeman commented he feels the Department of Revenue should have the opportunity to testify on HB 352; therefore, HB 352 was temporarily tabled. He advised, while awaiting the arrival of the Revenue representative, the Committee would reconsider HB 19, at the request of Representative Duncan.

HB 352 TABLED

[Representative Smith arrived at this time.]

HB 19 - "An Act relating to agricultural and industrial fairs."

HB 19  
RECONSIDERED

Representative Duncan moved the following amendment to HB 19: after "not exceed" on line 11, DELETE the remainder of that line and lines 12, 13 & 14 through "other fairs held annually."; and INSERT "a basic grant of \$10,000; however, fairs in existence five years or longer may receive an increment grant not to exceed \$2,500 per year of existence beyond four years to a maximum of \$75,000." Representative Smith objected. The question was called for, and the motion carried (seven in favor; 2 opposed).

DUNCAN  
AMENDMENT

ADOPTED

Representative Rogers moved to amend HB 19 by adding the following:

\* Sec. 2. AS 03.20.020 is amended by adding new subsections to read:

ROGERS  
AMENDMENT

(c) For the purpose of matching state fair aid allocations, those fairs whose local resources are not sufficient to match dollar for dollar may, in preparing their annual reports, place a reasonable itemized monetary value on donated labor materials and equipment used in the construction, repairing and maintenance of fair grounds, buildings and facilities in lieu of dollar matching up to 50 percent of their annual requests. The commissioner shall determine when local resources are insufficient to allow the community to match the amount of state aid requested under (a) of this section, and shall approve the reasonableness of the value assigned to donations by the fair.

(d) Premiums and prizes that qualify for listing for allocation purposes under this section shall be those paid for exhibits and educational contests, displays, and demonstrations of an educational nature. This does not include prizes or premiums for promotion or entertainment activities such as queen contests, parades, dances, rodeos or races. A listing of fund allocations under this section containing the names of all premium and prize winners, including the amount and value of all awards, shall be maintained by the fair association.

Representative Rogers stated this was recommended by Mr. Conheady in his memorandum to Representative Parr, dated February 23, 1979. Representative Haugen objected. The question was called for, and the motion carried (six in favor; three opposed).

ADOPTED

Representative Rogers advised he wished to move a final amendment to include a section on the definition of "agricultural and industrial fair", also contained in the above mentioned memorandum, which is as follows:

\* Sec. 3. AS 03.20.080, Definitions, is amended by adding a new paragraph to read:

ROGERS  
AMENDMENT

(2) "agricultural and industrial fair" means a fair, the major focus of which is displays, exhibitions, demonstrations, contests or promotions of agricultural or industrial concern to the region in which the fair is located.

There being no objection, it was so ordered.

ADOPTED

Representative Schaeffer moved and asked unanimous consent that Finance Committee Substitute for HB 19 be reported out as amended. Representative Smith objected. Representative Rogers requested the Finance CS for HB 19 be held pending a new fiscal note and moved that a new effective date section be added; "Sec. 4. This Act takes effect July 1, 1980." He stated there would be no fiscal impact on the FY 80 budget. The question was called for, and the motion carried (six in favor; two opposed). Finance CS for HB 19 was reported out with a majority recommending it "do pass".

FINANCE CS  
FOR HB 19  
REPORTED OUT

[At this time Gary Jenkins, Department of Revenue, arrived to testify on HB 352.]

Gary Jenkins testified the Department of Revenue has serious concerns with the bill as proposed. He stated, from the monetary standpoint, the Department averages \$100,000 per month in processing these IRS adjustments.

HB 352

He advised the State "piggy-backs" on the federal return forms. He stated they would have to publish all the forms to meet the requirements of the bill.

There was discussion on the language recommended by Representative Duncan in Section 1(d) and Section 2 being deleted. Mr. Jenkins stated he agreed that Section 2 should be retained. Discussion followed on filling out all the forms, and Mr. Jenkins stated that is why three years ago they went to the current form.

Representative Rogers noted, if the first sentence of Section 1 of the bill is left in, this would provide for an option by Alaska citizens. He asked Mr. Jenkins to comment. Mr. Jenkins responded the problem would be a serious processing one. He advised, if they did away with this, then the Department would have to set up a completely new form, which would be extremely expensive. In response to a question, he advised Phil Wall, Administrative Services, would be the one who would have to set up the optional format. Representative Rogers asked how much cheaper this was when the present format was set up, and Mr. Jenkins replied this was costly because it was a change in format.

Representative Duncan asked what effect sentence one in Section 1(d) would have if this were left in and if there were an audit. Mr. Jenkins replied it would leave them in a limbo state, because they would have to provide for those people who did not want to notify. He added the Department would also have to set up two processing systems. He also pointed out that the Department can get copies of the IRS returns if they requested them. There was discussion on Alaska using their own forms.

Representative Duncan requested a fiscal note be prepared on the first sentence of HB 352.

REQUEST

Vice Chairman Freeman advised HB 352 would be held over, pending further information.

HB 352  
HELD OVER

The meeting adjourned at 4:10 p.m.

ADJOURN

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Tape HFC 79-73 Side 1 #001 - End  
                  Side 2 #001 - End  
          HFC 79-74 Side 1 #001 - #628

GENERAL DESCRIPTION OF THE TERROR LAKE HYDROELECTRIC PROJECT

Terror Lake lies in a natural high-level basin in the rugged mountains of Kodiak Island about 18 airline miles from the City of Kodiak. The natural storage of the lake will be increased by building a dam across the lake's natural outlet to the Terror River. A power tunnel will leave the lake from an intake structure on the eastern shore and carry water to an outlet portal on the slopes of the Kizhuyak Valley. A single penstock will extend from the tunnel outlet down the side of the Kizhuyak Valley to a surface powerhouse located on the valley floor. Discharge water from the turbines will flow into the Kizhuyak River. Electrical power will be carried to Kodiak on a 69000-volt transmission line.

FACTS

- Present elevation of the surface of the lake is 1250 feet.
- The surface of the water will be raised to an elevation of 1383 feet.
- Natural storage of Terror Lake will be increased by 78,000 acre feet.
- The natural catchment for runoff to Terror Lake is 15.1 square miles.
  - 1) The catchment area will be supplemented by diversion of 8.6 square miles of the following adjacent catchment areas:

Shotgun Creek	Rolling Rock Creek
Falls Creek	Mount Glotoff Glacier
  - 2) Provisions will be made for future diversion of runoff from 4 square miles of the Hidden Basin Creek catchment area.
- The dam will have a structural height of 156 feet.
  - 1) The dam will have a compacted rockfill structure with an upstream impervious face of asphaltic concrete.
  - 2) Crest elevation is 1391 feet.
  - 3) A side channel spillway will be ungated and unlined and have an inlet crest 600 feet long at elevation 1383 feet.
  - 4) Controlled release of water down Terror River will be by a reinforced concrete outlet conduit through the base of the dam.
  - 5) Total volume of fill used in the dam will be 910,000 cubic yards.
  - 6) Total crest length of the dam is 2100 feet.
- The power tunnel will be five miles long.
  - 1) The tunnel will be horseshoe shaped and 10 foot in diameter.
  - 2) The tunnel will pass through granite for its entire length.
- The penstock will be 3400 feet long.
  - 1) The penstock will be made of steel and surface run from the tunnel outlet to the powerhouse.
  - 2) The thickness of the steel will vary from 3/8" to 3/4" and will have a yield stress of 50,000 PSI.
  - 3) The diameter of the penstock will vary from 96 inches to 56 inches.
- The powerhouse will be located 3 miles upstream from where the Kizhuyak River meets the ocean.
  - 1) The powerhouse will contain 2 horizontal axis, 13,000 HP, Pelton-Type impulse turbines.
  - 2) The generators are rated 10 megawatts each.
  - 3) The elevation of the plant is 109.5 feet and will operate at an average head of 1150 feet.
  - 4) Provisions will be made for a third turbine in the powerhouse.

Normal operation of the powerhouse will be from a control center in Kodiak, but equipment will be provided for operation at the Terror Lake Powerhouse.

January 26, 1979

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Attachment 1

3-13-79

*Terror Lake Alone will not provide  
Sufficient power!* January 30, 1979

SALIENT POINTS OF THE TERROR LAKE HYDROELECTRIC PROJECT

- I. The first and most important step must be the timely approval and issuance of license by FERC. The application for license was sent to FERC on January 19, 1979.
  - a) Without the approval of FERC License, the project cannot start.
  - b) FERC indicates approval will take from 12 to 19 months.
- II. The second and almost simultaneous step is to apply for financing.
  - a) It appears at this time that the most advantageous source of financing will be REA and revenue bonds through APA.
- III. Facts:
  - a) Project Cost \$81,000,000
  - b) Project Size 20 Megawatts (With provisions for additional 10 megawatts)
  - c) Comparison of Cost of Hydroelectric Verses Diesel:

Year	Energy Requirements (KEA-USCG)	Terror Lake Alone	Terror Lake Plus Supplementary Diesel	All Diesel Generation
	In GWH	In Mills/KWH	In Mills/KWH	In Mills/KWH
1984	133.5	57.6	62.0	68.0
1987	151.7	57.6	61.7	78.9
1992	175.7	59.4	70.1	115.0
1997	197.7	61.2	38.4	160.0
2002	198.0	63.0	108.0	220.0
2007	198.0	65.7	136.0	305.0
2012	198.0	70.2	175.0	423.0
2017	198.0	76.5	229.0	589.0
2018	198.0	23.4	204.0	630.0

These costs include the Capital Investment of new plant but does not include the costs which are common to both alternatives. These include all present debt repayment obligations plus those for the additional diesel unit to be installed prior to 1981 and insurance and administration costs.

- d) Savings to rate payers over life of loan (35 years) is \$79,000,000. This figure is the value of the savings in 1979 dollars.
- e) Financing sources: The amount of the project is large enough so we will need to obtain financing from more than one source. Some of the possible financing sources are:
  - REA: 5% insured loan program  
Federal Financing Bank. Interest tied to market rates.
  - CFC: Interest tied to Market Rates
  - APA: Revenue Bonds. Guaranteed by State
- f) Line of Credit will be sought from CFC for interim financing for planning and initial construction.

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FERC - Federal Energy Regulatory Commission  
REA - Rural Electrification Administration  
APA - Alaska Power Authority  
CFC - National Rural Utilities Cooperative Finance Corporation

HOUSE FINANCE COMMITTEE

March 14, 1979

9:10 a.m.

All members of the Committee were in attendance except Representatives Meekins, Schaeffer and Guy. Also present were Representatives Zharoff and Gardiner; Pat Conheady, Department of Natural Resources; and Dick Holden, Department of Transportation and Public Facilities.

PRESENT

Vice-Chairman Freeman called the meeting to order and stated the first bill up for consideration was SSHB 33.

SSHB 33

"An Act relating to state land formerly under a United States Forest Service special use permit."

Representative Gardiner stated this bill relates to people who have forest service permits, and the State has selected their land. He stated these people got the land and some of them built homes on it, at a time when the land was worth very little. He said he sees no reason why these people should now be paying an inflated value for the land. He said that under the bill, the State transfers the land to the people who built on it at a fair market cost.

Representative Gardiner advised that not only the survey costs, etc., will be paid by those buying the land, but they will also pay the administrative costs. He said the State will have to put up some "up front" money, but will be paid back over the next few years.

There was discussion on the fiscal note. Mr. Conheady advised they are talking about 235 plots. Representative Rogers asked when they anticipated having the cash coming back in. Mr. Conheady stated they are probably looking at after FY 81 before the land is actually transferred to the State from the forest service. He said he couldn't determine when they will get the money back. Representative Montgomery asked if they were talking about any large acre plots, and Mr. Conheady said no, they are all five acres or less.

Mr. Pat Conheady, Department of Natural Resources, said they like the program, but would like to see it a little narrower than it actually is. He said they are recommending that it be limited to people who are actually resident users of the land.

Representative Moss questioned the survey costs, and Mr. Conheady stated they are basically using the same cost estimates for surveying they used for the land disposal act.

3/14/79

Representative Gardiner stated there will be one change to the bill, which he will probably offer as a floor amendment. He said that change will be on page 1, line 15, deleting "Director" and inserting "commissioner". Mr. Conheady explained they are abolishing the director's positions.

Representative Smith moved and asked unanimous consent that the Resources CS for SSHB 33 be reported out. There was no objection.

RESOURCES  
CSSSHB 33  
REPORTED  
OUT

The next bill to be considered was HB 235.

"An Act making a special appropriation to the Department of Transportation and Public Facilities for surfacing roads; and providing for an effective date."

HB 235

Mr. Zharoff explained this bill calls for the surfacing of roads on Kodiak Island. He presented information on the bill (see original bill file) and read a letter from Dr. Wasson explaining the need for improvements to the road.

Representative Zharoff commented that due to the composition of the rock used to surface the roads, these areas remain slippery during cold spells -- the paved roads don't have that problem.

Representative Haugen asked if the road is on the state highway system and Mr. Holden stated it is.

Mr. Dick Holden, Department of Transportation and Public Facilities, stated there are a lot of roads on the State system in this condition. He stated they don't use much state money for roads in this condition, most of it is federal money. He said if they try to alleviate the problem with federal aid money, they have to build the roads according to federal standards. He said this would cost them about \$1.2 million for these roads. He stated if they used just state money, it would probably cost them about one-fourth that amount.

Representative Haugen asked if they can use federal aid funds for maintenance. Mr. Holden stated they could. He said they have one special Alaska appropriation that was made in 1966 for maintenance.

Vice-Chairman Freeman stated action on this bill would be held until a policy decision had been made on putting appropriations through as bills or in the budget.

HB 235  
HELD OVER

The next bill to be considered was HB 238.

HB 238

"An Act making special appropriations to the Department of Transportation and Public Facilities for the construction of float plane ramps at Akhiok and Larsen Bay; and providing for an effective date."

Representative Zharoff stated these two villages are in a unique situation. He stated storms washed out part of the Karluck Spit and, as a result, they have run into a problem with float planes having to come in and land up on the beach. He advised the request in the bill is to have float ramps built so planes wouldn't have to go ashore. He commented that the remoteness of the villages doesn't lend itself to traffic by ferry system, so they have to rely on air transportation. Vice-Chairman Freeman asked how many people are in these villages, and Representative Zharoff guessed about 300 to 400 total in both villages.

HB 238  
HELD OVER

HB 238 was also held over pending a policy decision. The next bill to be considered was HB 299.

HB 299

"An Act making a special appropriation to the Department of Community and Regional Affairs for a study of the effects of landslides and tsunamis on Kodiak Island; and providing for an effective date."

Representative Zharoff explained this relates to the Pillar Mountain situation in Kodiak. He stated there is the potential for a major disaster occurring as a result of the Mountain sliding into the sea. He stated the worst that could happen would be the same results that occurred in the 1964 tidal wave. He stated the potential for this disaster could have a negative effect on the development of the bottomfishery. He stated it also deters any expansion of the waterfront area.

Representative Zharoff said the committee substitute for the bill would continue the studies they have going on now, and would put in four test holes.

Representative Rogers stated it appears from a letter written by the City Manager that they would prefer to have the money spent to shore up the mountain rather than do more studies. He asked if any consideration had been given to this. Representative Zharoff stated that had been his original intent under this bill.

Mr. Pat Conheady stated they found the work under the bill could be done for less money (see fiscal note). He stated their recommendation is that nothing be done on pulling down the Mountain until they see what needs to be done and what it will cost. He said they think federal money will probably be available to solve the problem with the Mountain. There was brief discussion.

HB 299 was held over.

HB 299  
HELD OVER

The meeting adjourned at 9:55 a.m.

ADJOURN

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Tape HFC 79-74 Side 2 #001 to end  
79-75 Side 1 #001 to 035

3/14/79

HOUSE FINANCE COMMITTEE  
March 14, 1979  
1:35 p.m.

All members of the Committee were in attendance, except Representative Guy. Chairman Meekins and Representatives McKinnon and Smith arrived later in the meeting. Also in attendance: Representative Al Osterback; Shirley Rettiger, State CIP Coordinator for the Cultural Facilities Project; Mary Levan, Angoon Cultural Facilities; Jennie Stewart, Juneau Cultural Facilities; Paul Arnoldt, Director, Division of Retirement & Benefits, Department of Administration; Charles Meacham, Director, International Fisheries & External Affairs, Office of the Governor; Kerry Romesburg, Executive Director, Postsecondary Education Commission; John Crandall, Administrative Assistant to Chairman Meekins; Dave Scott, Division of Legislative Finance.

PRESENT

Vice Chairman called the meeting to order and stated the first order of business was HB 185:

HB 185 - "An Act authorizing state aid to municipalities for the construction and development of cultural facilities."

HB 185

Representative Duncan, prime sponsor, gave a brief overview of the bill, stating the purpose is to assist municipalities in the development of cultural facilities. He advised a similar bill passed the House last year.

[Representative McKinnon arrived at this time.]

Representative Duncan discussed the formula contained in the bill which provides for community requirements. He stated the bill provides for an advisory committee on priorities on facilities around the State. He pointed out the one major difference between last year's and this year's version of the bill is that HB 185 does not have a bond issue. He advised the bill has a \$69.4 fiscal note to Department of Commerce and Economic Development.

[Representative Smith arrived at this time.]

Shirley Rettiger, State coordinator for the project, distributed a handout to the Committee which she discussed. She advised there are now 13 communities that have cultural facilities plans and are ready to go. She explained the definition of cultural facilities and stated she feels the bill should not become too large.

In discussing priorities, Ms. Rettiger advised there are four communities at the top of the list: Kodiak, Petersburg, Haines and Angoon. Representative Moss asked about Dillingham, and it was noted they are not quite ready.

In response to a question, Ms. Rettiger noted, last year, the first bond request of \$79 million reflected a 7-12% inflation factor, but no money has been expended up to this time. Representative Duncan commented this is only enabling legislation this year; there are no companion bills.

[Chairman Meekins arrived at this time.]

Representative Duncan advised the fiscal note is set out for three years and that, if there is no money appropriated this year, a portion of the money should go to the Commission. There was brief discussion on how the funds were computed.

Mary Levan, representing Angoon, gave a brief presentation on her proposal for a living museum. She stated they would like equipment to record the elders of the community and for promotion for tourism. She discussed the Angoon monument. She commented they got ferry service last year and TV this year. In closing, she stated this is a small, but important, project.

Jennie Steward, representing Juneau, testified Juneau desperately needs the facilities. She stated they have been at it since 1974. She advised the first need is for performing arts and cultural centers within the State.

There was discussion on gathering these projects under one department. Ms. Rettiger noted this is closely tied to tourism, but they would like this to be coordinated with the municipalities. Further discussion followed on what agency this project should be tied to (page 1, lines 12 & 13). Representative Duncan commented he would bend to the wishes of the Committee in legislative determination on whether this is a bond issue. He commented, if we have the money, it is cheaper to do this through an appropriation, as it is faster; if the funds are not available, then through a bond issue.

There was brief discussion on the formula for local match.

Representative Duncan moved and asked unanimous consent that HB 185 be reported out. There being no objection, it was so ordered. HB 185 was reported out with a "do pass" recommendation.

HB 185  
REPORTED OUT

→ The next bill up for consideration was HB 243:

HB 243 - "An Act relating to teachers' and public employees' retirement; and providing for an effective date."

HB 243

Paul Arnoldt advised the bill originated in the Division of Retirement & Benefits at the request of the Governor. He testified the bill is primarily one that performs a house-keeping function and that the intent of the bill is to take both PERS and TRS and rewrite or rearrange those chapters so that the two retirement systems coordinate with each other using a common set of terms.

Mr. Arnoldt briefly described the PERS and TRS spouse's pension. He advised this bill is the result of a similar one (HB 866) last year. He stated the changes recommended last year by the agencies are incorporated in HB 243 and that all the agencies support it. In response to a question, he advised PERS, TRS, LAA, NEA, and RTA all support this bill.

Representative Rogers noted the University of Alaska is treated differently from the other agencies (page 27, Sec. 32). Mr. Arnoldt explained the University's participation agreement. He stated this is strictly for priority purposes. Representative Rogers requested a copy of the University's participation agreement be provided the Committee.

REQUEST

Representative Montgomery questioned the effective date, on page 34, that states this is retroactive to July 1, 1978. Mr. Arnoldt explained Sections 4 and 22 work together to establish a "waiver of adjustment" section. In response to a question, he advised this would not require a supplemental for this year.

Representative Haugen questioned the reclassification of military service. Mr. Arnoldt advised it is all active military service and that they removed language in the bill that referred to "service before the 1940's".

Representative Moss asked if retirement could be collected twice if a person retired from active military service, and Mr. Arnoldt indicated yes and gave an example stating they have to buy it back. There was discussion on claiming rights.

Representative Duncan moved and asked unanimous consent that HB 243 be reported out. There being no objection, it was so ordered. HB 243 was reported out with a "do pass" recommendation.

HB 243  
REPORTED OUT

[The meeting recessed at 2:20 p.m. and reconvened at 3:30 p.m.]

RECESS

Vice Chairman Freeman recalled the meeting to order and advised the Committee would consider HB 28:

HB 28 - "An Act providing for presidential party primary elections; and providing for an effective date."

HB 28

Representative Mike Miller, prime sponsor and State Affairs Committee Chairman, testified briefly on the bill, addressing his comments to the State Affairs CS for HB 28. He advised he feels the fiscal note is high and that this is a very simple ballot, suggested by the Division of Elections, which shouldn't cost that much. There was brief discussion on the "sun set" phrase.

Representative Haugen moved and asked unanimous consent that the State Affairs CS for HB 28 be reported out. There being no objection, it was so ordered. State Affairs CS for HB 28 was reported out with a "do pass" recommendation.

CSHB 28  
REPORTED OUT

The next bill to come before the Committee was HB 287:

HB 297 - "An Act providing for the establishment of an Alaska State Office in Copenhagen, Denmark."

HB 297

Chuck Meacham commented what this bill does is establish the Copenhagen Office, similar to the Tokyo Office, which has just been upgraded to the Alaska-Asian Office. The Copenhagen Office, he advised, would handle the western European countries. He advised a similar bill was introduced last year but died in the Finance Committee.

Mr. Meacham read an excerpt from a letter to Bob Bradley from Keith Specking indicating justification for the establishment of this office.

In discussing the fiscal note for \$240.8 prepared by him, Mr. Meacham stated this was based on the study by Commerce and Economic Development, and it corresponds closely with similar offices of other states (Illinois and Pennsylvania).

Representative Montgomery asked if this office would utilize a contract. Mr. Meacham replied that, presently, the Tokyo Office is under a contract, but now it is legal to hire foreign citizens as State employees. Brief discussion followed.

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

Chairman Meekins advised HB 297 would be held over and that the next order of business was HB 29.

HB 297  
HELD OVER

HB 29 - "An Act relating to the public employees' retirement system; and providing for an effective date."

HB 29

Representative McKinnon commented briefly on the purpose of the bill, stating it would reduce the number of years required for retirement from 30 to 25 years. He added the bill carries a \$10.0 fiscal note.

At the request of Committee members, Chairman Meekins read the State Affairs Committee Report.

Representative Freeman moved and asked unanimous consent that the Committee report out the State Affairs Committee Substitute for HB 29. There being no objection, it was so ordered. State Affairs CS for HB 29 was reported out by the Finance Committee, with a \$10.0 fiscal note, a majority recommending it "do pass".

CSHB 29  
REPORTED OUT

HB 155 was the next bill up for discussion:

HB 155 - "An Act relating to competitive bidding under the Fiscal Procedures Act."

HB 155

Chairman Meekins, prime sponsor, noted the Committee has held previous hearings on the bill. He stated he has a Finance committee substitute in preparation which gives a 15% bidder's preference to Alaska manufacturers, but deletes the part where a store front operation could happen. In addition, he advised, the bill contains language to solve the problem with federal funds. He further advised the committee substitute would carry a zero fiscal note.

Representative Moss moved and asked unanimous consent that Finance Committee Substitute for HB 155 be reported out with a zero fiscal note. There being no objection, it was so ordered. Finance CS for HB 155 was reported out without recommendation.

FINANCE CS  
FOR HB 155  
REPORTED OUT

Chairman Meekins brought HB 91 up for consideration:

HB 91 - "An Act making a supplemental appropriation to the Department of Law; and providing for an effective date."

HB 91

Representative Rogers moved to amend page 1, line 22, by deleting "1978" and inserting "1979". There being no objection, it was so ordered.

AMENDMENT

Representative Freeman moved and asked unanimous consent that HB 91 be reported out as amended. There being no objection, it was so ordered. HB 91 was reported out as amended with a "do pass" recommendation.

HB 91 AMENDED  
REPORTED OUT

The next bill to be addressed by the Committee was HB 387:

HB 387 - "An Act relating to the student loan program; and providing for an effective date."

HB 387

Kerry Romesburg testified the bill does two things; it provides for a different student ranking and enables them to bring this under the Student Loan Act.

Chairman Meekins asked what is being changed if this is enacted. Mr. Romesburg responded Buchholdt and Parr, sponsors of HB 387, settled on keeping the current ranking held but added points for longevity. He noted this is contained in the first part of the bill.

Mr. Romesburg commented he is extremely interested in the second part of the bill. He discussed the federal guarantee student loan program available since 1965 and noted Alaska has not participated in this in the past because of income requirements. He advised that was removed last year by Congress, and now to be eligible for the program, the State has to make these changes in the law. He indicated five states do this now, and Alaska would make the sixth. He added this is going to save the State \$1.6 million because of participation in this federal program.

Representative Rogers noted the lending institution can put in any criteria they want.

Representative Montgomery asked the total amount available for each student, and Mr. Romesburg responded \$12,000; \$3,000 each year. He explained the point system and how it works. He noted it has nothing to do with need. There was discussion on the definition of "continuous Alaska residency".

Chairman Meekins asked if the bottom line on this is \$2.4 million, and Mr. Romesburg indicated yes. He added it was estimated they needed \$5 million for the current year appropriated by the Legislature, which includes general fund plus general fund matching. He advised they had greatly missed their estimate and ran out of money. He stated there were hundreds of applications outstanding last year, and they asked the Attorney General if they could award more money than appropriated. Chairman Meekins stated, in essence, they would be using two year's payments for one year.

Mr. Romesburg indicated they have awarded, to date, \$6.5 million in a year when they thought it would be \$5 million. He added their revolving fund is now depleted. If they receive the Governor's request, he commented, they will be funded \$2.4 million. He advised, if they modify this program with minor changes to qualify for the federal guarantee, the only expense is administration, and there will not be default from any loans from now on. In response to a question, he replied the current default rate is about 19%, which has haunted them from the beginning. He added the only other expense they will incur is the cancellation of benefits.

There was further discussion on the wording of the bill. Mr. Scott questioned the fiscal note. Mr. Romesburg said he tried to show they would be getting \$360.0 from the fed's and would be reducing the general fund by that amount. Mr. Scott said the fiscal note has been incorrectly prepared then. Chairman Meekins requested he revise the fiscal note.

Representative Smith stated she is not happy with this bill. She said it needs revision. She commented she resents taking this bill up at this time, without it having gone through the HESS committee. She requested the bill be held over so they could have an opportunity to consider the substance of the bill.

Chairman Meekins stated he likes the bill and thinks it should be addressed. He suggested a subcommittee be formed to look into the bill in greater detail. Representatives Smith, McKinnon, Rogers and Meekins indicated they were interested in serving on such a subcommittee. Representative Rogers commented this bill deals with the student loan program, and as such, should be exempt from the 60-day deadline imposed by the Senate. Chairman Meekins requested Mr. Scott provide Committee members with a sectional analysis of the bill.

HB 387 was held over for further consideration.

The meeting adjourned at 4:40 p.m.

REQUEST

HB 387  
HELD OVER

ADJOURN

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Tape HFC 79-75 Side 1 #035 - End  
                  Side 2 #001 - End  
                  79-76 Side 1 #001 - #458

JOINT  
HOUSE & SENATE FINANCE COMMITTEE  
Governor's Conference Room  
March 15, 1979  
8:35 a.m.

Members of the Finance Committees in attendance: Senators Sackett, Dankworth, Ray, Sumner, Hohman, Bennett and Hackney; Representatives Meekins, Montgomery, Moss, Freeman, Smith, Schaeffer, McKinnon and Duncan.

PRESENT

Also present were: Representatives O'Connell and Osterback; Peter Bushre, Department of Revenue; Perry Eaton, Chairman, Alaska Housing Finance Corporation; Jack Tinsley, Director, Department Commerce & Economic Development; Bert Wagner, Deputy Commissioner, Department of Commerce & Economic Development; Pete Jeans, Director, Division of Business Loans; Tony Dean, Assistant Vice President, John Nuveen & Co.; J. M. Linton, Executive Director, Alaska Housing Finance Corporation; Harold Pomeroy, GPC; Jessie Rodson, Governor's Office; Tom Barnes, Division of Budget and Management, Marsha Helton, Policy Analyst, Legislative Affairs; Ann Metcalfe, Legislative Reporting Service; William C. Kelm, Department Adjutant, The American Legion; Louis Fionella, Department Adjutant, Veterans of Foreign Wars; and Josh Wright, Consultant.

Chairman Meekins called the meeting to order and stated the purpose of the meeting was to look into problems with the loan programs.

LOAN  
PROGRAM  
PROBLEMS

Tape #  
HFC/SFC 79-1

Description

009 Mr. Peter Bushre, Deputy Commissioner, Department of Revenue, gave background information on the general fund liquidity situation. He advised the statutes were amended years ago to require the Department of Revenue to process all state loans. He stated that approximately three years ago the Department began the policy of advance funding of loans on the basis of approved applications.

TESTIMONY  
FROM PETER  
BUSHRE,  
DEPT. OF  
REVENUE

Mr. Bushre stated that in years when the State has a balanced budget it means for loan programs the entire program will be funded with surplus reserves. In unbalanced years the general fund picks up loan programs and creates a deficit amount in the budget. He said that approximately one year ago they recognized that this policy, coupled with the rapidly increasing demand for loan funds, is creating a serious problem. He said projections indicate they will have zero surplus revenues for fiscal year 1979.

Mr. Bushre stated their contention is that the most appropriate means of funding the Veterans Loans program is with the sale of tax exempt revenue bonds. He said they recognize that Alaska Housing Finance Corporation (AHFC) is a public company established strictly for the purpose of providing tax exempt single family housing. He stated this seems to be the most viable solution.

- 036 Mr. Bushre commented that Alaska is completely dependent on the oil pipeline. He said the general fund liquid surplus is at a "comfortable margin". He said they don't have enough to fund state loans and have the necessary surplus to stay where they are now. He advised the state spends an average of \$60 million a month, and in the summer that will probably double, which means they will need \$120 million a month at a minimum. He said an interruption in the flow of the oil pipeline could shut down the line for weeks or months, which would effect the state's revenues.
- 047 Mr. Bushre said that funding loan programs out of reserves without legislative oversight is not good fiscal management. He said they propose to put all loan programs on a sound financial basis. He said they are suggesting that business loans currently held by Treasury be appropriated to the business loan revolving loan fund, and that the Legislature appropriate \$45 million from the general fund as seed money to fund the business loan program. He said the loan program should have sufficient funds to meet the existing demand for money, and they should be able to generate amounts for future years. He said they believe the most sound method for financing residential loan programs is with the sale of tax exempt revenue bonds. In this regard, they believe the quickest way to do so is with AHFC.
- Mr. Bushre said a proposal has been introduced to create a second AHFC for veterans loans only. They believe this legislation has some technical problems. They don't oppose the legislation. They support it in concept.
- 066 Mr. Bushre said they believe this legislation would simply be creating another AHFC. He requested that if this is done the alternative of AHFC be retained for at least the interim to provide financing at least until the new corporation is ready to begin operation.
- 072 Mr. Bushre referred to CSSB 152, Section 4, and stated they would prefer that this provision be left to the discretion of the Commissioner of Revenue. He said they believe it would be in the best interest of a new company to make this optional and at the discretion of the Commissioner.

CSSB 152  
SEC. 4  
COMMENTS

3/15/79

080 Mr. Bushre advised the Department of Commerce and Economic Development has had introduced Senate Bills 146 and 147, which his Department supports whole-heartedly.

DEPT.  
SUPPORTS  
SB 146 &  
SB 147

090 Senator Sackett asked why they are asking the Legislature to appropriate funds back to the Department of Revenue when they can sell the existing loans back to the Department of Commerce and Economic Development. Mr. Bushre stated they felt this would be the quickest and most equitable means of funding a loan program in future years. He said if they retain the interest as general fund revenue, the business loan program will be short that much money. He said that if this goes through the general fund, the Legislature will have to appropriate funds each year.

119 Senator Ray asked why they can't have two sections within AHFC. Mr. Bushre stated that is what they are proposing.

123 Chairman Meekins asked when they entered into discussions with AHFC on the loan problems. Mr. Bushre said June 1978. Chairman Meekins said it appears they haven't gotten very far since then, and he asked what kind of response they got from AHFC. Mr. Bushre said at that time they were discussing a different arrangement than what they are talking about today. He advised that today AHFC is prepared to hold public hearings to include veterans among those eligible for AHFC funding. Chairman Meekins commented that it has been three months since they shut down, and AHFC is just beginning to hold public hearings. Mr. Bushre agreed the problem is serious. He said they made every attempt to hurry the situation along. He said he feels they have a workable solution today.

155 Brief discussion on the sale of veterans loans and audit reports made on loan programs. Mr. Bushre stated a substantial effort has been made to control the problems.

200 Mr. Perry Eaton, Chairman of the Board, Alaska Housing Finance Corporation, made opening comments. He said they finance 60% of all the single family residential financing outside the Anchorage bowl, and 40% of the single family residential financing within the Anchorage bowl. He said their bonds are eagerly sought.

TESTIMONY  
FROM  
PERRY  
EATON,  
AHFC

219 Senator Sackett stated AHFC was created in 1971 to take care of rural loan programs. He said nothing is being done in the remote areas, which is supposed to be their prime area of interest.

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- 227 Mr. Eaton said he thinks they have done an excellent job in the bush area. He said the banking industry has not been totally responsive in making loans in rural areas. He said AHFC took the ceiling off the income limitations for rural Alaska. He said they did everything within their means to make it an attractive market to the banks.
- 238 Senator Sackett referred to proposals suggested by AHFC staff which were turned down by the AHFC Board of Directors. He said he thinks the staff has been trying to resolve the problem, but it appears the Board is reluctant to get into an area that is questionable as far as returns are concerned. Mr. Eaton said he disagrees with that assumption. He said he didn't think the staff proposal addressed the problem. He said it didn't go far enough, but it is a beginning.
- 248 Chairman Meekins commented on the background of the \$2 million appropriation they made last year to AHFC. He stated now the Legislature has found that AHFC is just beginning to consider implementing a program they were funded for and said they would begin last year. He said he is hearing the same responses to his questions this year that he heard last year. Mr. Eaton said with regards to developing a program, nothing was said about it having to be implemented in one year. He stated the proposal will come before the Board again at the April meeting.
- 275 Chairman Meekins said no money is going to be lent out unless there is an implementation of a rural housing program. There was further discussion.
- 285 Mr. Eaton said he would do everything he can to get the program implemented. He said he cannot force implementation of the program. He said the issue will be discussed at the next Board meeting, and it does have his support. He said if the appropriation is not made as requested they will shut down 40% in Anchorage and 60% in the rest of the State of the market.
- 301 Chairman Meekins commented the choice of shutting down is not up to the Legislature but the AHFC Board of Directors. He said it is up to the Board to do something about implementing the program. He stated it is something that should have been done last year, and which the Board told the Legislature would be implemented last year.
- 312 Senator Sackett requested a recess be called. A recess was called at 9:30 a.m. Chairman Meekins recalled the meeting to order at 9:55 a.m. Senate Finance Committee members were not in attendance. House Finance Committee members present: Representatives Meekins, Schaeffer, Montgomery, Haugen, Moss and Duncan.

RECESS

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- 313 Chairman Meekins asked what AHFC's position was on rolling in veterans loans. Mr. Eaton stated as they understand the proposal, they have been asked to modify their existing program and not create a special program defined "veterans". He said the proposal is to waive the income limitations for veterans. He said the result of this is that any veteran will be eligible for a low interest AHFC rate. He said it doesn't mean there would be any special fund for veterans. He said this proposal will be coming before the Board on the 19th. He said he does not have a formal opinion on the Board yet, but the consensus of the Board is that they support the proposal. Mr. Eaton stated there is a question of whether they can give selective preference to one group.
- 340 Chairman Meekins asked what kind of money they would need and Mr. Eaton said he was not sure. He said the interest rate would be subject to market influences and bond sales. He said it would possibly be \$60 to \$75 million at the outside.
- 352 Chairman Meekins asked if they anticipate any problems with regard to the Bond market. Mr. Eaton said they do not feel there will be any adverse affects. He said he thinks they have come to the age to allow the bond market to absorb the bonds without any adverse affects.
- 360 Chairman Meekins asked if they anticipate any other problems. Mr. Eaton said they are concerned with the constitutionality of giving a preference to a select group. He said this is being explored.
- 374 Mr. Eaton commented on the definition of rural. He stated they have stimulated blighted and under developed areas. He commented that "rural" was an unfortunate choice of words -- Wasilla is considered rural. He said areas such as that were not intended to be impacted by the definition of rural. He stated this is a problem.
- 402 Chairman Meekins called a recess at 10:10 a.m. He said the meeting would reconvene in the House Finance Committee Room upon adjournment of the House Floor Session.

RECESS

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Tape HFC/SFC 79-1 #001 to 402

3/15/79

HOUSE FINANCE COMMITTEE  
March 15, 1979  
1:30 p.m.

All members of the Committee were in attendance, except Representatives Freeman and Guy. Representative Duncan arrived later in the meeting. Also in attendance: Representatives Charlie Parr and Fred Zharoff; Dick Holden, Department of Transportation & Public Facilities; Judy Dubois and Dale Cheek, Department of Labor; John Crandall, Administrative Assistant to Chairman Meekins.

PRESENT

Chairman Meekins called the meeting to order and noted the House in complying with the 60-day bill deadline set by Senate President Tillion. He added they did not agree with this, but technically, they had made the deadline.

Chairman Meekins stated the first order of business was HB 17:

HB 17 - "An Act relating to the James Dalton Highway."

HB 17

Representative Parr, prime sponsor, testified the purpose of the bill is to make the James Dalton Highway (North Slope Haul Road) part of the State highway system and to open it to the general public. He stated the primary reason he put the bill in is because the Administration has made it clear it will not treat it as it treats the Denali and Taylor Highways. He presented background information on the bill. He stated the bottom line is that he resents the Administration making second class citizens of Alaskans.

Representative Parr discussed the fiscal impact, stating from a \$600.0 figure in December 1977 to the current fiscal note of \$1.8 million, the bill has tripled. He stated he feels the fiscal note is blown out of proportion.

Representative Rogers brought up the question of users' fees to maintain the road. Representative Parr stated he didn't feel this was necessary, but if users' fees are assessed, that would be okay with him.

Dick Holden noted he has previously testified before House Commerce that the Department has problems with Sections 2, 3, 4 & 5 of the bill. He discussed maintenance of the Haul Road 12 months of the year because of Prudhoe Bay. He pointed out Denali and Taylor Highways are not maintained 12 months of the year because it is not necessary.

Mr. Holden advised the Department would not approve opening this to the public until such time as the gas pipeline is built and until there are facilities to accommodate users of the road.

In response to a question, Mr. Holden advised, in departmental increment cost, the fiscal note is zero, but if this is opened, then the enforcement agencies cost would be reflected in the fiscal note.

During discussion, Mr. Holden explained it is not a good idea to have anyone drive up there ignorant of the fact that there are no facilities, such as gas, food or lodging. He noted they are currently in negotiations with Northwest regarding the pipeline, and if the line is to be built, the road will be used heavily during its construction.

Representative Smith brought up State liability in the event of an accident. Mr. Holden noted there are cases that maintain the State or operator is liable. He also pointed out that the North Slope Borough is opposed to the opening of the North Slope Haul Road.

There was discussion on the option prepared by DPDP on user fees. Mr. Holden noted the cost of maintaining the road is \$5.4 million per year and explained further. Representative Rogers asked if it would be cheaper to maintain the road if there were no heavy traffic, and Mr. Holden explained the Department cost would not increase with more vehicle use. He again stressed the departmental fiscal note is zero, but the other regulatory agencies would have their own fiscal notes. In response to a question, he advised the road was built by Alyeska.

In rebuttal, Representative Parr read an excerpt from the Governor's remarks on opening the road during the summer. Commenting on Northwest building their pipeline, he indicated he's sure they feel "it is nice to have a private road for our own use".

There was further discussion, with Representative Rogers noting the \$6-8 million cost to open the road year round and wondering if it was worth it. Representative Parr again stated he feels the fiscal note by the Department of Public Safety is not correct, that it is exaggerated. He commented he would be happy to see the Finance Committee report out a fiscal note of zero or \$500.0.

During further discussion, Representative Smith addressed questions to Representative Schaeffer regarding the remarks on input from the hearings in Fairbanks. Representative Scaheffer advised the people testified against this because it is much too expensive. Regarding the second class citizen argument, he advised there was no discussion on that subject. When asked if the people thought it might be a boost to the economy, he replied they had indicated no.

Representative Haugen moved to report out the Commerce CS for HB 17. Representative Smith objected. During discussion, Chairman Meekins suggested deleting lines 20 & 21 on page 1. Representative Haugen moved to amend his motion to report out a Finance CS for HB 17 to reflect this. Representative Rogers objected.

AMENDMENT

Representative Rogers moved to amend CSHB 17 by deleting Section 1(f), page 1, lines 24 & 25, and replacing this with the original language; and on page 2, Sec. 4, replacing this with Sec. 4 of the original bill. Representative Montgomery objected.

AMENDMENT

[Representative Duncan arrived at this time.]

At the request of Representative Montgomery, Chairman Meekins read the Commerce Committee Report. The question on the main motion was called for and the motion, and the motion carried (five in favor; two opposed). The question on Representative Roger's amendment was called for, and the motion carried (five in favor; four opposed).

There was discussion on the fiscal notes. Representative Montgomery moved to report out a zero fiscal note. Representative Smith objected, citing the question of State liability. She commented the BLM people feel the fiscal note is low. She added she feels they should fund the minimal service. Representative Montgomery stated whether the State will be sued or not has no bearing on the fiscal note. The question was called for, and the motion failed (two in favor; seven opposed).

Chairman Meekins moved to report out the \$1.8 million fiscal note. There being no objection, it was so ordered. Finance Committee Substitute for HB 17 was reported out with the above amendments and a fiscal note of \$1.8, the majority recommending "do not pass".

FINANCE CS  
FOR HB 17  
REPORTED OUT

The next item to come before the Committee was HJR 30:

HJR 30 - Relating to the sale of revenue bonds of the Alaska Power Authority for the Terror Lake hydroelectric generating project at Kodiak, Alaska.

HJR 30

Representative Schaeffer moved and asked unanimous consent that HJR 30 be reported out. There being no objection, it was so ordered. HJR 30 was reported out with a "do pass" recommendation.

HJR 30  
REPORTED OUT

HB 92 was brought before the Committee:

HB 92 - "An Act making supplemental appropriations to the Department of Labor; and providing for an effective date."

HB 92

Representative McKinnon noted the Department had a shortfall in the amount of money to be expended.

Judy DuBois advised they needed \$800 to cover the shortfall in personal services, which was due to a person retiring.

Representative McKinnon moved and asked unanimous consent that HB 92 be reported out. There being no objection, it was so ordered. HB 92 was reported out with a "do pass" recommendation.

HB 92  
REPORTED OUT

HB 377 was brought up for consideration:

HB 377 - "An Act making FY 79 transfers of appropriation items for Department of Labor; and providing for an effective date."

HB 377

Ms. Dubois noted this is a transfer of appropriations to cover a shortfall in mechanical inspection. Representative Duncan asked if this takes care of the problem of laying off the employees, and Dale Cheek indicated yes.

Representative Haugen moved and asked unanimous consent that HB 377 be reported out. There being no objection, it was so ordered. HB 377 was reported out with a "do pass" recommendation.

HB 377  
REPORTED OUT

The next bill to be addressed was HB 161:

HB 161 - "An Act making a special appropriation to the Department of Transportation & Public Facilities for the construction of a 'Tustemena' class ferry; and providing for an effective date."

HB 161

Representative Rogers noted they needed further backup on the bill. HB 161 was held over for reconsideration.

HB 161  
HELD OVER

The meeting recessed at 2:30 p.m.

RECESS

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Tape HFC 79-76 Side 1 #458 - End  
Side 2 #001 - #683

HOUSE FINANCE COMMITTEE

March 15, 1979

3:20 p.m.

All members of the Committee were in attendance except Representative Guy. Representatives Duncan, McKinnon and Freeman arrived later in the meeting. Present to testify were: Bruce Cummings, Retirement and Benefits; Representatives Cotten, Gardiner and Anderson; Rick Berrier, Court System; Ken Spray, Local 71; Sherri Shelley and Pat Murphy, APEA; Ken Cates, Deivision of Personnel; Bob Steward, Labor Relations; Jack Chenowith, Legislative Affairs Agency; Commissioner Bill Hudson, Department of Administration; Acting Commissioner John Messenger, Department of Revenue; Sharon Maclin, Alaska Telephone Association; and Alison Elgee, Budget and Management.

PRESENT

Chairman Meekins called the meeting to order. The first bill to be considered was HB 174.

HB 174

"An Act relating to the participation of elected officials and former elected officials in the public employees' retirement system."

Mr. Bruce Cummings, Deputy Director, Retirement and Benefits, stated they do support the Committee Substitute from Community and Regional Affairs. He stated the bill resolves problems they have now with participation at the local levels. He said the Committee Substitute provides an elected official of a covered employer would automatically be covered by P.E.R.S. He explained problems they have with existing law which this bill will correct.

Mr. Cummings stated their opinion is that the cost will not exceed \$13.5. He stated 60 people are eligible, and they feel only one-third will participate.

Representative Moss moved that the C&RA CS for HB 174 be reported out of committee. There being no objection, it was so ordered.

C&RA CS  
HB 174  
REPORTED  
OUT

The next bill to be considered was HB 303.

HB 303

"An Act making a special appropriation to the Department of Community and Regional Affairs for erosion control along the Delta River; and providing for an effective date."

Representative Moss stated this is an emergency situation in which they need to transport concrete saddle blocks. He stated there is a time problem. He said they have to move these blocks before April 15th, when a highway weight restriction will be imposed.

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Representative Moss stated he has received a revised figure, and the number should be \$9,600, rather than the Resources Committee Substitute or the original bill.

Representative Haugen moved to report out a Finance Committee Substitute in the amount of \$9,600 for HB 303. There being no objection, it was so ordered. Finance CSHB 303 was reported out with a "do pass" recommendation.

FINANCE  
CSHB 303  
REPORTED  
OUT

(Representatives Duncan and McKinnon arrived at this time.)

The next bill to be considered was HB 224.

HB 224

"An Act creating a special utility consumer counsel; and providing for an effective date."

Representative McKinnon advised this is relatively the same bill that passed the House last year, but ended up in Senate Commerce. He said it would set up an Office of Utility Consumer Counsel. He said the Utility Commission has testified they do not represent the customer. He referred to the RCA rate increase and the Anchorage Natural Gas case, as examples where the Commission did not represent the consumer. He further explained the bill. He said the Counsel's job would be to take the case of the customer.

(Representative Freeman arrived at this time.)

There was discussion on the fiscal note.

Ms. Sharon Maclin, Alaska Telephone Association, stated they oppose the bill. She advised they believe it is a duplication of existing services in the State. She stated they feel the staff of the Commission is also looking out for the best interest of the customer. In addition, they believe there are several other entities that represent the consumer -- Governor's Office of Telecommunications and the Ombudsman. She said she understands an assistant attorney general has been assigned to the Office of Telecommunications for legal problems. Representative Rogers asked if this hadn't been eliminated by the Governor. Ms. Maclin said they are still in the process of being represented by the Attorney General's Office.

Representative Smith referred to the public members on the Commission, and in answer to a question from Smith, Ms. Maclin said no, they don't have law degrees.

Representative Rogers asked if the agency attorney's are representing the consumer or the balance between the consumer and utilities. Ms. Maclin said they feel they are representing what is best for the State of Alaska.

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Representative Smith commented that as a consumer she has had some real battles with the Utility Commission.

Representative Haugen asked why the Consumer Protection Office in the Attorney General's Office couldn't represent the customer. Representative McKinnon said they would then have the situation where two lawyers in the same agency would be arguing the same case, but on opposite sides.

Representative McKinnon moved to report HB 224 out of Committee. There was no objection.

HB 224  
REPORTED  
OUT

The next bill to be considered was HB 266.

HB 266

"An Act increasing the number of superior court judges; and providing for an effective date."

Chairman Meekins commented that the bill is adding two judges altogether -- one in Kotzebue and one in Anchorage. There was discussion on the fiscal note. Representative Rogers said they are presently spending a fair amount of money for judges in Fairbanks and Bethel to go to Kotzebue to hear cases. He said he believes they could save some money in travel if they add the judge in Kotzebue. There was further discussion.

Representative Rogers said he believes the judge in Kotzebue is needed, but he doesn't know about the one in Anchorage. Chairman Meekins suggested putting this bill aside until they had an opportunity to hear from someone in the Court System. There being no objection, HB 266 was held.

HB 266  
HELD

The next bill to be considered was HB 352.

HB 352

"An Act relating to state income tax returns; and providing for an effective date."

Chairman Meekins said testimony on this bill was received earlier.

Representative Duncan moved to prepare a finance committee substitute, deleting all of Section 1 after "Internal Revenue Service", deleting the entire section 2, and renumbering the other sections accordingly. Representative Rogers moved to amend the motion to report the bill out with a zero fiscal note. Representative Freeman objected. Representative Duncan said if this bill should pass with a zero fiscal note, they would have to get the money from someplace else. Representative Smith objected to the motion. The motion as amended carried. Finance CSHB 352 was reported out with a zero fiscal note.

FINANCE  
CSHB 352  
REPORTED  
OUT W/  
Ø FISCAL  
NOTE

3/15/79

The next bill to be considered was HB 294.

HB 294

"An Act relating to mobile homes."

Representative Cotten advised the Judiciary committee substitute recommends the function be transferred to the Department of Transportation and Public Facilities. He stated they are also recommending a lesser fiscal note be approved, which they have not yet received from DOT.

Representative Smith said "substantial" is not defined in the bill, and asked if this could create any problems. Representative Cotten said he assumes it would be a judgment by the inspector. There was further discussion on the bill. Representative Montgomery asked if they had received any testimony from the Trailer Owners Association. Representative Cotten said his understanding is that the dealers are in favor of the bill.

Representative Cotten stated he would accept the Finance Committee's recommendation on a fiscal note.

Representative Duncan moved that the Judiciary CS for HB 294 be reported out of Committee. There was no objection. Representative Duncan moved to report out a new fiscal note in the amount of \$29.1 for personal services, and \$7.5 for travel. Representative Rogers moved to amend the motion to \$10.0 for travel, for a total fiscal note of \$39.1. There being no objection, it was so ordered.

JUDICIAR<sup>Y</sup>  
CSHB 294  
REPORTED  
OUT W/  
NEW FIS.  
NOTE

The next bill to be considered was HB 308.

HB 308

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

Representative Haugen stated this bill has a minor fiscal impact, and he moved to report HB 308 out of committee. There being no objection, it was so ordered.

HB 308  
REPORTED  
OUT

The next bill to be considered was HB 266.

HB 266

"An Act increasing the number of superior court judges; and providing for an effective date."

Mr. Rick Berrier, Alaska Court System, testified on the need for the Anchorage judge. He stated the general case load is not going up; however, they have many more cases that are going to trial, and they are going through much longer trials.

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Chairman Meekins moved that a finance committee substitute be prepared, accepting only the Kotzebue judge. He further moved that a new fiscal note be prepared deleting the Anchorage judge and associated costs. He further moved the Finance committee substitute and revised fiscal note be reported out. There being no objection, it was so ordered.

FINANCE  
CSHB 308  
REPORTED  
OUT

The next bill to be considered was HB 376.

HB 376

"An Act providing an exemption from state individual income taxes of certain unemployment benefits subject to federal taxation; and providing for an effective date."

Representative Rogers explained the bill and stated there is no fiscal impact to this. Representative Duncan moved that HB 376 be reported out. There being no objection, it was so ordered.

HB 376  
REPORTED  
OUT

Chairman Meekins called for a recess at 4:50 p.m. and recalled the meeting to order at 6:10 p.m. All members of the Committee except Representative Guy were in attendance. Chairman Meekins said the first bills to be considered would be the "pay raise" bills.

RECESS

HB 367 - "An Act making a supplemental appropriation to the Office of the Governor for labor, trades and crafts employees' negotiated salaries; and providing for an effective date."

PAY  
RAISE  
BILLS

HB 367

Mr. Ken Spray, Local 71, stated their contract calls for a cost of living increase. He said it stated that for each percentage point above 6%, that the cost of living be retroactively paid back to the time of the increase. He stated the agreement expires December 31.

Representative Montgomery asked how many employees this covered, and Mr. Spray said 1400. He asked if the \$1.388 million reflects the increase through June 30th. Mr. Spray said he believes the rest of the money is in the budget. There was further explanation of the bill. Ms. Alison Elgee, Division of Budget and Management, said the bill is retroactive to last July 1. She stated there will be a budget amendment to put the increase into the budget. There was discussion on what was and was not included in the budget. Ms. Elgee said they tried to estimate what they think the cost of living would be. She stated in making that estimate they have pretty much gone on what the cost of living increase in the previous year has been.

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Mr. Bob Steward, Deputy Director, Labor Relations, stated all the pay raise bills were negotiated in good faith. He said as far as the state is concerned, when the contracts were signed, they made a firm commitment.

Representative Montgomery commented there are other governmental agencies that don't follow the practice of coming in and asking for a supplemental appropriation to cover pay increases. He said this is not a good budgeting practice.

HB 368 - "An Act making supplemental appropriations to the Office of the Governor for general government, public safety, and confidential employees' salaries; and providing for an effective date."

HB 368

Ms. Elgee stated this bill provides a 7% cost of living allowance for confidential employees. She said it also covers public safety employees. She said it is effective July 1, for fiscal year 1979. There was discussion.

Mr. Ken Cates, Division of Personnel, said it covers approximately 140 confidential employees, and 360 public safety employees. He said the bill covers three separate contracts.

Ms. Elgee advised the budget amendment for these units will be pretty much the same as what is seen in these bills.

HB 381 - "An Act making supplemental appropriations to cover salary increases for state employees not covered by a collective bargaining agreement; and providing for an effective date."

HB 381

Ms. Elgee advised this covers 410 employees in the Court system, 140 legislative employees, and 715 employees from the Executive Branch. They don't have the numbers for University employees covered as those are University projections.

Ms. Elgee advised this bill is supplemental funding to the funding in HB 220. She advised this supplemental funding is for six months and it would be effective January 1, 1979.

HB 220 - "An Act relating to compensation for certain state officers and employees; and providing for an effective date."

HB 220

Mr. Jack Chenowith stated the committee substitute was put out because there were three typing mistakes in the budgeting of salaries. Representative Montgomery asked how this bill compares with the existing salaries. Ms. Elgee advised it provides a 7% cost of living increase for all employees earning up to \$40,000 annually. After that there is a decrease in the percentage.

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HB 385 - "An Act making supplemental appropriations to the Governor's Office, for salary and benefit increases for marine engineers and masters, mates, and pilots; and providing for an effective date."

HB 385

Ms. Elgee advised this bill funds a retroactive cost of living increase for this unit.

Representative Montgomery asked if there was a provision in the budget to take care of these increases. Commissioner Hudson said not including these monies in the budget has a decided advantage. He said if the money were already approved, there would be the assumption on the part of the negotiators that this is their money. He said he feels the present situation is the right way to go.

Ms. Sherri Shelley, testified on HB 368. She said APEA is speaking only to the general government unit covered under the bill. She stated general government employees are the lowest paid class of state employees. She handed out information on how the general government employees relate to other groups. Ms. Shelley said the most recent information they have received indicates the private sector has caught up and passed the public sector in benefits they receive.

Representative Moss stated he believes they need a little more time to consider these bills. Representative Duncan said he thinks most of the questions that could be asked regarding these bills have been asked. He commented they didn't impose the 60 deadline to pass bills out, the Senate did.

Representative Duncan moved that HB 367 be reported out of Committee. Representatives Moss, Haugen and Montgomery objected. The motion carried with six in favor.

HB 367  
REPORTED  
OUT

Representative Duncan moved that HB 368 be reported out of committee. Representatives Moss, Montgomery and Haugen objected. The motion carried with six in favor.

HB 368  
REPORTED  
OUT

Representative Duncan moved that HB 385 be reported out of Committee. Representatives Moss, Haugen and Montgomery objected. The motion carried with six in favor.

HB 385  
REPORTED  
OUT

Representative Duncan moved that HB 381 be reported out of Committee. Representatives Moss, Montgomery and Haugen objected. The motion carried with six in favor.

HB 381  
REPORTED  
OUT

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Mr. Chenowith referred to HB 220 and stated that the repealer on page 3, line 8 of AS 39.07.030 has the effect of repealing the requirement enacted by the legislature of an annual salary survey. He stated they are not certain, if this is repealed, what the status of the cost of living survey will be.

HB 220

Mr. Ken Cates, said this statute was passed in 1969 and requires them to make an annual recommendation to the Legislature based on that survey. He said that since collective bargaining has been with them, no recommendations have been made. In addition, the statute requires the results of the survey be presented by the fifth day the Legislature convenes. He stated they will continue to do the survey, but would like to be able to hold the results until after negotiations are made.

Mr. Dave Scott, Fiscal Analyst, said one of the sections being repealed here was put in by the Legislature last year to have interdepartmental review of the University by someone other than faculty. He suggested this not be repealed as they haven't even implemented this.

Representative Duncan asked if the bargaining units ever used the salary survey. Mr. Murphy, APEA, said he has never used that information in negotiating.

There was discussion on the bill. Representative Duncan moved to delete section 5 of CSHB 220. No objection to the motion. Chairman Meekins moved to add language to section 4 of CSHB 220 concerning the pay plan (language in last year's HB 933). There was no objection to the motion.

FINANCE  
CSHB 220  
REPORTED  
OUT

Representative Duncan moved that these changes be incorporated into a finance committee substitute and that CSHB 220 be reported out of Committee. Representatives Montgomery, Haugen and Moss objected. The motion carried with six in favor.

The next bill to be considered was HB 187.

HB 187

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

Mr. John Messenger, Acting Commissioner, Department of Revenue, stated these are technical amendments relating to the oil and gas production tax. He said this is essentially the same bill as HB 884 which was introduced last year. He explained the amendments.

Representative Freeman asked why the bill didn't pass last year. Mr. Messenger said it passed the House in the late part of the year, and the Session ended before it could get

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out of the Senate. Representative Freeman stated he is very suspicious when an oil bill is brought up on such short notice. There was discussion among Committee members on the bill. Representative Montgomery asked if oil representatives were present to testify on the bill in the Resources committee. Mr. Messenger said yes and they are opposed to the bill.

Chairman Meekins called a recess at 7:35 p.m. and recalled the meeting to order at 7:45 p.m.

Representative McKinnon moved that HB 187 be amended to delete sections 2 and 3 of the bill. He further moved that the amended bill be reported out of Committee. There was no objection to the motion.

The next bills to be considered were the "library bills". Representative Rogers presented proposed finance committee substitutes for HB 365 and SB 90.

HB 365 - "An Act making capital appropriations to the University of Alaska; and providing for an effective date."

SB 90 - "An Act making a supplemental appropriation to the University of Alaska for the acquisition of library books; and providing for an effective date."

Chairman Meekins gave a brief explanation of testimony the Committee had received earlier on these bills. He said he thinks they now have an agreement, and he said Representative Miles has agreed to these bills. He said that basically the requests for Fairbanks are on SB 90, they are then adding \$400,000 for Anchorage. He stated the idea is that both bills will be considered together. There was discussion on the bills, and how requests for community colleges will be treated.

Representative Rogers moved to report out the House Finance Committee Substitute for SB 90. There being no objection, it was so ordered.

Representative Rogers moved to report out CSHB 365. There being no objection, it was so ordered.

The next bill to be considered was HB 214.

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

There was brief discussion on the bill. Representative McKinnon moved that HB 214 be reported out with the Labor and Management amendments. There being no objection, it was so ordered.

RECESS

FINANCE  
CSHB 187  
REPORTED  
OUT

LIBRARY  
BILLS

HB 365

SB 90

FINANCE  
CSSB 90  
REPORTED  
OUT

FINANCE  
CSHB 365  
REPORTED  
OUT

HB 214

HB 214  
REPORTED  
OUT W/  
L&M AM.

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The next bills to be considered were SB 91 am and HB 291.

SB 91 am  
& HB 291

SB 91 am - "An Act making a supplemental appropriation to the Department of Administration, for ASHA payments; and providing for an effective date."

HB 291 - "An Act making supplemental appropriations for telecommunications; and providing for an effective date."

Chairman Meekins moved to delete the language from SB 91 am, as this was taken care of under a different appropriation, and to go back to the original SB 91.

Representative McKinnon moved to add to this the language in HB 291, except that Section 1 should be amended to \$125,000. He stated this is an appropriation for the Department of Law, dealing with the Federal Communications Commission in Washington, D.C. He said most of the money will go to a Washington law firm. He said the purpose of putting this on a Senate Bill is that the appropriation is about three weeks overdue now. There was no objection to the motion.

Representative McKinnon moved to add section 2 of HB 291 to SB 91, except reducing the amount to \$103,100. He stated this is essentially for instate proceedings on the FCC hearings. There was no objection to the motion.

Representative McKinnon moved to report out a House Finance Committee Substitute for SB 91 incorporating the above amendments. There being no objection, it was so ordered.

FINANCE  
CSSB 91  
REPORTED  
OUT

The next bill to be considered was HB 199.

HB 199

"An Act establishing a division of subsistence hunting and fishing."

Representative Duncan stated the fiscal note for this bill is \$9.1, and based on the Committee's policy of not reviewing bills with minor fiscal impact, he moved to report HB 199 out of Committee. There being no objection, it was so ordered.

HB 199  
REPORTED  
OUT

The next bill to be considered was HB 193.

HB 193

"An Act relating to regional fish and game councils; and providing for an effective date."

Chairman Meekins commented this bill is extremely controversial, and it deserves several weeks of study and work. However, he said the Rules and Resources Chairmen have asked the Committee to please consider the bill before the Senate imposed 60 day deadline. He commented that the original sponsors are "not that excited" about the bill. There was discussion on the bill among committee members.

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Representative Gardiner stated he introduced a sponsor substitute for the bill, and that is the version he would advocate. He referred to the fiscal notes for both the sponsor substitute and the Resources committee substitute, and recommended that none of the fiscal notes be approved. Representative Rogers stated he was not ready to act on a fiscal note. There was further discussion on the fiscal note.

Representative Duncan moved to report out the Sponsor Substitute for HB 193. Representative Moss objected. Representative Freeman objected, and stated the committee of last referral voted in favor of their committee substitute 6-2, and he would recommend going along with the Resources committee substitute. He moved to amend Duncan's motion to report out the resources committee substitute. Representatives Duncan and Schaeffer, and Moss objected. The amendment passed on a vote of 6 to 4. The Resources Committee Substitute was reported out of Committee.

RESOURCES  
CSHB 193  
REPORTED  
OUT

There was further discussion on the fiscal note. Representative Rogers moved that the fiscal note be taken up for consideration at the next scheduled bill day. There was no objection.

FIS. NOTE  
CSHB 193  
DISCUSSED

The next bills to be considered were HB 141 and HB 142.

HB 141 &  
HB 142

HB 141 - "An Act establishing the Legislative Limited Entry Study Committee; and providing for an effective date."

HB 142 - "An Act making a special appropriation to the Legislative Affairs Agency for the Limited Entry Study Committee; and providing for an effective date."

Representative Anderson stated HB 141 is the enabling act creating a limited entry study group made up of six people. He said HB 142 is the appropriation for that legislation. He stated they would like to have this funded as soon as possible so they can get legislation introduced next session.

Representative Smith asked if they are talking about the same things the Commission was charged with looking into. Representative Anderson said the Commission is looking into these things, but they don't have the legislative authority to make modifications. He stated they need additional legislation.

Representative Gardiner commented the Commission is in favor of having this done.

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Representative Freeman moved that HB 141 be reported out with an amendment to add a new Section 5 to state "This act expires June 30, 1980." There being no objection, it was so ordered.

HB 141 am  
REPORTED  
OUT

Representative Freeman moved that HB 142 be reported out of Committee. There being no objection, it was so ordered.

HB 142  
REPORTED  
OUT

The next bill to be considered was HB 309.

HB 309

"An Act relating to the construction of power projects."

Representative Duncan moved to report the bill out with the attached amendments: Page 1, line 11: delete "appropriated annually" and insert "subject to annual appropriation"; and delete all of sections 2 and 3. There being no objection to the motion, the bill was reported out.

HB 309 am  
REPORTED  
OUT

The meeting adjourned at 9:06 p.m.

ADJOURN

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Tape HFC 79-76 Side 2 #683 to end  
HFC 79-77 Side 1 #001 to end  
Side 2 #001 to end  
HFC 79-78 Side 1 #001 to end  
Side 2 #001 to end  
HFC 79-79 Side 1 #001 to 718

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HOUSE FINANCE COMMITTEE

March 16, 1979

1:40 p.m.

All members of the Committee were in attendance, except Representative Guy. Representatives Duncan and Moss arrived later in the meeting. Also in attendance: Dick Holden, Department of Transportation & Public Facilities; Alison Elgee, Budget & Management; and from Department of Administration: Dick Smith, State Internal Auditor; Kellus Sewell, Director, and Ken Case, Administrative Services; William C. Mullin, Director, Division of Finance; John Haywood, Risk Management; and Judy Crondahl. Also present: John Crandall, Administrative Assistant to Chairman Meekins; and Alison Farnan, Budget Analyst, Division of Legislative Finance.

PRESENT

Chairman Meekins called the meeting to order and advised the HEALTH budget, Public Health Administration, short form page 59, would be reopened at the request of Representative Smith. Representative Smith moved to include the grant of \$15.0 to the Fairbanks Breast Cancer Center. She advised this would be funding it at the same level as last year under grants, making Total Expenditure \$710.0. There being no objection, it was so ordered.

HEALTH BUDGET  
REOPENED

Chairman Meekins advised the Committee would continue with the GENERAL GOVERNMENT budget overview.

GENERAL GOV'T  
OVERVIEW

Tape #

Description

HFC 79-79 Side 2

- 094      DEPARTMENT OF TRANSPORTATION, Public Facilities, Construction, pg 151: Dick Holden stated he had no comment.
- 120      Freeman brought up question on reduction in employee positions in Administration, pg 153. Discussion. Meekins noted problem with tracking through in DOT-PF budget and assigned Freeman as subcommittee to report back on this.
- 177      Communications, Support to State Agencies, pg 177: Holden explained Governor's transfer of positions to DOT-PF effective July 1. He described the TV demonstration project and telephone system for Public Safety to monitor vehicles. Advised planning effort will be implemented April 1 for first year effort for first year effort to be completed by August.

<u>Tape #</u>	<u>Description</u>
222	Holden stated a lot of hidden expense on this such as reservation management system. Noted this is now from Fairbanks to Seattle and discussed in-state rate.
264	Holden discussed how State got into telephone business and talked about 2 PABX's.
278	Further discussion on the telephone communications planning system. Holden noted Sleetmute has 1 telephone and 62 TV's.
300	Holden described the requirements of Ch 168, SLA 78.
308	Holden advised this transfer just affects personal services. Stated the Governor reduced Office of Telecommunications from 10 to 5, with one position going to DPDP and 3 positions to DOT-PF.
330	Discussion on intra-state rates being more expensive than inter-state rates.
348	Holden discussed DP chargeback system. Discussed one-time charge of \$60.0.
358	Holden explained BA coming in.
369	Holden advised the functional planning is also being transferred over to DOT-PF from Office of Communications.
380	Holden discussed State fund for commercial TV.
413	Holden distributed handout from Kit Duke, 3-12-79, regarding status of Chapter 168 SLA 78 (see attached), and explained. He stated this requires the integrating of operating and capital budgets. Stated inventory and condition surveys provides a data base for needs assessment, which tells what a village has and what it needs. Advised this has been done with 11 villages and will do 140 more. Stated will continue at this level over 4 years.  [Duncan arrived at this time.]
480	Holden stressed need for integrating CIP programs. Stated 3 biggest non-transportation projects are Fish & Game, Corrections and Education.

- 500 Holden discussed energy implications, such as energy consumption, sources, etc. Stated they developed energy audit system and tried out on Hoonah. Also indicated should do this with 1 city and 1 borough as test evaluation.
- 530 Rogers questioned statewide figures. Holden advised probably talking about \$15-20 million in oil consumed in the Bush each year. Added he doesn't know what the savings will be. Noted August or September when they go into the next capital project.
- 552 Holden cited example on need for integration of projects: Troopers building in Fairbanks, could have put city police together with Troopers.
- 560 Meekins expressed interest in this project and asked how the Legislature will see this and what the cost will be for continuing this activity. Holden explained Kit Duke's optional CIP planning and program support model. Discussed cost of construction and amortization.
- 576 Holden discussed Hootch Case and decision of State to build rural schools every place where there were 20 students. Described cost of alternative where needs could be serviced by computer and TV.
- 598 Holden stated format would be a capital budget with life cycle costs which includes alternatives. Further discussion on coordinating projects.
- 636 Facilities Planning & Research, Procurement Policy, pg 157: Meekins noted large jump from FY 78 authorized to FY 79 request. Holden noted \$1,903.6 includes the money to do this community analysis project.

653 [The meeting recessed at 2:20 p.m. and reconvened at 2:45 p.m.]

RECESS

Chairman Meekins advised the Committee reported out HB 187 yesterday with an amendment. He stated there was an error in the amendment; i.e., the amendment that went to the Rules was not what was reported out. Therefore a new Committee Report and Corrected Amendment form would be passed around for Committee signatures.

HB 187  
NEW COM RPT  
& CORRECTED  
AMEND FORM

[Moss arrived at this time.]

Tape #

Description

HFC 79-80 Side 1

- 001 DEPARTMENT OF ADMINISTRATION, Executive Administration, Office of the Commissioner, pg 51: Sewell stated this is essentially maintenance plus inflation.
- 073 Internal Audit, pg 53: Dave Smith advised this provides statewide auditing for the Executive branch. Smith explained system of auditing. Discussion on random or trouble-shoot system. Smith stated he generated report yesterday that will save \$100.0.
- 117 Freeman questioned the 1% add back for underfunding. Alison Farnan stated this was the Governor's veto. Smith advised this is because they are attempting to have a full staff.
- 146 Duncan asked about compliance with the audits. Smith responded he doesn't think they will ever reach 100% in compliance; advised compliance is probably worth 90% now. Added few years ago, it was 75-80%.
- 172 Smith advised the audits are not submitted to the Legislature, that legislative audit and internal audits do not duplicate each other.
- 182 Noted a budget amendment coming in and 1 new position related to DP chargeback. Discussed past vacancy assessment and 1% add back for underfunding.
- 210 Noted \$16.0 budget amendment for ASHA.
- 218 Personnel, pg 57: Ken Case noted 1 new position. Farnan pointed out Personnel Analyst II is for MBO program.
- 246 Accounting, Pre-Audit, pg 59: Noted DP chargeback and 1% add back for underfunding. Freeman asked, again, why can't they live without this.
- 300 Duncan commented the lapse this year will be 1% less than last year, and if they lapse 1% each year anyway, why not take this 1% now. Bill Mullin responded, currently, they are keeping 3 positions vacant so that they get through this year. He discussed salary savings and stated a reduction of 1% might or might not affect the program. Sewell advised the 1% was necessary to meet a cash flow.

<u>Tape #</u>	<u>Description</u>	
353	Moss asked about the jump in contractual and was informed this is DP chargeback.	
359	<u>Accounting Services</u> , pg 61: No comment from the witnesses.	
365	<u>Payroll Accounting</u> , pg 63: Meekins noted DP chargeback is the large increase.	
373	<u>Administration &amp; Support</u> , pg 65: Rogers asked about vendor payment cash discounts and was informed very few vendors made cash discounts, that most purchases are contracted.	
405	<u>Risk Management, Operations</u> , pg 69: Sewell noted the increase is the operating cost of the program and an addition of 4 positions. Advised 1 position is funded out of program receipts from recovery of losses.	
447	<u>Premiums</u> , pg 71: McKinnon discussed bill regarding this last year. Sewell advised premiums are budgeted in the other agencies, which is inter-agency transfer.	
463	Meekins asked if this is fixed or if it could be cut. John Haywood advised they have included some reductions; fixed premiums and funding deductible. Added this figure is their best estimate. Advised it is all the present liability insurance, marine insurance, fire insurance, but not health insurance.	
482	Rogers asked what a Loss Control Engineer, pg 69, does. Haywood explained he works with the loss prevention person.	
502	Moss asked who they pay, and Haywood advised most of this is for funding for losses. Discussed compensation, liability, etc.	
520	Discussion on the State policy as opposed to the school districts (REAA).	
541	Discussion on deductibles. Haywood stated they have 2 property programs: school programs insuring all REAA schools, and 1 general property program.	
556	Meekins advised HFC members of meeting dates and budget schedules.	
560	Meeting adjourned at 3:20 p.m.	<u>ADJOURN</u>

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Tape HFC 79-79 Side 2 #001 - End  
79-80 Side 1 #001 - #560

STATE  
of ALASKA

# MEMORANDUM

TO: Richard Holden  
Deputy Commissioner  
Department of Transportation  
and Public Facilities

DATE: March 12, 1979

FILE NO: H310

TELEPHONE NO:

FROM: *K.D. by [signature]*  
Kit Duke, Acting Director  
Facility Procurement Policy  
Department of Transportation  
and Public Facilities

SUBJECT: Status of Chapter 168/78  
Implementation

In compliance with Sections 1, 13, 14 and 15, we have refined our procedures for conducting inventory and condition surveys, performed a pilot project of surveying 9 villages in the Nana Region prepared (with the Division of Energy and Power Development) procedures for making decisions about energy for inclusion in facility procurement procedures, prepared procedure and forms for conducting preliminary and technical energy audits, performed energy audits, tested the program support model portion of the Life Cycle Cost System, negotiated contracts for performing inventory and condition surveys in six additional regions of the state, began jointly developing with the division of budget and management a set of procedures and schedules for delivering the annual budgets and facilities plans, and we have RSA'd funds to DCRA to prepare community profiles.

The specific status of each of the above listed items is as follows:

Update of Procedures and Forms for Inventory and Condition Surveys -  
(Forms Attached)

Revised forms have been developed, expanding but simplifying the collection of data.

Nana Region Pilot Project - (Copy Attached)

These forms were used to collect data in villages in Nana Region. Data is collected W.R.T. community profile information, physical characteristics of all state owned facilities, condition of those facilities including compliance with code requirements, energy efficiency, compliance with elimination of architectural barriers. Refinements of forms and procedures have been completed based on experience of pilot project.

Contracts for Six Additional Regions

Contract negotiations will be completed this week to award contracts for five addition regions (Lake & Peninsula, Southwest, KuspuK, Lower Yukon, Lower Kuskokwim). A sixth region, Iditarod, will be completed by Fairbanks town & village association under contract to the Department. Completion of field work in regions is expected to be May, 1979.

Energy Procedures - (Copy available at our office)

Energy determinants within the public facilities procurement process were identified through a joint study with the Division of Energy and Power Development. This study has developed outlines for seven distinct proce-

dures ranging from planning guidelines to energy budgeting, consultant selection, Life Cycle Cost and Maintenance and Operation practices. We are pursuing, in particular through the Chapter 168 program, the energy budgeting and maintenance and operations issues.

Procedures and Forms for Conducting Energy Audits - (Copy available at our office)

A preliminary energy audit manual was produced under contract with the Division of Energy and Power Development. This booklet delineates a procedure for determining a facility critical energy characteristics and for calculating the "Annual Energy Index", (the quantity of Energy consumed per square foot per year) and identifying opportunities for modifying the physical facility or its operation in order to conserve energy. This same information is collected within the Inventory and Condition Survey forms and will be retrieved along with the other physical data through a computerized data management system.

Audits Performed - (Reports on file at our office)

A few preliminary and technical audits have been performed just as a test of the forms and procedures. However, as is stated above, the necessary data is being collected so that as time permits, the actual calculations can be done as needed.

Program Support Model Test - (Reports on file at our office)

Utilizing the justice facilities study we have tested the LCC's system's ability to analyze alternate means of delivering services (meeting the public need). Our very preliminary evaluation of the reports generated last Wednesday has led us to conclude that the program support model will produce adequate information, in conjunction with the facility cost model, to perform analysis and produce products required in Chapter 168.

Development of Procedures and Schedule (with Division of Budget & Management)

I have had two meetings with Budget and Management staff. At our meeting last week we outlined a possible schedule for products and work effort of DOT/PF, Budget and Management, Division of Policy Development Planning and "client agencies". This week I hope to obtain Ron Lind's concurrence for commitment to implementation.

RSA to DCRA for Community Profiles

RSA has been executed, consultant selection is completed and contract negotiation will commence when paperwork is complete. Schedule for completion of the villages covered by this RSA is expected to be September, 1979.

If you have any questions please contact me.

cc: Jim Gaines  
Bud Forrest

Attachments: Inventory & Condition Survey Forms  
Nana Region Pilot Project

JOINT  
SENATE AND HOUSE FINANCE COMMITTEE MEETING  
March 19, 1979  
9:00 a.m.

In the absence of Representative Meekins, Representative Freeman called the meeting to order at approximately 9:00 a.m. All Senate Finance Committee members were present with the exception of Senators Sumner and Bennett. All House Finance Committee members were present with the exception of Representatives Meekins and Moss who arrived shortly after the meeting commenced, and absent members Smith, Rogers, and McKinnon. In addition, Senators Kerttula and Stimson attended as well as Fiscal Analyst Dave Scott, representatives of the media, and representatives from the Alaska Association of School Administrators listed on the attached attendance sheet.

PRESENT

ALASKA  
ASSOCIATION  
OF SCHOOL  
ADMINIS-  
TRATORS

The President of the Association of School Administrators, Ron Hohman, addressed the committees on issues of importance to the Superintendants of Schools and distributed a memo dated March 19, 1979 (copy attached to these minutes), outlining areas of specific concern.

The Association voted overwhelmingly to support the Finance Committee Substitute for SB 199 dealing with foundation formula funding. This issue represents the foremost priority for the Association.

SUPPORT  
FINANCE  
CS SB 199

The Association is opposed to an equalization adjustment which might be quickly accomplished without consideration for each of the school districts.

EQUALIZATION  
ADJUSTMENT

The Association supports the need for differentials, but it is important that data be obtained to support the adjustments.

DIFFERENTIAL

Concerning school transportation, Mr. Hohman advised that the Association supports the contracts currently being negotiated between the Dept. of Education and individual contractors. Because of the shortfall in this area, some districts are experiencing difficulty. Individual districts should not have to bear the burden of the shortfall.

TRANSPORTA-  
TION  
CONTRACTS

3/19/79

Concerning taxes, Mr. Hohman expressed Association belief that the \$2.2 million tax at the local level should be shared by all districts and not just by the 21 REAA's.

LOCAL  
TAXES

Mr. Hohman outlined the following areas, advising that they represent issues of varying importance:

1. Unemployment Insurance
2. Workman's Compensation
3. Tax Credits
4. Recall of Public Officials
5. Community Schools and Student Activity Associations.

Mr. Hohman advised that the last item on the Association's memo deals with district operating fund balances. The Association feels that the visibility available at this time and the interpretations made so far, do not present a complete picture. He further attested to district necessity to "do battle" with cash flows, federal funds, and auditors--all of whom have a different approach. Some of the interpretations made to date are inappropriate.

DISTRICT  
OPERATING  
FUND  
BALANCES

(Representative Moss entered the meeting at this time 9:05 a.m.)

Mr. Hohman advised that the Association, within the next three weeks, will be sponsoring a work session in Anchorage for school administrators and auditors. Some figures relating to budgets should issue from the work session.

Mr. Hohman stated that the Association wished to recognize Representative Montgomery for his past dedicated service as a school administrator, advising that he (Montgomery) could render to the committee insight only a former administrator could give.

(Chairman Meekins entered the meeting at this time 9:10 a.m.)

Mr. Montgomery was gifted by the Association with a radio in order that he might remain attuned to the "right frequency" concerning educational administrative need.

Mr. Hohman made several analogies concerning the proper function and use of audits, and Chairman Meekins briefly recessed the committee, allowing Association representatives to leave the committee room.

AUDITS

RECESS - 9:20 a.m.

3/19/79

RECONVENE - 9:30 a.m.

Upon reconvening, only the House Finance Committee members returned to the meeting.

Chairman Meekins reviewed the daily House Calendar with committee members, and next advised that he is in the process of preparing a schedule which would, hopefully, alleviate future problems similar to those which arose concerning the 60-day deadline. He advised he had directed his staff to prepare a list of all bills likely to come before finance. Once a schedule of bills is compiled, the Finance Committee will be able to establish deadlines (such deadlines to be made known to other committee chairman) for bill arrival in Finance. Under the above arrangement, Mr. Meekins advised that the committee would be in a position to tell other chairmen that unless desired legislation reaches Finance according to schedule, allowing time for sufficient research, the committee will not work on the legislation. He stated that the committee is not about to "kick out" legislation without adequate review. He further advised committee members that he did not believe the legislature could adjourn in 100 days and do an adequate job on the bills passing through the legislature.

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

ADJOURN

HFC-79 #80 (Side 1)  
(560-736)

3/19/79



## ALASKA ASSOCIATION OF SCHOOL ADMINISTRATORS

### MEMORANDUM

#### EXECUTIVE COMMITTEE:

John Coffey, Past President  
Juneau Borough School District  
P.O. Box 808  
Douglas, Alaska 99828  
PHONE: 364-2181

Ronald W. Hohman, President  
Berling Strait School District  
P.O. Box 1088  
Nome, Alaska 99762  
PHONE: Office - 443-5237  
home - 443-2534

John Anttonen, President-Elect  
Kodiak Island Borough School  
District  
P.O. Box 886  
Kodiak, Alaska 99615  
PHONE: 486-3131

Darroll Hargraves, Sec.-Treas.  
Nome City Schools  
P.O. Box 131  
Nome, Alaska 99762  
PHONE: 443-2231

Larry Nyland, Director  
Alaska Central Fairbelt Schools  
P.O. Box 4009  
Clear, Alaska 99704  
PHONE: 832-5664

TO: The Joint Session of the  
Senate/House Finance Committee(s)

DATE: March 19, 1979

FROM: Ronald W. Hohman, President  
Alaska Association of School  
Administrators

SUBJECT: Superintendent's  
Annual Legislative  
Fly In, Legislative  
Position Profile

### PUBLIC SCHOOL FOUNDATION FORMULA

1. The Alaska Association of School Administrators voted without opposition to support the Finance Committee Substitute for Senate Bill 199 as offered by the Finance Committee on March 15, 1979. CS SB 199 (Finance) 3/15/79
2. The group also expressed concern about power equalization in any new bill before a statewide study could be completed.
3. The A.A.S.A. supports the concept of area differentials with a need for costs to be justified locally.

### STUDENT TRANSPORTATION

A.A.S.A. supports 100% funding of D.O.E. approved transportation contracts between local education agencies and bus contractors.

### IN LIEU OF LOCAL TAXES

The equity of State funding to school districts must be addressed. Reducing in lieu of local taxes compresses disparity.

Reducing in lieu of local taxes this year destroys forward funding concept.

Support existing in lieu of local taxes 100% with study to promote equity for action for next session.

*House*

UNEMPLOYMENT COMPENSATION

Most school classified employees are seasonal workers. As such the positions are advertised and filled on the knowledge that they exist from late August until early June. Allowing for the fringe benefits of this labor group is inconsistent with the certificated staff, and creates an inappropriate expenditure burden on the district and state budgets.

WORKMANS COMPENSATION

Large need for a definition of work related ailments.

TAX CREDITS

The association recognizes the dangers of any efforts which detracts from the principle of "Separation of church and state".

Tax credit for education is viewed as an encroachment upon this principle.

The association believes that the State meets its obligation to provide education through its system of public schools.

The association is opposed to any program of Tax Credit for education.

RECALL OF PUBLIC OFFICIALS

We support the original draft of HB 245 revising state statutes on the recall of public officials. Legislation is needed to:

- 1) balance the right of recall against a public official's right to defend their position,
- 2) make all state recall provisions more compatible with one another.

Specifically, any petition for the recall of a public official should clearly show:

- 1) that a successful recall will result in the removal of that official from office,
- 2) that only registered voters may sign the petition,
- 3) the charge against the public official, clearly stated,
- 4) the response of the public official to the charge,
- 5) by affidavit that the contents of the petition were not misrepresented by the person circulating it.

Such provisions would still preserve the right of recall. The public official, however, would have a fair opportunity to explain their position prior to the election. Such a law would be more consistent with some of the requirements for initiatives in Alaska and recall provisions in other states.

COMMUNITY SCHOOLS

The current law should at least be extended past July 1, 1979. Current funding levels enable districts to only help minimal programs operating, but at least current funding levels will keep community schools from dying in Alaska. We support the concept that the original community education legislation should be extended and that efforts should continue to fund community schools at the 2% of foundation level.

ACTIVITIES ASSOCIATION

The Activities Association needs to be a separate and independent agency because:

1. Operating costs of the association will be lower without the control of state public employee rules.
2. Member schools and their school districts control the association. Thus, district control can be utilized in making policy.
3. An appeals committee of a cross section of interested persons can be developed rather than the State School Board acting as the appeals committee.
4. The new bill does clean up the language used in the present regulations.

GENERAL FUND BALANCE

School districts, as well as any monetary based organization, need an operating surplus. There are numerous logical and rationale arguments to support this principle. During recent months much review has been made on the school districts general fund balance surpluses. This review has allowed some to make an interpretation conflicting with successful and prudent management. Space here does not allow for explanations of each case. However, we do hope you will ask for our interpretations and explanations when the issue is timely. Audit reports can best be used as a drunk uses a lamp post, "for support rather than illumination", and that, "what a bikini bathing suit reveals is very suggestive - but what it hides is vital".

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PLEASE SIGN YOUR NAME, TITLE, AND AGENCY FOR THE RECORD  
AND RETURN THE LIST TO THE SECRETARY. THANK YOU.

NAME	TITLE	AGENCY
Ann Chase	Educ. Admin. Asst.	Sitka Area Sch. Dist.
Dale Lunsford	Supt	Bristol Bay Borough Sch. Dist.
Dick Bowler	Supt	Alutian Region S. D.
Bob Greene	EXEC.	ASSN OF ALK. SCH. BOS.
Sean G. Murphy		Academy of St. Joseph S. D.
Harry Purdy	asst. super.	Dillingham City Sch. Dist.
Larry Ryland	Supt	Railbelt Schools
Richard W. South	Supt	Kenai City Schools
Charles R. White	Supt.	The Seward Peninsula Sch. Dist.
PETER FLISOCK	SUPV.	GALENA CITY SCH. DIST.
Norman Rousey	Supt.	Matanuska - Susitna
Walter Wilson	SUPV	Kenai School Dist.
Robert McConnell	supt	Wrangell,
Bill Gregory	supt.	Unalaska City School District
Ed Gornion	Supt	Bering Strait Sch. Dist.
A. Peterson	Supt.	Alaska Gateway Sch. Dist.
Alon Ruffen	Supt	North Slope Bor. Sch. Dist.
Richard J. Haring	Supt	660 Kenai School District

PLEASE SIGN YOUR NAME, TITLE, AND AGENCY FOR THE RECORD  
AND RETURN THE LIST TO THE SECRETARY. THANK YOU.

NAME	TITLE	AGENCY
Stephen McPhetro	Supt.	Haines
Bob <u>Naw</u> Slyke	Supt	Southwest Region
John Anttonen	Supt	Kodiak

HOUSE FINANCE COMMITTEE  
March 19, 1979  
1:35 p.m.

All members of the Committee were in attendance except Representative Schaeffer. Present to testify were Acting Commissioner John Messenger, and Deputy Commissioner Peter Bushue, Department of Revenue.

PRESENT

Chairman Meekins called the meeting to order and stated the Committee would continue to receive testimony in the GENERAL GOVERNMENT category, from the Department of Revenue.

GENERAL  
GOVERNMENT  
TESTIMONY  
FROM  
DEPT. OF  
REVENUE

<u>TAPE #</u>	<u>DESCRIPTION</u>
<u>HFC 79-80 Side 2</u>	
040	<u>Revenue Operations, Audit:</u> Mr. John Messenger explained this Division is responsible for administering all non-petroleum taxes. He said they are not asking for anything new in this component. They do have a transfer of positions between the Audit Division and Administrative Services.
103	Rogers referred to the positions requested which the Governor did not grant, and asked him to explain the statement that the positions would cost them nothing. Mr. Messenger responded they have found that each auditor puts in substantially more than his salary in terms of assessment and returns that come in.
143	<u>Revenue Operations, Petroleum Revenue:</u> Messenger advised they are requesting two new positions. At the present time they only have one auditor assessing production taxes. There is another auditor in the Department of Natural Resources. He said with the Prudhoe Bay oil coming on stream, it is more than two auditors can handle.
175	Discussion on auditor in Department of Natural Resources.
223	Moss questioned the difference in data processing charges. Messenger said it might be the difference with regard to full year funding vs. one-half year funding. Moss requested further information on this. Messenger will provide to Moss and Farnan.

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<u>TAPE #</u>	<u>DESCRIPTION</u>
285	<u>Revenue Operations, Enforcement:</u> Messenger advised this Division is responsible for collecting delinquent taxes.
302	Concerning the new positions, Messenger said one higher level position was split into two tax collection specialists. Both positions are presently filled.  (Smith arrived at this time.)
331	Haugen asked if this is where they have the falling off in collecting income taxes on out of state fishing boats. Messenger said it would be combined in petroleum revenue. He said one of their projects is to look at out of state fishing boats.
400	<u>Revenue Operations, Treasury Management:</u> Messenger advised this is the unit responsible for investing state general funds, pension funds and the permanent fund. He said they also provide cash management. Advised there is nothing in operations for the permanent fund for FY 80.
418	Meekins commented it has been suggested to him that the Legislature might want to limit the statutory authority of Treasury Management to get involved in things. Discussion. Both Messenger and Bushre indicated they would like to work with the Finance Committee on possibility of revising statutes.
504	Bushre commented HB 240 is the bill that would allow them to invest in GSOP's. He stated the bill isn't necessary because they already have statutory authority to do this.
540	Messenger advised there is an Investment Advisory Committee, and he suggested this body could be used more. He suggested requiring that investment policy be adopted in regulation form.
566	<u>Revenue Operations, Office of the Commissioner:</u> Messenger advised this division represents the Commissioner, Deputy Commissioner, Department Hearing Officer, and Research staff. Discussion on the renewable resources corporation.

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TAPE #

DESCRIPTION

- 628      Revenue Operations, Administrative Services:  
Messenger advised this Division is responsible for providing administrative support to the Department, and is also responsible for the bulk of processing of tax returns and receipts.
- 650      Meekins asked if there were any bills introduced this year that have large fiscal ramifications to the Department. Messenger said he is not aware of anything other than the permanent fund legislation.
- 666      Discussion on scheduling for budget close-outs. Freeman advised the Transportation category should be ready in about a week.
- 700      Meekins commented revisions in the revenue estimates are all going to be higher than what was stated at the beginning of the year. He said he intends to continue with the same attitude on the budget.

HFC 79-81 Side 1

- 001      Discussion on oil production and revenue projections.
- 079      The meeting adjourned at 2:30 p.m.

ADJOURN

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Tape HFC 79-80 Side 2 #040 to end  
HFC 79-81 Side 1 #001 to 079

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HOUSE FINANCE COMMITTEE

March 20, 1979

8:37 a.m.

All members of the Committee were in attendance. Also present was Alison Farnan, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and stated the Committee would begin closing out the GENERAL GOVERNMENT budget categories.

GENERAL  
GOVERN-  
MENT  
CLOSE-  
OUTS

Office of the Governor:

Chairman Meekins stated he would like to skip over the components in the Office of the Governor for the time-being. He stated he is in the process of obtaining additional information, and requested the components be held open for two or three days. There was no objection.

Office of  
Governor  
Held Open

Representative Rogers stated he would like to split the Science and Technology Council from DPDP. Chairman Meekins requested he bring this up at the time the component is discussed.

Department of Administration:

Executive Administration, Office of the Commissioner: Representative Rogers moved to accept the computer generated numbers. Representative Duncan objected. He stated he would like to leave the contractual number open because it ties back to MBO under Executive Operations. Representative Rogers moved to amend his motion to accept the computer numbers for all line items except Contractual, and to leave contractual open. There being no objection, it was so ordered.

Department  
of  
Adminis-  
tration

Executive Administration, Internal Audit: Ms. Farnan advised the Governor applied a 6% vacancy and turnover rate. There was discussion on how vacancy and turnover assessments have been applied. Chairman Meekins moved to accept the computer generated figures for all the line items except Personal Services. In personal Services he moved to take the Governor's figure, disallowing the new positions, and taking a 7.6% vacancy factor. Discussion. Representative Duncan said the Maintenance figure is lower than the Governor's figure. Ms. Farnan advised the Maintenance figure does not include \$40.0 for reclassification costs, etc. Representative Rogers moved to amend the motion to add \$4.1 to contractual for the Data Processing charge-back.

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Chairman Meekins stated the fixed costs will be accepted as a matter of course in all budgets. Fixed costs are considered to be the data processing charge back, rent, etc. There was discussion on how fixed costs are added back in. Ms. Farnan advised the personal services figure is \$518.0. Representative Smith objected to the motion. The motion carried. (Computer figures except in personal services the figure is \$518.0, plus fixed costs in contractual.)

Executive Administration, Administrative Services: Ms. Farnan advised there is a budget amendment coming in for the word processing unit. Chairman Meekins moved to accept the computer generated figures. Ms. Farnan advised the position count is 12. There was no objection to the motion.

Personnel: Representative Freeman moved to accept the computer generated figures. There was discussion on Contractual. Chairman Meekins amended the motion for contractual to allow 100% funding of the data processing charge back, and computer figures for the other line items. Representative Duncan objected. He said \$148.0 of contractual is for professional negotiations and consulting fees which is a result of their negotiating labor contracts. Representative Duncan moved to amend the amendment to accept \$381.0 for Contractual, and the computer figures for the other line items. There was no objection to the amended motion.

The meeting recessed at 9:30 a.m.

RECESS

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Tape HFC 79-81 Side 1 #079 to end  
Side 2 #001 to 104

3/20/79

HOUSE FINANCE COMMITTEE  
March 20, 1979  
1:38 p.m.

All members of the Committee were in attendance except Representative Smith. Representative Freeman was attending a Transportation Subcommittee meeting. Also present was Alison Farnan.

PRESENT

Chairman Meekins called the meeting to order and said the Committee would continue with closing-out the GENERAL GOVERNMENT budget.

GENERAL  
GOVERNMENT  
BUDGET  
CLOSE-  
OUTS

Department of Administration:

Accounting, Pre-Audit: Chairman Meekins moved to accept the computer generated figures plus the data processing charge-back. There was no objection.

Dept. of  
Adminis-  
tration

Accounting, Accounting Services: Chairman Meekins moved to accept the computer generated figures. There was no objection.

Accounting, Payroll Accounting: Representative Duncan moved to accept the computer generated figures plus the data processing charge-back. There was no objection.

Accounting, Administration & Support: Representative Rogers moved to accept the computer generated figures. There was no objection.

Risk Management, Operations: Ms. Farnan advised that on the new position requests, they have listed by position how much they feel each position will bring to the State. She further explained. Representative Duncan moved to accept the computer generated formula figures. There was no objection. Ms. Farnan advised that these positions are budgeted in other BRU's, and she suggested creating a new component entitled Risk Management Operations, giving it a negative figure and allowing Budget and Management to apportion that amount among the units. Chairman Meekins moved that this be done. There was no objection.

Risk Management, Premiums: Representative Rogers moved to accept the Governor's figure. There was no objection.

General Services, Purchasing: Representative Rogers moved to accept the computer generated figures. There was discussion. Ms. Farnan will check into the appropriation for transmitters under Ch. 161, and report back to Representative Guy. She advised an analyst position has been vacant since April 1978,

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and she suggested deleting one position from the position count. Chairman Meekins moved to amend the motion to accept the computer figure minus the vacant position plus the data processing charge back. He said eliminating the position would not change the dollar number. There was no objection to the motion.

General Services, Property Management: There was discussion on the personal services figure. Representative Duncan moved to accept the Governor's figure of \$137.0 for personal services, and the computer generated figures for the other line items plus the data processing charge back. There was no objection. Representative Rogers moved that program receipts be \$84.3 and the rest of the funding be general funds. There was no objection.

General Services, Central Mail & Switchboard: There was discussion on personal services. Ms. Farnan said there has been a mail clerk carrier position vacant since April 1978. There was discussion on contractual. Ms. Farnan advised it is mostly for postage. Chairman Meekins moved to accept the Computer figures for personal services and commodities, and the Governor's figure for contractual. Representative Rogers moved to amend the motion to take \$4.1 in equipment (for the zip code sorter) and in contractual accepting the Governor's figure minus \$4.1. There was discussion. Representative Rogers said the Department's testimony indicated they could save 2¢ per letter with the zip code sorter. Chairman Meekins amended the motion to accept \$190.0 for contractual, which would be reducing the postage. There was no objection. The figures are: Personal Services \$169.5; Contractual \$190.0; Commodities \$4.6; and Equipment \$4.1.

General Services, Central Duplicating: There was discussion on the figures. Chairman Meekins moved to accept the computer figures for personal services and travel. There was no objection. There was discussion on contractual and the increase in paper costs. Representative Rogers moved to accept 85% of the Governor's figure for Contractual (\$308.1). Representative Duncan said with the increased cost of paper, he didn't know how that kind of a decrease could be justified. The question was called for. Duncan, McKinnon and Schaeffer were opposed to the motion. Five were in favor. The motion carried. Chairman Meekins moved to accept zero for equipment, and the governor's figure for Lands/Buildings. There was no objection.

General Services, Archives: Representative Duncan moved to accept the computer figures plus the data processing charge back. There was no objection. Ms. Farnan advised there has been a position vacant since 1977. Chairman Meekins moved that position be deleted from the position count. There was no objection.

Ms. Farnan suggested the Data Processing components be held open until the Division of Budget and Management has reconciled their figures on the data processing charge-back. She said this should be completed within the next few days. There was no objection to holding these components open.

Labor Services, Labor Relations Agency: Representative McKinnon requested this component be held open as it relates to what they will be doing with SB 91. There was no objection.

Labor Services, Equal Employment Opportunity: There was discussion on Personal Services. Ms. Farnan said that Budget and Management is checking into the contractual figures to see if they need that amount for the data processing charge-back. She said they think this budget can be reduced. Representative Rogers moved to accept the computer generated numbers plus whatever the data processing charge back figure turns out to be. There was no objection.

Retirement & Benefits, P.E.R.S.: Chairman Meekins moved to delete all new positions and their associated costs. Representative Duncan said P.E.R.S. and T.R.S. have a very heavy workload. He stated they have passed Legislation increasing their workload, and not allowed any new positions. There was further discussion. Representative Duncan moved to amend the motion to accept the two Retirement & Benefit Specialist I positions. He said this is not general fund money. There was no objection to the motion. Chairman Meekins moved to accept the Governor's figures for the other line items. There was no objection.

Retirement & Benefits, T.R.S.: Representative Rogers moved to accept the Governor's figures. There was no objection.

Retirement & Benefits, Other Benefits: There was discussion on deferred compensation. Representative Rogers moved to accept the computer figures excluding the data processing charge back. He said they are deleting funding in the amount of \$7.7 for EPORS, and since that is the amount of the Data Processing charge-back, it would be a "push". The motion carried.

Building & Equipment Services, Leasing & Facilities: Representative Rogers moved to accept the Governor's figure in personal services and the computer figures for the other line items. There was no objection.

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Employee Housing, Housing: Representative Rogers moved to accept the Maintenance figures. Representative McKinnon objected. He said the rents are being raised, and the justification is that they will fix the housing. He said if they don't get the additional funding they will probably not fix the housing. There was discussion on the housing. Representative Rogers withdrew his motion. Chairman Meekins moved to reduce the general funding by 15%, to take all the program receipts, and let the division pro rate that amount among the line items. There was further discussion. The total amount is \$455.3. They are allowing two positions. The motion carried.

A recess was called at 2:50 p.m. and Chairman Meekins recalled the meeting to order at 3:15 p.m.

Department of Law:

Dept. of  
Law

Legal Services: There was discussion on personal services. Ms. Farnan advised that positions 4, 5 and 6 in the short form are already on-board. They were filled by a Governor's Revised Program that did not go through the Budget and Audit Committee. The computer generated figures do not include those positions. In personal services, Representative Duncan moved to accept the computer figure and increase it by the three positions that are already filled. He further moved the Travel figure be the computer figure plus the associated costs for the three positions (\$107.8). There was discussion on Contractual. Duncan said the professional fees should be left in and be considered as fixed costs. He moved in Contractual to accept \$220.0 in fixed costs and 85% of the rest, for a total of \$631.6. He requested that Ms. Farnan check on the anti-trust positions and see if they have been filled. Representative Duncan moved to accept the computer figure in commodities, and the governor's figure in lands/buildings and grants/claims. There was no objection to the motions.

Legal Services, FERC Continuation: Representative Rogers moved to accept the Governor's figure with legislative intent that if the tariff proceedings are completed prior to the need for the funding that the remaining funds shall lapse. There was no objection.

Telecommunications, Legal Representation: Representative McKinnon advised they had just passed a supplemental for this year for this, and he thinks the case will still be going on next fiscal year. He moved to accept the Governor's figure. There was no objection.

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Department of Revenue:

Dept. of  
Revenue

Revenue Operations, Audit: There was discussion on personal services. Representative Duncan stated the Committee should look closely at funding all the audit operations. He said these are the people who can save the State money if they are doing their job right. Representative Rogers moved to accept the computer figures with an authorized position count of 72. Representative Duncan objected. He said that would mean they would be taking almost a 12% vacancy. He moved to amend the motion to accept the Governor's figure in personal services in travel. He said the travel is all related to audits. He further moved to accept the fixed costs. There was no objection to the motion. There was no objection to the main motion as amended.

Revenue Operations, Petroleum Revenue: Representative Rogers moved to accept the Governor's figure for personal services. He said he is allowing the new positions because they will "pay for themselves". There was no objection. Chairman Meekins moved to accept the computer figure for travel. Representative Rogers objected. He said the travel is all for traveling to various offices to perform audits. He said the travel should be allowed. Representative Duncan concurred with Rogers' statements. Representative Rogers moved to accept the maintenance figure for travel, which includes all audit travel, but leaves out travel to conventions, meetings, etc. There was no objection. Representative Duncan said that much of the contractual is fixed costs. He moved to accept the FY 79 authorized figure minus the fixed costs, times 85%, and then adding the fixed costs back in. He said fixed costs here include the \$108.0 for consultants, rent and the data processing charge back. There was no objection. He moved to accept the computer figure for commodities.

Revenue Operations, Enforcement: Representative Duncan advised the positions have been filled by RP. Representative Rogers moved to accept the computer figures for all line items except contractual. On contractual he moved to add in \$24.0 for the on-line accounts receivable system as a fixed cost, and to take 85% of the FY 79 authorized. There was no objection.

Revenue Operations, Treasury Management: There was discussion on contractual fixed costs. Chairman Meekins moved to take the computer generated figures for all line items except contractual; and in contractual to take 85% of the FY 79 authorized plus the fixed costs, and to consider professional fees as fixed costs. There was no objection.

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Revenue Operations, Office of the Commissioner: There was discussion on positions. Ms. Farnan advised the position count should be 13. Chairman Meekins moved to not allow the new positions and to accept the computer generated figures. Representative Rogers objected, and questioned contractual. Chairman Meekins amended his motion to take 15% of the figure, which would be \$182.9. There was no objection to the amendment or the main motion as amended.

Revenue Operations, Administrative Services: Representative Rogers moved to accept the computer generated figures for all line items except in contractual; in contractual to take 85% of FY 79 authorized plus the fixed costs. There was no objection.

Department of Public Safety:

Dept. of  
Public  
Safety

Building Security: Chairman Meekins moved to accept the Governor's figure in Personal Services and the computer generated figures for the other line items. There was no objection.

The Department of Transportation components were held open. Representative Freeman will bring them up at the time the TRANSPORTATION category is discussed.

Legislature:

Legislature

The Committee accepted the Legislative requests (Governor's figures) for the following:

Budget & Audit Committee  
Legislative Audit  
Legislative Finance  
Committee Expenses

Legislative Council  
Salaries & Allowances

The meeting adjourned at 4:05 p.m.

ADJOURN

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Tape HFC 79-81 Side 2 #104 to end  
HFC 79-82 Side 1 #001 to end  
Side 2 #001 to 474

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