

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2716

PAGE 33:

LINE 23:

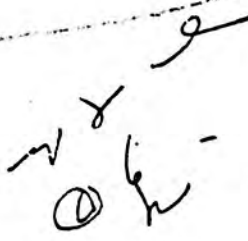
Should read:

"issue bonds, other than refunding
bonds, during any 12 month period
beginning ~~on and after June 30~~
~~July 1, 1981~~, unless the
legis"

LINES 26,27:

"issue revenue bonds, except refunding
bonds, for a project under this
chapter during any 12 month period
beginning July 1, 1981, in an amount
greater than \$50,000,000 unless the
issuance is included"

RM 

RM 
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bp → (+) × \$
y -
a citation
check
citation

TO CLARIFY UMBRELLA REVENUE BONDING POWERS:

PAGE 34 - LINE 2:3

Sec. 44.61.090 is amended by adding new subsections to read:

- (4) The authority may combine for the purposes of a single offering bonds financing more than one project.
- (5) The authority may insure, in accordance with AS 44.61.015, the bonds which it issues, whether the bonds are for a single project or for more than one project combined in a single offering.

EWB 11/15/77

AIDA - Enterprise Fund
P. 35 + 40

Gallagher gave language to
Uassar = re: cash flow
from assets be appropriated
as program receipts.

Amendment # _____ (Doogan) Page 40, line 28: Delete
\$500,000 and insert \$1,000,000.

RM

BR 20/1m h 2e { J_{CP} = 1-6-6
- - - - - = 1-6-6
4/2 -

TO CLARIFY FINDINGS OF THE AUTHORITY
FOR PURPOSES OF INCREASING ACCOUNTABILITY
TO PUBLIC PURPOSES

PAGE 42 - LINE 17

NEW PARAGRAPH PARAGRAPH AFTER "PROJECT OCCUPANT"

"BEFORE ENTERING INTO A LEASE OR OTHER
AGREEMENT REGARDING A PROJECT," THE AUTHORITY
MUST FIND ...

reducing
a 1-5-
p

1-5-
p

PAGE 42 - LINE 25

(4) that the project financed by the loan will provide or
retain employment reasonably related to the principal amount of the loan
to be insured, considering among other things, the amount of investment
per employee for comparable facilities;

(5) that the scope of the project financed by the loan is
sufficient to provide a reasonable expectation of a benefit to the
economy of the state;

EW 1-5-
p

5/16/80
- 971 -
1-5-
p

Commerce

PAGE 44:

LINE 6:

Delete: "which is organized for
profit" and insert:

"other than an entity which is organized
not-for-profit."

RM - w/

5/16/80

Commerce

⁴
PAGE 53:

LINE 6: After (AS 3707) add: "for
fiscal years beginning on
or after ~~July 1, 1981.~~" h 30.81

~~delete electric energy or~~

temp p. 46, lines 28 + 29

AMENDMENT # _____ BY ROGERS

page 47, lines 15, 16, and 18; page 55 lines 5-6,7:

delete "nonconforming housing loans" insert "housing assistance"

(SIC)

SR W. y h

AMENDMENT # _____ BY ROGERS

page 48, line 22: delete "." insert ";" and new subsection (3)
"(3) purchase or participate in the purchase of loans made
for renovations and improvements to non-conforming housing."

DR
y

Schaeffer amendment:

Page 50, line 17: Delete "village", insert "native"

Page 50, line 19: After "1626)" add: "as amended by Public

Law 94-204-895.401.11.45

McKinnon Amendment:

Page 52: Line 20 -- Delete "The fire"

Lines 22 through 29: Delete

Page 53: Lines 1 through 10: Delete

Doogan Amendment:

Page 53 - Lines 27 through 29: Delete

Page 43 - lines 1 and 2: Delete

PAGE 35, LITHO LINE 20 ~~REMOVED~~ 7.3 to include

Insert the following new material after the new Section 60.

Section 61. AS 44.25 is amended by adding a new section to Article 1 to read:

SEC. 44.25.026. REPORT ON INSIDER LOANS. (a) Any financial institution offering or participating in loans which are directly or indirectly financed by the state of Alaska, including loans purchased by the State of Alaska in the secondary money market, shall provide a report detailing all loans over \$10,000 made by the institution during the previous year to or co-signed or guaranteed by:

(1) an officer, employee or director of the institution or a member of the immediate family of an officer, employee or director of the institution, or

(2) a corporation, partnership or other organization more than ten percent of which is owned in the aggregate by persons referred to in (1) of this subsection, or

(3) any organization or individual defined as an insider for purposes of reporting by the F.D.I.C., the Comptroller of the Currency, or the Federal Home Loan Bank Board.

(b) The institution shall report under this section loans acquired by the institution which, if initially made by the institution, would be required to be reported under (a) of this section.

(c) Reports under (a) and (b) of this section will include the following information:

Insert the following new material after the new Section 60.

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SEC. 44.25.026. REPORT ON INSIDER LOANS. (a) Any financial institution offering or participating in loans which are directly or indirectly financed by the state of Alaska, including loans purchased by the State of Alaska in the secondary money market, shall provide a report detailing all loans over \$10,000 made by the institution during the previous year to or co-signed or guaranteed by:

(1) an officer, employee or director of the institution or a member of the immediate family of an officer, employee or director of the institution, or

(2) a corporation, partnership or other organization more than ten percent of which is owned in the aggregate by persons referred to in (1) of this subsection, or

(3) any organization or individual defined as an insider for purposes of reporting by the F.D.I.C., the Comptroller of the Currency, or the Federal Home Loan Bank Board.

(b) The institution shall report under this section loans acquired by the institution which, if initially made by the institution, would be required to be reported under (a) of this section.

(c) Reports under (a) and (b) of this section will include the following information:

(1) the name of the insider

(2) the insider's position or relationship that causes such person to be considered an insider,

(3) the date on which the transaction was approved by the institution's board of directors

(4) the amount of each loan made to an insider

(5) the terms of each loan, including the interest rate, and the security used to obtain the loan.

(6) the purposes for which the loan was obtained

(7) whether the insider was in default of his interest principal payments

Malone amendment:

Page 54, line 23: Delete "In determining the"

Page 54, lines 24 through 28: Delete

Page 55, Line 2: Delete "equally"

after "section" add "taking into account (((add
language approved on page 23, lines 18-22, except
change "area" to "region")))).

page 55, after line 20

AKPIRG

Insert the following new material

Section. 60. AS 44.25 is amended by adding a new section to Article 1 to read:

SEC. 44.25.025. ANNUAL REVIEW OF LENDING PRACTICES.

The Commissioner (Department of Revenue) shall adopt regulations which provide for an annual review of lending practices of any financial institution offering or participating in loans which are directly or indirectly financed by the state of Alaska, including loans purchased by the State of Alaska in the secondary money market. Such review will provide for local communities to examine the lending record of institutions managing public funds, and to express to the Commissioner a statement of the local community credit needs. The Commissioner shall consider this input from local communities in determining the eligibility of each institution for receiving public funds.

HCS SB 1

Malone Amendment

Page 55, Section 59 - after first sentence insert:

The director shall include in the study modifications
or improvements for the ^{adaptation} ~~adoption~~ of mobile homes to arctic,
subarctic and rural areas.

HOUSE FINANCE COMMITTEE

May 17, 1980

12:50 p.m.

[Tape HFC 80-67, Side 2, #426.]

All members of the Committee were present except Representatives Haugen and Smith. Representative Duncan arrived later in the meeting. Also present were Representatives Phillips, Malone, PRESENT Hayes and Gardiner; Eric Wohlforth, Bond Council, AHFC; Bert Wagnon, Department of Commerce and Economic Development; Sterling Gallagher; Ken Vassar, Legislative Attorney; and Mike Doogan, A.A. to Rep. Meekings.

Chairman Meekins called the meeting to order. The Committee continued its consideration of

HCS CSSSSB 1

HCS CSSSSB 1 - (new title) - "An Act relating to state loan programs, state mortgage programs, and state revenue bonding programs; and providing for an effective date."

Chairman Meekins commented on the interest rate and explained the proposal currently before the Committee. Representative Freeman commented that it bothers him to subsidize the interest rate for people who don't need a subsidy. He recommended leaving the rate at 10 1/2% so the money could go further.

There was discussion on the cost of homes, the amount of loans, and the income of people who qualify for the loans.

Mr. Wohlforth requested the effective date of the new corporation not be immediate. He suggested a July or August effective date. Chairman Meekins said he wanted the new organization to be in business as soon as possible. There was brief discussion.

Representative Rogers asked the Committee to consider allowing local communities the opportunity to vote to opt out of the AHFC program if they have an alternative program. He said presently Juneau and Fairbanks have municipal loan programs. Mr. Gallagher explained this bill creates problems with local community programs in that the pre-empts the whole market. Mr. Wohlforth said they would oppose including that provision. There was discussion.

[Representative Duncan arrived at this time.]

5/17/80

Representative Malone commented on the interest rate and presented a proposed amendment to page 20, line 13, rewriting subsection (d) as follows:

(d) the corporation shall establish and may amend the interest rates charged to borrowers whose mortgage loans are purchased by the corporation under (a) of this section. In determining the interest rates, the corporation shall consider: the amount by which assets of the corporation pledged to pay the principal, interest, and other costs on bonds or notes issued by the corporation for the special mortgage loan program exceed the amount of the bonds or notes issued for the special mortgage purchased program and, the amount of income or other resources that categories of borrowers reasonably can allocate to home mortgage payments. The corporation shall establish interest rates for categories of borrowers under this program by regulation.

He explained the amendment.

[Tape change, HFC 80-68, Side 1.]

There was discussion on the interest rate and Representative Malone's amendment.

Representative Rogers moved to accept Malone's amendment. There was further discussion.

A recess was called at 1:40 p.m. and the meeting was recalled to order at 1:55 p.m.

Chairman Meekins recommended setting the interest rate as follows: low/moderate income 9 1/2% and all other 10 1/2%. He also recommended including language in the bill stating that when the organization can go to the tax exempt market "without a cloud" the interest rate restrictions would be taken off and the market rate would prevail. Mr. Wohlfort will provide the correct language. There was discussion.

Representative Rogers withdrew his motion.

Chairman Meekins moved to accept a 9 1/2% interest rate for low/moderate income with language that the rate would slide downward with the market; and a 10 1/2% interest rate for all other. There was discussion.

Chairman Meekins moved to amend the motion to have the 9 1/2% rate also apply to veterans. There was no objection to the amendment.

5/17/80

Representative Malone presented a proposed amendment which he suggested might be considered as an alternative to Chairman Meekins' motion. The Malone amendment follows:

"There is established in the corporation a special fund known as the Home Ownership Fund, consisting of monies appropriated by the legislature. All monies held in the fund shall be used solely to assist low and moderate income persons to own homes the purchase of which is financed under this act by providing a subsidy to such families or persons not to exceed the difference between the amount required annually to pay interest and debt service, real property taxes and insurance, and twenty-five percent of such family or person's annual income."

Representative Malone said this language is based on a statute from the Massachusetts housing program.

The question was called for on Meekin's motion as amended. Six in favor. The motion carried.

There was discussion on the effective date for the new organization. Chairman Meekins moved to change the effective date for AIDA and AHFC to July 1, 1980. There being no objection, it was so ordered.

Representative Rogers moved that local communities be given the opportunity to vote to opt out of the AHFC program if they have an alternative local program. Representative Freeman objected. There was discussion. The question was called for. Representative Rogers in favor; five opposed. The motion failed.

Representative Malone requested that under the special mortgage purchase program language be included to make it clear that the corporation does have the authority to issue a revenue anticipation note if that is the most practical option. Representative Rogers moved to include language to that effect. There being no objection, it was so ordered.

Representative Phillips asked if there is any provision in the bill to take care of those people who submitted applications under the emergency loan program before the April 14th deadline. There was discussion. Chairman Meekins moved to include a transition section in the bill to take care of those people "left hanging" from the emergency loan program. There being no objection, it was so ordered.

The meeting adjourned at 2:20 p.m.

ADJOURN

Tape HFC 80-67, Side 2 #426 to end
HFC 80-68, Side 1 #001 to 752

5/17/80

HOUSE FINANCE COMMITTEE

May 19, 1980

1:25 p.m.

[Tape HFC 80-68, Side 1 #752.]

All Members of the Committee were present except Representatives Haugen and Schaeffer. Representatives Guy and Duncan arrived later in the meeting. Also present were Representatives Hayes, Cotten, Malone and Phillips; Eric Wohlforth, Bond Council, AHFC; Bert Wagnon, Department of Commerce and Economic Development; Tom Williams, Department of Revenue; Sterling Gallagher; Ken Vassar, Legislative Attorney; and Mike Doogan, A.A. to Rep. PRESENT Meekins.

Chairman Meekins called the meeting to order. The Committee continued its consideration of

HCS CSSSSB 1 - (new title) - "An Act relating to state loan programs, state mortgage programs, and state revenue bonding programs; and providing for an effective date."

HCS CSSSSB 1

Copies of a new draft of the bill, incorporating changes made by the Committee to date, were distributed. Chairman Meekins stated a number of technical amendments have to be made to the draft.

Chairman Meekins presented committee members with copies of a Memorandum from Billy Berrier, Director, Division of Legal Services concerning an "annual review of lending practices" and "report on insider loans". (See attachment #1.) Chairman Meekins advised those two sections do not appear in the draft of the bill before the Committee.

Representative Cotten commented on the interest rate. He suggested that the interest rate for veteran's be a full percentage point below the interest rate that would apply for non-veterans. He said his recommendation would be that a low/moderate income veteran receive an 8 1/2% interest rate instead of the 9 1/2% in the loan. There was discussion.

[Representative Guy arrived at this time.]

Representative Montgomery moved to accept Cotten's recommendation concerning veterans. Representative Freeman objected. There being no further objection, the motion carried.

5/19/80

[Tape change, HFC 80-68, Side 2.]

Representative Phillips commented on the 150-175 loans that were approved under the emergency loan program, but not funded. He said the amount for these loans is approximately \$22 million. There was discussion. Chairman Meekins moved that the loans "caught in the middle" be approved at the interest rate that was applicable at the time the loan was applied for. There being no objection, it was so ordered.

There was discussion on the financial impact of the bill. Mr. Doogan explained the appropriation for this bill will be in SB 205, and the amount of general funds is \$265,000,000.

Representative Rogers commented that the issue of commercial real estate under AIDA may not be completely taken care of under small business loans. He requested that, if the bill goes into Free Conference, that the Committee consider provisions to take care of that. There was brief discussion.

There was discussion on how the money is allocated to the banks.

[Representative Duncan arrived at this time.]

Representative Malone commented on housing for low/moderate income and suggested including a provision requiring that a percentage of the total housing financing available be made available for low/moderate income housing. There was discussion. Chairman Meekins suggested adding "and the number of potential borrowers be grouped as established in AS. 18.56.-098 (d). He said this would be asking them to take into consideration low/moderate income housing. There was discussion. Chairman Meekins so moved. There being no objection, it was so ordered.

Representative Malone again asked the Committee to consider the following amendment:

"There is established in the corporation a special fund known as the Home Ownership Fund, consisting of monies appropriated by the legislature. All monies held in the fund shall be used solely to assist low and moderate income persons to own homes the purchase of which is financed under this act by providing a subsidy to such families or persons not to exceed the difference between the amount required annually to pay interest and debt service, real property taxes and insurance, and twenty-five percent of such family or person's annual income."

5/19/80

Representative Rogers moved to accept Malone's amendment. There was discussion. Representative Rogers commented that approving this motion and putting this fund into the statutes does not appropriate any money to the fund. He said he did not intend to move to make an appropriation to the fund at this time. The question was called for. Five in favor, four opposed. The motion carried.

At this time the Committee took up consideration of

HCS SB 205

HCS SB 205 - (new title) - "An Act making appropriations to the Alaska Housing Finance Corporation, the Department of Community and Regional Affairs, the division of business loans in the Department of Commerce and Economic Development, and the Alaska Industrial Development Authority; and providing for an effective date."

Copies of the draft of the bill were distributed. Representative Rogers moved to amend the draft to include the following:

Department of Commerce and Economic Development,
division of business loans, add:

Child care facility revolving loan fund	\$100,000
Residential care facility revolving loan fund	100,000
Alternative technology and power resource revolving loan fund	600,000

There was brief discussion. There being no objection, the addition was accepted.

Representative Rogers moved that HCSSB 205 as amended be reported out of Committee. There being no objection, it was so ordered. The bill was reported out with a do pass recommendation.

HCS SB 205
REPORTED OUT

The Committee continued its consideration of

HCS CSSSSB 1 - (new title) - "An Act relating to state loan programs, state mortgage programs, and state revenue bonding programs; and providing for an effective date."

HCS CSSSSB 1

Representative McKinnon said that he spoke with Mr. Berrier concerning making changes to the language of the annual review of lending practices and the report on insider loans so that it does not violate the single subject rule. He presented the proposed language changes, and moved to amend the language accepted earlier. There being no objection, it was so ordered.

5/19/80

Representative Montgomery moved that the language concerning the annual review of lending practices and the report on insider loans be deleted from the bill. Representative McKinnon objected. The question was called for. Five in favor, four opposed. The motion carried.

Representative Rogers moved that HCS CSSSSB 1, incorporating the changes made by the Committee to the draft, be reported out of Committee. Representative Freeman objected to reporting the bill out at this time and then withdrew his objection. HCS CSSSB 1 There being no further objection, HCS CSSSB 1 was reported REPORTED OUT out with individual recommendations.

The next bill to be considered was

CSHB 562 (finance) - (new title) - "An Act providing CSHB 562 (fin) for the issuance of general obligation bonds in the amount of \$28,350,000 for the purpose of paying the cost of capital improvements for correctional facilities; and providing for an effective date."

Representative Rogers presented a draft of the bill and briefly explained what is included. He said the provisions in the bill are in conformance with the corrections master plan.

Representative Rogers moved to report the bill out of Committee. There being no objection, it was so ordered. CSHB 562 (finance) was reported out with a do pass recommendation.

CSHB 562 (fin)
REPORTED OUT

The meeting adjourned at 2:20 p.m.

ADJOURN

Tape HFC 80-68, Side 1 #752 to end
Side 2 #001 to 852

5/19/80

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

May 19, 1980

SUBJECT: HCS for CSSSSB 1

TO: Representative Russ Meekins, Jr.
Chairman, House Finance Committee

FROM: Billy G. Berrier *BGB*
Director
Division of Legal Services

You had requested amendments inserting a new section AS 44.-
25.025 Annual Review of Lending Practices, and AS 44.25.026
Report on Insider Loans.

As discussed on the telephone, this would be a relatively
clear violation of the single subject rule and the descriptive
title rule. Both sections are essentially general regulation
of banking practices not limited to state loan programs and
would, therefore, neither have the direct logical connection
required to satisfy the single subject rule nor would general
regulation of banking be reflected in the title of the bill.

BGB:jdn

Attachment #1

5/19/80

HOUSE FINANCE COMMITTEE

May 21, 1980

3:10 p.m.

[Tape HFC 80-69, Side 1, #001.]

All Members of the Committee were present except Representatives Meekins, Duncan and Montgomery. Representatives McKinnon and Guy arrived later in the meeting. Also present was Senator Stimson.

PRESENT

Vice-Chairman Freeman called the meeting to order. The first bill to be considered was

CSSB 439 - "An Act relating to workmen's compensation for high school students enrolled in work-study courses; and providing for an effective date."

CSSB 439

Senator Stimpson explained the bill and advised the fiscal note is \$17.5.

Representative Moss moved that CSSB 439 be reported out of Committee. There being no objection, it was so ordered. CSSB 439 was reported out with a do pass recommendation.

CSSB 439
REPORTED OUT

The next bills to be considered were:

HCS CSSB 59 - (new title) - "An Act establishing the Delta II agricultural development project; and providing for an effective date."

HCS CSSB 59

CSSB 305 (Finance) - "An Act making a special appropriation for the Point MacKenzie agricultural development project; and providing for an effective date."

CSSB 305 (fin

CSSB 475 - "An Act establishing the Point MacKenzie agricultural development project; and providing for an effective date."

CSSB 475

Representative Moss presented a draft for a proposed House Finance Committee Substitute for CSSB 59.

Representative Brown explained that CSSB 475 is the enabling legislation, which enables them to bring the remaining land into the agricultural development project, under the original intent of the program. He said that CSSB 305 (Finance) is the appropriation bill for CSSB 475.

5/21/80

Representative Moss advised there is a new fiscal note for HCS CSSB 59 in the amount of \$200.0.

Representative Moss advised that these three bills are the overall agricultural program they are trying to complete.

Representative Moss moved to report HCS CSSB 59 out of Committee with the new fiscal note. There being no objection, it was so ordered. The bill was reported out with a do pass recommendation.

HCS CSSB 59
REPORTED OUT

There was brief discussion on the agricultural development project.

[Representative McKinnon arrived at this time.]

Representative Moss moved to report CSSB 305 (Finance) out of Committee. There being no objection, it was so ordered. The bill was reported out with a do pass recommendation.

CSSB 305 (fin)
REPORTED OUT

Representative Moss moved to report CSSB 475 out of Committee. There being no objection, it was so ordered. The bill was reported out with a do pass recommendation.

CSSB 475
REPORTED OUT

The next bill to be considered was

CSHB 561 (finance) - (new title) - "An Act providing for the issuance of general obligation bonds in the amount of \$78,700,000 for the purpose of paying the cost of capital improvements for education facilities, library facilities, and University of Alaska facilities; and providing for an effective date."

CSHB 561 (fin)

Representative Rogers presented the proposed finance CS and briefly explained what is contained in the bill. Representative Haugen questioned the amount for the University Center-Juneau, and Representative Rogers explained the facility will include space for the fisheries school, as well as space for classrooms and offices.

Representative Rogers moved to report CSHB 561 (finance) out of Committee. There being no objection, it was so ordered. The bill was reported out with a do pass recommendation.

CSHB 561 (fin)
REPORTED OUT

5/21/80

The next bill to be considered was

CSHB 562 (finance) - (new title) - "An Act providing for the issuance of general obligation bonds in the amount of \$28,350,000 for the purpose of paying the cost of capital improvements for correctional facilities; and providing for an effective date."

CSHB 562(fin)

Representative Rogers presented the proposed Finance CS for HB 562 and briefly explained what is included in the bill.

Representative Haugen moved to report CSHB 562 (finance) out of Committee. There being no objection, it was so ordered. The bill was reported out with a do pass recommendation.

CSHB 562(fin)
REPORTED OUT

[Representative Guy arrived at this time.]

The next bill to be considered was

CSHB 752 - (new title) - "An Act providing for the issuance of general obligation bonds in the amount of \$52,000,000 for the purpose of paying the cost of cultural facilities; and providing for an effective date."

CSHB 752

Representative Rogers presented the proposed Finance CS for HB 752 and briefly explained what is included in the bill. He explained that projects not "ready to go" in the next year are not funded by this bond issue, but would be funded by future bonds issues.

Several Committee members expressed concern that the voters would not approve bond issues this year. Representative Rogers advised the total bond package is \$320 million, which is the limit Bond Counsel recommended going to. There was discussion.

Representative Haugen moved to report CSHB 752 out of Committee. There being no objection, it was so ordered. The bill was reported out with a do pass recommendation.

CSHB 752
REPORTED OUT

The meeting adjourned at 3:40 p.m.

ADJOURN

Tape HFC 80-69, Side 1 #001 - 466

5/21/80

HOUSE FINANCE COMMITTEE
May 22, 1980
1:45 p.m.

[Tape HFC 80-69, Side 1, #466.]

All Members of the Committee were present. Representatives Moss and Guy arrived later in the meeting. Also present were Representatives Cotten, Beirne, Anderson, Malone and Zharoff; Senator Kerttula; Emmett Wilson, Board of Directors, Alaska Hospital; Tom Williams, Department of Revenue; Dem Coles and Keith Kelton, Department of Environmental Conservation; Norman Staton, Advisory Committee on Minority Sentencing Practices; and Mike Doogan, A.A. to Rep. Meekins.

PRESENT

Chairman Meekins called the meeting to order. The first bills to be considered were

HCSSB 539 (finance) - (new title) - "An Act making appropriations to the Alaska medical facilities bond guarantee account and to the Department of Public Safety for emergency medical services; and providing for an effective date."

HCSSB 539
(finance)

HCS CSSB 10 - (new title) - "An Act authorizing the Alaska Medical Facility Authority to purchase mortgage loans made to medical facilities in Alaska and to provide financial assistance to medical facilities in Alaska; relating to bonds, bond guarantees, and bond anticipation notes for the purchase of the mortgage loans and to provide the financial assistance; creating the Alaska medical facilities bond guarantee account; and providing for an effective date."

HCS CSSB 10

Mike Doogan, A.A. to Rep. Meekins, explained these bills are designed to buy mortgages for medical facilities. He said the language presently in HB 1030 will be put on a Senate Bill (HCS CSSB 10).

HB 1030

Mr. Doogan explained the bill (HCS CSSB 10) is the enabling legislation establishing a guarantee account in the Department of Revenue to guarantee bonds or anticipation notes.

Mr. Doogan explained HCSSSB 539 (finance) makes an appropriation for securities that would not otherwise be liquid in FY 81, to be used as a guarantee.

Chairman Meekins asked if the finance draft for HCSSSB 539 deletes the emergency medical services appropriation. Mr. Doogan said it did. There was discussion. The general consensus of the Committee was that the bill should be redrafted to include the appropriation to the Department of Public Safety for emergency medical services.

5/22/80

[Representative Moss arrived at this time.]

Chairman Meekins commented on the financing plan for the Alaska Medical Facilities Authority. He explained the State will get back the interest and principal. He said the only thing they "lose" is the use of the capital for a few years.

Representative Rogers asked what happens when the bonds mature, and what happens to the income from the obligations. Mr. Doogan explained the Medical Authority never "gets their hands on" the funds. He said the funds remain with the Commissioner of Revenue. Chairman Meekins said the assumption is that the money will be set aside for a few years and the interest and principal will then convert back to the State. Representative Rogers suggested the State would want to draw down on the last maturing obligations first. He recommended a letter of intent be written to that effect. There was further discussion.

[Representative Guy arrived at this time.]

Representative Rogers moved to amend the bill to include the appropriation for emergency medical services. Representative Freeman objected. He said he would like to have an opportunity to know why the State needs to make this appropriation to the Alaska Medical Authority before they start amending the bill or bringing it out of Committee. Representative Rogers withdrew his motion.

Representative Freeman requested an explanation on why the bill is needed. Representative Cotten said HB 1030 by the Rules Committee by Request was introduced as an initial focal point to alleviate Alaska Hospital's problems. He explained that HCSSB 539 (finance) would be the appropriation, and HCS CSSB 10 (same as HB 1030) would be the authority for the State to purchase the loans. He explained that Alaska Hospital is owned by the Alaska Hospital Corporation and the mortgage is held by the Teamsters Pension Trust. He said they have received word that the U. S. Department of Labor may take some action against the Teamsters in that they may be violating federal law in holding the mortgage of Alaska Hospital. He explained further. Representative Cotten said they believe the U. S. Department of Labor is planning to file action against the Trust, and will request them to divest themselves of the investment. He said if that is the case, the Teamsters will be required to put the mortgage for the Hospital on the market.

5/22/80

Representative Cotten said the Community's concern is that the Alaska Hospital be preserved under nonprofit ownership.

Representative Cotten explained that under these bills the State would come in and relieve the pension fund of the mortgage and allow the Hospital to stay in operation much as they are now. He commented that the financing arrangements set out in the bill seems to be a good way to go.

[Tape change, HFC 80-69, Side 2.]

Representative Cotten commented further. There was discussion on the Hospital's financial situation. Chairman Meekins commented the reason the Hospital has been losing money is that it hasn't been fully utilized; in many cases because of their connection with the Teamsters. He said there is no doubt there is a need for two hospitals in Anchorage, and that Providence Hospital is presently over utilized. He said one of the benefits to a change in ownership in the Alaska Hospital is that it would be utilized to a greater extent by the Anchorage doctors. There was further discussion.

Commissioner Tom Williams, Department of Revenue, explained that the Medical Facilities Authority is an agency created by the State to do tax exempt financing for hospitals. He said at the present time the Alaska Hospital has the sort of track record that they couldn't sell any bonds.

Representative Freeman said he still didn't see the need for these bills. He asked who would own the hospitals if the State comes up with this money. Commissioner Williams explained presently there is a corporation that owns the Hospital and they have the loan secured by a mortgage from the Teamsters Pension Fund. He said under this bill the Medical Authority will issue tax exempt notes, make a loan to the hospital corporation, and pay off the Teamsters' mortgage, and make a new mortgage with the medical authority. He explained that in two years, when the hospital has a better track record, long term bonds will be issued. Commissioner Williams said the hospital will own itself during the entire period; the State will simply be the secured creditor. There was further discussion.

Emmett Wilson, Alaska Hospital Board of Directors, presented a packet of information on the Alaska hospital and professional building, and commented briefly. He said that Anchorage doctors have assured them that if they eliminate the doctor's concerns on the mortgage holder, the doctors will more than utilize the hospital sufficiently to make it pay off.

Representative Rogers moved that a Finance CS workdraft be prepared incorporating the original SB 539 (emergency medical facilities) and the provisions presently in HCSSSB 539. There being no objection, it was so ordered.

HCSSSB 539 (finance) and HCS CSSB 10 were held pending receipt of additional information.

HCSSB 539
(Finance) &
HCS CSSB 10
HELD OVER

The next bill to be considered was

HCSSB 165 - (new title) - "An Act making appropriations for operating and capital expenses related to telecommunications; and providing for an effective date."

HCSSB 165

Chairman Meekins presented a proposed Finance CS and said the appropriations in the bill cover the entire state. He said most of the projects have to do with the concept of utilizing telecommunications for educational instruction throughout the state.

Jennifer Wilke, Coordinator of Instructional TV, Department of Education, said this bill is the result of a year's work done under the direction of SCR 35 (passed last year). She said the draft for HCSSB 165 includes a combination of audio and visual projects for special education purposes.

Representative Moss asked if these were all related to education, and Ms. Wilke said yes, with the exception of paragraph 8 on page 2 of the workdraft. Stu Brown, consultant to Representative Brown on telecommunications, explained these are the facilities required to extend the satellite demonstration project.

[Tape change, HFC 80-70, Side 1.]

Mr. Brown explained that \$2 million in other funds in the bill would be program receipts from the sale of approximately one-half of the small earth stations the State presently owns. There was discussion on who would own the small earth stations that are being built. Representative Brown said just because the State buys and puts in the small earth stations, it doesn't mean the State owns them. He commented on the case presently before the FCC concerning ownership of earth stations. Representative McKinnon expressed concern over spending substantial amounts of money for earth stations that are eventually going to be disposed of.

Chairman Meekins advised some changes have to be made to the workdraft for HCSCSSB 165. He said the bill would be held.

HCSSB 165
HELD OVER

5/22/80

A recess was called at 3:00 p.m. Vice-Chairman Freeman recalled the meeting to order at 3:40 p.m. (Representatives Meekins, Moss, Montgomery and McKinnon were not present.)

RECESS

The next bill to be considered was

CSSB 436 - "An Act relating to grants for water supply, sewerage systems and solid waste facilities; and providing for an effective date."

CSSB 436

Mr. Dem Coles, Deputy Commissioner, Department of Environmental Conservation, said the bill authorizes a solid waste construction grant program at 50% of the cost of construction of the project. He said the bill also defines what costs are eligible for the sewer waste and solid waste construction program. He said the bill raises to 75% the eligible amount for funding by the State for sewer construction projects.

Representative Moss questioned the fiscal note and Mr. Coles said the correct note is dated 5/20/80 and is in the amount of \$82.7.

Representative Rogers said the increase to 75% for sewer construction projects might cause problems with this year's bond issue. He asked what would be required as far as an increase to the bonds to take care of the same number of communities as are presently in the bond list. Mr. Coles said it would be about one-half again as much on the municipal bond fund, or another \$12.5 million. Representative Rogers said that from the bond standpoint that cannot add that much. He commented further.

Representative Duncan said he has received a letter from the city and borough of Juneau recommending the bill be amended on page 2, lines 10, 12 and 22, to "public solid waste disposal". Representative Duncan said this would expand the program to include not only municipally but privately owned companies. There was discussion. Representative Duncan said he would like an opportunity to speak to the Legislative Attorney before this bill is passed out to get his opinion on the suggestion.

There was discussion on bond issues, and the length of time that funds are encumbered before the projects are completed. At Representative Rogers request, Mr. Coles will have prepared language that would allow to go to some type of general fund account for reimbursing municipalities.

5/22/80

Senator Kerttula commented that his interest in introducing this legislation was to try to provide some method for communities to develop solid waste disposal programs. In answer to a question from Representative Rogers, Senator Kerttula said section 1 was expanded from his original bill. There was brief discussion.

Representative Rogers moved to amend the bill to delete section one from CSSB 436 and to insert in its place the section one from the original SB 436. He further moved that the amendment be incorporated into a House Finance Committee Substitute for SB 436, and that the bill be reported out of Committee. Vice-Chairman Freeman said Representative Duncan had spoken to the Legislative Attorney. There being no objection to the motion, it was so ordered. HCS CSSB 436 was reported out with a do pass recommendation.

HCS CSSB 436
REPORTED OUT

The next bill to be considered was

HB 963 - "An Act amending the Oil and Gas Corporate Income Tax Act; and providing for an effective date." HB 963

Commissioner Williams advised the fiscal note on the bill is zero. He explained the bill makes certain technical amendments to the oil and gas corporate income tax to correct unfair situations that have developed in the course of administering the tax. He said these are things that were totally unforeseen at the time of the original passage of the tax. He recommended the amendments be made.

There was brief discussion.

Representative Rogers moved that HB 963 be reported out. There being no objection, it was so ordered. The bill was reported out with a do pass recommendation.

HB 963
REPORTED OUT

The next bill to be considered was

SB 358 am - "An Act relating to the compensation of members of the Board of Fisheries and of the Board of Game."

SB 358 am

Vice-Chairman Freeman commented the fiscal note on the bill is \$27.8.

Representative Rogers moved to report SB 358 am out of Committee. There being no objection, it was so ordered. The bill was reported out with a do pass recommendation.

SB 358 am
REPORTED OUT

5/22/80

The next bill to be considered was

HB 638 - "An Act relating to transportation planning
and reports."

HB 638

Representative Smith expressed concern that the board members might not represent a cross-section of the State. There was brief discussion.

Representative Rogers moved that the State Affairs CS for HB 638 be reported out of Committee, with an amended fiscal note deleting the FY 80 amount. Representative Smith objected and advised she may submit a proposed amendment on the Floor relating to board members. There being no further objection, CSHB 638 was reported out with individual recommendations.

CSHB 638
REPORTED
OUT

The next bill to be considered was

CSHB 812 - "An Act establishing an Advisory Commission
on Justice; and providing for an effective date."

CSHB 812

Mr. Doogan said the bill establishes a full time Commission for a period of one year.

Representative Anderson explained the differences between the Judiciary CS and the original bill. He said it would not be a full time Commission where commissioner's have a salary. Representative Rogers asked what the fiscal note for the bill would be. Representative Anderson said they had considerable discussion on how to develop a fiscal note, and Representative Malone has some recommendations. He suggested the amount of the fiscal note would be a decision of the Finance Committee.

Representative Malone presented a workdraft of a fiscal note in the amount of \$421,407. He said he would like to allow the Commission to have some discretion in arranging their budget. He recommended making enough money available for the Commission to meet and organize themselves, and then work out staff support and activities they will be required according to their best judgment. He recommended that the amount appropriated not be below \$300,000, and that the Commission be allowed to set up their budget after they are organized.

Representative Rogers questioned sections 3 and 4 of the bill, and asked if it was constitutional to specify race on a commission. Representative Anderson said that basically that language was lifted from the language creating the Advisory Committee on Minority Sentencing Practices last year, and no one questioned the constitutionality of the Committee at that time.

5/22/80

Representative Smith said it seems the problems have been addressed in the past, and she asked why they are going to study it further. Representative Malone said they are implementing some of the recommendations that have been developed. He said that certain law changes in the area of the criminal code are before the Legislature. He said one of the recommendations of the Advisory Committee was that there be a continuation of their effort. Representative Anderson said the Advisory Committee had a limited budget and a limited amount of time to work in. He said they felt the work was not done, and recommended a Commission of this sort to make further recommendations and make sure the Advisory Committee's report "doesn't just sit on the shelf and collect dust." There was discussion.

Vice-Chairman Freeman read the duties of the Judicial Council as described in the statutes, and commented this bill seems like a duplication. Representative Anderson countered it was found the Judicial Council is not living up to its judicial mandate. He read an excerpt from a letter to Representative Malone from Justice Rabinowitz.

Commenting briefly on the fiscal note, Representative Malone indicated it might be better to provide the funds as a lump sum, and that the \$420.0 is probably at the high end of what the Committee would want to fund.

Representative Rogers again brought up the question of constitutionality concerning the section of the bill requiring appointment of specific minorities. He stated he would like to get a legal opinion on this. During discussion, Representative Guy commented that given the makeup of the State populace, this intent toward equality should be applauded. Representative Malone said this is aimed at ending discrimination.

Representative Anderson reminded the Committee that the Advisory Commission proposed in this bill is not a policy-making body, it will be working in an advisory capacity. Representative Rogers indicated his feeling is that the composition of the Advisory Commission should be comparable with the Judicial Council. He said he would still like a statement from legal counsel regarding constitutionality.

Representative Rogers requested that HB 812 be held over. Vice-Chairman Freeman concurred and requested Representative Rogers look into this matter of a "quota system".

HB 812
HELD

5/22/80

Vice-Chairman Freeman advised the Committee would meet tomorrow at 1:30 p.m. and continue where they left off with today's agenda.

The meeting adjourned at 5:10 p.m.

ADJOURN

Tape HFC 80-69, Side 1 #466 to end
 Side 2 #001 to end
HFC 80-70, Side 1 #001 to end
 Side 2 #001 to end

5/22/80

HOUSE FINANCE COMMITTEE

May 24, 1980

1:45 p.m.

[Tape HFC 80-71, Side 1, #00.]

All Members of the Committee were present except Representatives Duncan and McKinnon. Representative Haugen arrived later in the meeting. Also present were Representatives Beirne, Brown and Buchholdt; Luanne Cutler, A. A. to Rep. Buchholdt; Mr. Landus, AFDC; Leo Land, Haines; Marilyn Carpenter; and Terry Kramer, State Personnel Act.

PRESENT

Chairman Meekins called the meeting to order. The first bills to be considered were:

HCS CSSB 10 - (new title) - "An Act authorizing the Alaska Medical Facility Authority to purchase mortgage loans made to medical facilities in Alaska and to provide financial assistance to medical facilities in Alaska; relating to bonds, bond guarantees, and bond anticipation notes for the purchase of the mortgage loans and to provide the financial assistance; creating the Alaska medical facilities bond guarantee account; and providing for an effective date."

HCS CSSB 10

HCSSB 539 (finance) - (new title) - "An Act making appropriations to the Alaska medical facilities bond guarantee account and to the Department of Public Safety for emergency medical services; and providing for an effective date."

HCSSB 539
(FINANCE)

Representative Moss said the new workdraft for HCSCSSB 539 (finance) takes care of the concerns he had expressed on the bill. Representative Freeman also removed his objection to the bill.

Representative Bierne requested that the Committee consider an amendment to HCS CSSB 10 (see attachment #1). He explained the amendment. In answer to a question from Chairman Meekins, Representative Bierne said he did offer this amendment in the HESS Committee, and it failed on a 3-3 tie vote. He said the amendment would allow the Lake Otis Hospital to be eligible for tax exempt funding.

Representative Montgomery moved to accept the Bierne amendment. The question was called for. Two in favor, six opposed. The motion failed.

5/24/80

Representative Rogers moved to amend HCSSB 539 (finance) to change \$59,000,000 in Section 1 to \$58,500,000. He explained this is the correct figure. There being no objection, it was so ordered.

Representative Rogers moved to report HCSSB 539 (finance) out of Committee. There being no objection, it was so ordered. The bill was reported out with individual recommendations.

HCSSB 539
(FINANCE)
REPORTED
OUT

Representative Rogers moved the following amendment be incorporated into HCSCSSB 10:

Page 1, line 25: Add a new subsection (b):

(b) Before providing guarantees under (a) of this section the commissioner shall review current appraisals of the value of the medical facility to which the guarantee would apply.

There being no objection, it was so ordered.

Representative Rogers moved to report out HCS CSSB 10. There being no objection, it was so ordered. The bill was reported out with individual recommendations.

HCSCSSB 10
REPORTED
OUT

A recess was called at 2:05 p.m. Chairman Meekins recalled the meeting to order at 2:10 p.m.

RECESS

The next bill to be considered was

HCSSB 165 - (new title) - "An Act making appropriations for operating and capital expenses related to telecommunications; and providing for an effective date."

HCSSB 165

Chairman Meekins advised there are several errors in the workdraft before the Committee. He presented a corrected version of the bill, totaling \$12,290,290 (\$10,290,290 general funds).

Representative Rogers moved to add a new section to the bill appropriating \$800,000 from the general fund to the University of Alaska, geophysical institute for "Project Quicklook", for a new general fund total of \$13,900,290; he further moved to report the bill out of Committee. Representative Schaeffer objected. There being no further objection, HCSSB 165 was reported out of Committee with a do pass recommendation.

HCSSB 165
REPORTED
OUT

5/24/80

Chairman Meekins advised that his intent was to hold HCSSB 165 and the signed Committee Report in Committee until the Committee had addressed and reported out HCSSB 509 (relating to telecommunications). No objection noted. He scheduled a meeting for 10 a.m. 5/25/80 to address HCSSB 509.

HCSSB 165 --
BILL & REPORT
HELD IN
COMMITTEE

[Representatives Montgomery and Meekins left at this time.]

The next bill to be considered was

HB 968

HB 968 - An Act adding a cost-of-living adjustment to maximum benefits paid as aid to families with dependent children; and providing for an effective date.

Representative Buchholdt advised there is a HESS CS for HB 968 (An Act relating to maximum benefits paid as aid to families with dependent children).

Luanne Cutler, A.A. to Representative Buchholdt, advise^d CSHB 968 raises the base for AFDC and provides for a cost of living adjustment.

Gordon Landes, Division of Public Assistance explained the CS. He advised the Committee that the fed's have indicated they cannot approve the CS in its current structure.

Ms. Cutler explained that they have to raise the base increase for the child living with a non-needy relative. She recommended raising the amount by \$50, which would be \$1.2 million above what is indicated on the HESS fiscal note. See attachment #2 for language change.

Mr. Landes advised the Governor's Budget Review Committee looked at the cost, and indicated they didn't feel the Governor could support the committee substitute dollar figure.

Ms. Cutler said the most important thing in the bill is the cost of living increase, which would be going back to the original bill.

[Tape change HFC 80-71, side 2.]

There was further discussion on the bill. Representative Rogers said the testimony he has heard indicates that if they pass the HESS CS, the state will lose federal funding; and if they pass the HESS amount, the Governor will probably veto the legislation. Mr. Landes said the Governor's Budget Review Committee indicated that would not support anything more than the original fiscal note.

5/24/80

Mr. Leo Lands, Haines, testified that there has not been an increase in AFDC in several years, for the four grandchildren he is caring for. He commented the AFDC money has never been enough to take care of the children. He said if there is not an increase in AFDC, the State will have to take over the care of the children.

After further discussion, Representative Rogers moved that the original bill and fiscal note be reported out of Committee. There being no objection, HB 968 was reported out with a do pass recommendation.

HB 968
REPORTED
OUT

The next bill to be considered was

HB 651 - "An Act establishing the Alaska Community College System; and providing for an effective date."

HB 651

Representative Buchholdt advised there is a HESS CS for the bill (providing for a study of the community college system and establishing a legislative interim committee to assist in that study). She said the fiscal note for the CS is \$75.5.

Marilyn Carpenter said that essentially the CS provides for a study on the feasibility of separating community colleges from the University system. She commented further and said this study would enable them to put this battle to rest once and for all.

Representative Rogers said he doesn't see where it says this anywhere in the legislation. Representative Buchholdt said the CS was drafted after a presentation by Kerry Romesburg, Commission on Postsecondary Education. She said this was requested by people in the Anchorage area, and the study would be done by the PSEC. She explained the original bill directed that the community college be split. She commented on testimony received in the House HESS Committee on this bill, and said she feels the study is necessary to help Anchorage decide for itself what should happen to the Community College and University.

Representative Schaeffer moved to report CSHB 651 out of Committee. There being no objection, it was so ordered. The bill was reported out with individual recommendations.

CSHB 651
REPORTED
OUT

The next bill to be considered was

HB 125 - "An Act relating to multipurpose youth centers."

HB 125

Representative Buchholdt advised there is a HESS CS for this bill (relating to grants for day care centers and multipurpose youth centers). Representative Buchholdt said she thinks

5/24/80

this is a very important program, and the State has not provided as much for day care centers for children and youth as for other areas.

There was discussion on the fiscal note. Representative Buchholdt advised last year's fiscal note for this bill was \$8 million, she had recommended \$6 million, and the DHSS fiscal note is zero. There was discussion on the zero fiscal note. Representative Rogers pointed out the fiscal note was incorrectly prepared, and a true fiscal note would be \$6,136,000 (\$6 million grants, \$135,000 operating).

(Representative Haugen arrived at this time.)

Representative Rogers offered the following amendment to the bill:

Page 2, line 14 after "of a" insert "multipurpose youth".

Page 2, after line 25 insert new (g) to read:

(g) a grant for operation of a day care center shall not exceed fifty dollars per month per licensed day care slot as determined by the Department of Health and Social Services.

Renumber remaining paragraphs accordingly.

Representative Rogers moved to accept the amendment. There being no objection, it was so ordered.

Representative Rogers moved to accept a fiscal note in the amount of \$6,136,000. Representative Freeman objected. The question was called for. Three in favor, three opposed. The motion failed.

Representative Rogers moved to accept a fiscal note in the amount of \$3,068,200. Representative Freeman objected. The question was called for. Four in favor, two opposed. The motion carried.

Representative Rogers moved to report out a Finance CS for CSHB 125 (fin. HB 125, incorporating the HESS CS and the amendment approved earlier, with the new fiscal note. There being no objection, w/NEW FISCAL it was so ordered. The bill was reported out with individual NOTE recommendations.

The next bill to be considered was

SCR 50

SCR 50 - "Extending the life of the Blue Ribbon Commission on the State Personnel Act."

Representative Freeman said the fiscal note on the Resolution is \$93.7. Representative Rogers question the amount for the

5/24/80

administrative assistant position in the fiscal note. Terri Kramer, Administrative Assistant, Blue Ribbon Commission on the State Personnel Act, advised the position is a permanent full time position.

Representative Moss moved to report the bill out. There being no objection, it was so ordered. SCR 50 was reported out with individual recommendations.

SCR 50
REPORTED
OUT

The next bill to be considered was

HCR 66 - "Relating to implementation of the day care assistance program by the Department of Community and Regional Affairs."

HCR 66

Representative Rogers advised he is carrying this bill at the request of Representative Duncan. He explained that presently in the Department of Community and Regional Affairs there is a day care assistance program covering part of the cost of day care. He said this Resolution directs the Department to review that program.

Representative Rogers moved to report HCR 66 out of Committee. There being no objection, it was so ordered. The bill was reported out with a do pass recommendation.

HCR 66
REPORTED
OUT

The meeting adjourned at 3:20 p.m.

ADJOURN

Tape HFC 80-71 Side 1 #001 to end
Side 2 #001 to 796

5/24/80

CS HRS 1030

5/21/80

By BEIRNE

AM - Add New Section

18.26.220

- line 8 - change "must" to "does"
and strike the word "nevertheless"

- line 9 - strike words "in order to be"
and insert "and is"

Final wording of last sentence in this section
then will read:

A medical facility issued a certificate of Need
under § 4 Chap. 275, SLA 1976 does
fully meet the requirements of AS 18.07
and is eligible for funding under
this chapter.

§ 47.25.310 WELFARE, SOCIAL SERVICES AND INSTITUTIONS § 47.25.320

Article 3. Aid to Families with Dependent Children Act.

Section

- 310. Eligibility for assistance
- 320. Amount of assistance
- 330. Duties of department
- 340. Application for assistance
- 350. Investigation of application
- 360. Granting of assistance
- 365. Retraining of parent or family member
- 370. Appeal

Section

- 380. Reconsideration and alteration of assistance
- 390. [Repealed]
- 395. Alienation and attachment
- 400. Purpose
- 403. Reporting change of status
- 405. Obtaining assistance by fraud
- 410. Definitions
- 420. Short title

Sec. 47.25.310. Eligibility for assistance. The department shall grant assistance to the family of each dependent child it determines is eligible for assistance under AS 47.25.310 — 47.25.420, or to employers under a work incentive program established by AS 23.15.650, and by § 433(e) (1) of the Federal Social Security Act (42 USC 601 et seq.), as amended. (§ 51-2-32 ACIA 1949; am § 2 ch 57 SLA 1949; am § 1 ch 73 SLA 1963; am § 2 ch 134 SLA 1968)

Editor's note. — The federal provision referred to in this section was added by § 204 of the Social Security Amendments of 1967 (PL 90 248; 81 Stat. 821).

A statutory prohibition of welfare benefits to residents of less than a year creates a classification which constitutes an invidious discrimination denying such

residents equal protection of the laws. *Shapiro v. Thompson*, 394 U.S. 618, 89 S. Ct. 1322, 22 L. Ed. 2d 600 (1969).

Cited in *Public Defender Agency v. Superior Court*, Third Judicial Dist., Sup. Ct. Op. No. 1140 (File No. 2071), 534 P.2d 917 (1975).

Sec. 47.25.320. Amount of assistance. (a) The department shall determine the amount of assistance for a dependent child and the relative with whom the dependent child is living, with regard to the resources and necessary expenditures of the family and the condition existing in each case. Assistance is sufficient if, when added to all other income and support available to the child, the child and relative have reasonable subsistence compatible with decency and health. However, the amount of assistance may not exceed the following:

(1) dependent child living with nonneedy relative: for a child under age 18 who is living in the home of a nonneedy relative, \$450, plus an additional \$150 for the second child, and \$50 a child for the third and each additional child; 175 75 260

(2) dependent child living with parent:

(A) for a parent and one child under 18, a maximum of \$350;

(B) (repealed)

(C) for each additional child under age 18, \$50 a month per child.

(b) The monetary maximums in (a) of this section do not apply to payments made under this program for the care of a dependent child in a foster family home. The payment shall conform to foster care rates as provided by the department.

HOUSE FINANCE COMMITTEE

May 25, 1980

10:30 a.m.

All Members of the Committee were present except Representatives Meekins, Montgomery and Duncan. Other legislators present were Representatives Brown, Munson, Malone and Hurlbert. Testifying: Jennifer Wilke, Department of Education; Charles Northrup, General Manager, Capital Community Broadcasting; Mike Piccaro, Ak. Public Broadcasting Commission, Alison Elgee, Fiscal Analyst, Legislative Finance Division and John Crandall, A.A. to Rep. Meekins. PRESENT

ViceChairman Freeman called the meeting to order. The purpose of the meeting was to receive testimony on

HCSCSSB 509 - "An Act establishing telecommunications divisions in the Department of Commerce and Economic Development; transferring telecommunications functions to those divisions; and changing the name of the department to the Department of Commerce, Economic Development, and Telecommunications; and providing for an effective date."

HCS CSSB 509

Tape HFC 80-71, Side #2

810 Rep. Fred Brown testimony. Explanation of major features of Commerce HCS for CSSB 509.

Tape HFC 80-72, Side 1

001 Rep. Brown continues testimony. Fiscal Note: 80%/90% of costs is transferred from other agencies. Commented on pages 15 and 17 of the bill; he said these are probably the most controversial areas.

291 In answer to question from Rep. Schaeffer, Rep. Brown explained statutes in the bill. Crandall (A.A. to Meekins) suggested adding "as appropriated by the Legislature" on page 5, line 4.

367 Rep. Schaeffer questioned the transitional period and Rep. Brown said the bill provides for adequate transition.

411 Rep. Guy questioned telecommunications/school districts and Rep. Brown responded.

450 Rep. Brown suggested language in Section 15 might be changed.

5/25/80

- 571 Rep. McKinnon questioned the television demonstration projects, and Rep. Brown responded.
- 630 Rep. Moss questioned the fiscal note. Elgee Legislative Finance Division Fiscal Analyst) presented three fiscal notes. Rep. Brown said the fiscal note dated 5/15/80 is the Commerce Committee fiscal note.
- 670 Mike Piccaro, Executive Director, Alaska Public Broadcasting Commission, testified on the bill. He questioned if coordinating the agencies will do what it says in the bill and commented on what the various versions of the bill will to do APBC. He commented on APBC "Sunset Review".
- 761 Rep. Brown responded to Piccaro's testimony.
- 770 Piccaro continued testimony. Comments on make-up of Broadcasting Commission and budgeting in the bill.

Tape HFC 80-72, Side 2

- 001 Continuation of Piccaro testimony. Said the bill strips APBC from its management, and suggested moving slowly in telecommunications area.
- 281 Rep. Munson comments on testimony in Commerce Committee with Piccaro. Questions on grant requests and response on grants/budgeting from Piccaro.
- 426 Rep. Brown questions and Piccaro answers on "Sunset Review", APBC "bill of particulars", Mini TV in Petersburg area; and communications problems.
- 540 Rep. Brown statement that Commerce Committee tried to address objections made to the bill. Further statements and response from Piccaro.
- 585 Jennifer Wilke, Department of Education, Coordinator Instructional Television, testimony. Department feels creation of two divisions will activate the state policy and supports the structure. APBC is restructured in the Bill, and the Department does not oppose this.

5/25/80

635

Charles Northrup, General Manager, Capital Community Broadcasting, testimony. Public Broadcasters generally favor Commerce CS with minor changes. Recommended the Commission make-up to be changed to increase the television representation from one to two people. Said they are not against commercial broadcaster representation, but would suggest a lay member.

747

The meeting adjourned at 12:00 noon.

ADJOURN

Tape HFC 80-71, Side 2 #796 to end
HFC 80-72, Side 1 #001 to end
HFC 80-72, Side 2 #001 to 747

5/25/80

HOUSE FINANCE COMMITTEE

May 26, 1980

1:40 p.m.

[Tape HFC 80-72, Side 2, #747.]

All members of the Committee were present except Representatives Meekins, Duncan, Guy and Haugen. Representative Smith arrived later in the meeting. Other legislators present: Representatives Munson, Brown, Malone and Cotten. Also present were: Jeff Haynes, Department of Natural Resources; Dave Thompson, General Manager, KMXT, Kodiak; Elaine Mitchell; Jamie Love, AkPIRG; and Dave Hammock.

PRESENT

Vice-Chairman Freeman called the meeting to order. The first bill to be considered was

HCSSB 223 (Resources) - (new title) - "An Act relating to the disposal and use of state land; relating to the membership and duties of the Soil Conservation Board; annulling 11 AAC 53.450(c); and providing for an effective date."

HCSSB 223

Vice-Chairman Freeman explained that the Resources Committee has been working this bill, as has an ad-hoc committee. He said the fiscal note is in the amount of \$247.0.

Representative Rogers offered the following amendment to HCSSB 223 (Resources):

"Page 4, after line 6, insert a new section to read:

*Sec. _____. AS 35.05 is amended by adding a new section to read:

Sec. 38.05.028. OCCUPANT PREFERENCE. (a) A person who occupies a permanent dwelling on state land without the right to own or possess the land is entitled to receive an offer to lease the land from the state before it is offered to the public for disposal for private use if

(1) the person pays \$250 a year for each year that he used the land without legal authority, not to exceed \$1000;

(2) the dwelling was constructed on the land before January 1, 1978;

(3) the dwelling is the person's permanent place of abode; and

(4) the person makes application to the department before January 1, 1981.

5/26/80

- (b) A lease issued under (a) of this section
- (1) shall not exceed a term of 55 years;
 - (2) shall provide that the lessee shall pay the state a fixed annual rent not to exceed five percent of the appraised value of the land;
 - (3) is non-transferrable and expires upon the death of the lessee;
 - (4) may be terminated at any time by request of the lessee.

(c) A lessee under (a) of this section is ineligible for state land disposals under AS 38.05.057, 38.05.058, 38.05.078 or 38.05.079.

(d) Land leased under (a) of this section shall be limited to the minimum acreage possible within the range of land disposals in the general vicinity of the lease, but may not be less than two acres nor more than five acres in size."

Representative Rogers explained the amendment. He said he believes there are approximately 30 people currently living on state land who this would affect, and the fiscal impact would be minimal.

Representative Rogers moved for adoption of the amendment. Representative McKinnon objected.

Representative McKinnon said he can't see the sense in rewarding people who did violate the law. There was discussion between Representatives Rogers and McKinnon. Representative Rogers pointed out this only applied to dwellings constructed before 1978.

Representative Moss commented on permanent dwellings and wondered what the definition would be. Representative Rogers said the Department of Natural Resources had recommended adding "and principal" after "permanent" in subsection (3). He moved to amend the amendment to make this change. There was no objection to the amendment to the amendment.

[Tape change, HFC 80-73, Side 1.]

Representative Freeman said he tends to agree that if the State had been following the land disposal policy, there would be no necessity for this language; he also agrees that you can't award people for breaking the law. He said his belief is they should try to come up with the best amendment they can.

5/26/80

There was discussion on adverse possession.

Representative Guy expressed concern over subsection (3) where the lease would expire upon death of the lessee. Representative Rogers said the intent is that the person would be entitled to the land for the duration of his life only. Representative Guy said this could create great hardships for the spouse and children.

[Representative Smith arrived at this time.]

There was further discussion on subsection (3). Representative Moss moved to amend the amendment under (b) (3) after "lessee" add "and the lessee's spouse". Representative Smith objected. There was discussion.

Representative Malone asked if the Commissioner now had the authority to negotiate a sale or lease to a person occupying land when other action would create a hardship or when he makes a finding that transferring the land is not in the public's interest. Jeff Haynes, Deputy Commissioner, Department of Natural Resources read from AS 38.05.035. He said generally there are three types of trespassers: one where the person has just been ignorant of all the procedures; second, where the bureaucracy has made an error; and the third is where a person is just plain trespassing. He said their approach has been to try and help out in the first two situations. There was further discussion on trespassers.

There being no further objection to the amendment to the amendment, it was so ordered.

Representative McKinnon moved to amend the amendment under (a) (2) after "land" delete "before" and add "between June 1, 1973 and". There being no objection, it was so ordered.

Representative McKinnon moved to amend the amendment on the last line, deleting "less than 2 acres nor" and changing "5" to "1", so the line would read "but may not be more than one acre in size". Representative Guy objected. The question was called for. Three in favor, four opposed. The motion failed.

The question on the main motion as amended was called for. Four in favor, three opposed. The motion carried. The amendment as amended was adopted.

Representative Rogers moved to report out a House Finance CS for SB 223 incorporating the House Resources CS and the amendment adopted by the Committee. There being no objection, it was so ordered. HCSSB 223 (Finance) was reported out with individual recommendations.

HCSSB 223
(FINANCE)
REPORTED
OUT

5/26/80

Vice-Chairman Freeman advised the Committee would continue to receive testimony on

HCSCSSB 509 - "An Act establishing telecommunications divisions in the Department of Commerce and Economic Development; transferring telecommunications functions to those divisions; and changing the name of the department to the Department of Commerce, Economic Development, and Telecommunications; and providing for an effective date."

HCSCSSB 509

Tape HFC 80-73, Side #1

- 590 David W. Thompson, General Manager, KMXT, Kodiak, testimony. Said it was appropriate for legislature to adopt bill at this time. Said overlapping of responsibilities has been a problem in the past and it would help to bring all entities under one roof. Said they have no problem with the proposed restructuring of APBC.
- 700 Elaine Mitchell, member of APBC, testifying for herself. Said she is in favor of bill and the reorganization of telecommunications agencies throughout state government.
- 775 Rep. Brown questions and Mitchell response on amount of time spent by APBC on budgeting.
- 812 Dave Hammock, representing himself, supports idea of implementing a telecommunications agency and doing it at this time.

Tape HFC 80-73, Side #2

- 001 Hammock continued testimony. Said the bill gives no state entity any powers it does not already have.
- 032 Jamie Love, AkPIRG, presented proposed amendment to the bill (see attachment).

Vice-Chairman Freeman said Committee members not present at today's meeting also have amendments they would like to proposed. He said the bill would be held until those members could be present.

HCSCSSB 509
HELD

The meeting adjourned at 2:45 p.m.

ADJOURN

Tape HFC 80-72, side 2 #747 to end
HFC 80-73, Side 1 #001 to end
Side 2 #001 to 145

5/26/80

require public hearings on telecommunications plans

page 7, line 21, after Commission, insert "and after public hearings"

page 8, line 22, after Commission, insert "and after public hearings"

add teleconferencing plan

page 8

insert new (d) and renumber remaining sections

(d) The division of public telecommunications services shall, after public hearings, submit to the governor annually a two year development plan for teleconferencing facilities and services, including facilities and services used by both state agencies and groups other than state agencies.

Proposed amendment to
HCS CSSB 509 (commerce)
By AKPIRG.

achment

- 1017 -

5/26/80

HOUSE FINANCE COMMITTEE

May 27, 1980

2:15 p.m.

[Tape HFC 80-73, Side 2 #145.]

All Members of the Committee were present except Representatives Guy, McKinnon and Haugen. Representatives Duncan and Meekins arrived later in the meeting. Also present: Representatives Miller, Zharoff and Bettisworth; Bill Brown, Department of Public Safety, Division of Motor Vehicles; Commissioner Ernst Mueller and Deputy Commissioner Dem Coles, Department of Environmental Conservation; and Marcy Rehfeld and John Crandall, A.A.'s to Rep. Meekins.

PRESENT

Vice-Chairman Freeman called the meeting to order. The first bill to be considered was

SB 463 - "An Act relating to tariffs for the transportation of agricultural products."

SB 463

Vice-Chairman Freeman said the fiscal note on this bill is zero. Representative Moss explained the bill will remove the tariff regulation on agricultural products.

Representative Moss moved to report SB 463 out of Committee. There being no objection, it was so ordered. The bill was reported out with individual recommendations.

SB 463
REPORTED OUT

The next bill to be considered was

HCS CSSB 2 - (new title) - "An Act relating to the reduction of litter and the recovery of materials and energy from litter; and providing for an effective date". (By the State Affairs Committee.)

HCS CSSB 2

Representative Miller briefly explained the bill. He said the fiscal note is in the amount of \$1,093.0. He advised the bill calls for assistance from municipalities, participating organizations, etc.

Representative Miller suggested the bill be amended on page 6, line 11, after "purpose." delete "The" and insert "To the greatest extent practicable the". He explained that with this amendment it would not be mandatory for the Division of Motor Vehicles to distribute litter bags.

Representative Miller explained that under the HCS, after October 15, 1981 distributors will no longer be able to sell pull tabs in Alaska. He said the bill will also eliminate the sale of the plastic rings that hold 6-pacs together. He advised the bill assigns the responsibility to the Department of Environmental Conservation, and the Senate members are in agreement with this.

5/27/80

Mr. Bill Brown, Division of Motor Vehicles, advised they have prepared a fiscal note in the amount of \$44.0, but if an amendment similar to the one recommended by Representative Miller were adopted, they would be able to withdraw the fiscal note. He recommended amending the bill on page 6, line 14, after "applies" add "in person".

In answer to a question from Vice-Chairman Freeman, Mr. Brown said they basically have no objection to the bill.

Representative Rogers moved to report out the House State Affairs CS for CSSB 2 with an amendment on page 6, line 12: After "purpose." delete "The" and insert "To the greatest extent practicable the". There was discussion.

Mr. Crandall, A.A. to Rep. Meekins advised they have prepared a revised fiscal note in the amount of \$440.0. He said they deleted the grants amount because the bill directs the Department to adopt regulations before dispersing grants. Representative Rogers objected to this fiscal note. He said if this program is going to work, some money has to be made available in grants. There was discussion on the fiscal note.

Representative Rogers moved to amend his motion to report out HCS CSSB 2 amH with a fiscal note in the amount of \$500.0. He further moved that the \$500.0 be in the miscellaneous line item, and that the Department submit through the Legislative Budget and Audit Committee their plans for the expenditure of these funds. There was brief discussion.

There being no objection, HCS CSSB 2 amH with a new fiscal note, was reported out of Committee with individual recommendations.

HCS CSSB 2 amH
W/NEW FISCAL
NOTE REPORTED
OUT

The next bill to be considered was

CSSB 450 am - "An Act making a special appropriation to the Legislative Council for a study of options for local acquisition and ownership of management of the Fairbanks International Airport and the Anchorage International Airport; and providing for an effective date."

CSSB 450 am

A proposed House Finance CS to CSSB 450 was presented to the Committee (New Title - "An Act making a special appropriation to the Legislative Council for a study by the Special Senate Committee on Transportation of options for local acquisition and ownership or management of the Fairbanks International Airport and the Anchorage International Airport; making special appropriations for grants to the Municipality of Anchorage, the City of Kodiak, and the City and Borough of Juneau; and providing for an effective date.")

5/27/80

Representative Zharoff, District 14, advised that Section 3 of the proposed HCS is an appropriation to the City of Kodiak to deal with storm damages from the storm that occurred on January 20, 1980. He explained the wind seriously damaged the Sea-Land dock area, and there was other damage as well. Representative Zharoff advised the Governor has recognized this as a disaster, but the request to the federal government for assistance was denied. He advised this request was not included in HB 60 because the request was made after HB 60 had passed the House. He advised there is additional back up material for this request in members' bill files.

[Tape change, HFC 80-74, side 1.]

There was further discussion on the Kodiak appropriation request.

Representative Duncan advised that section 4 of the proposed HCS is an appropriation to the City and Borough of Juneau to repair damage at the Auke Bay School. He explained that this school has been closed for six weeks, and will remain closed until the repairs are made to the building. He explained this request was not included in HB 60 because they were waiting to receive the final report to find out what the actual cost was before making a request. There was brief discussion on the request for the Auke Bay School.

Representative Rogers moved that a new section 5 be added to the proposed HCS: "The sum of \$125,000 is appropriated from the general fund to the Department of Natural Resources to compensate for smoke damage and to replant wind rows lost due to the Delta area fires of 1979 and 1980." There being no objection, it was so ordered.

Marcy Rehfeld, A. A. to Rep. Meekins, advised that Sec. 2 of the proposed HCS is an appropriation to the City of Anchorage to cover cost of repairs from the wind damage of the storm last January. She advised the appropriation is in the amount of \$519,476, and back up material is included in members' bill files. There was discussion. Mr. Crandall said the reason this appropriation was not included in HB 60 is that the original estimate was \$3.5 million, and they did not want to make a request until they had complete information.

Representative Rogers explained the original request in CSSB 450 am is in section 1 of the proposed HCS. He said there is a proposal that the Anchorage and Fairbanks International Airports be turned over to their respective municipalities, and that proposal has created controversy. As an alternative to doing this immediately, Senator Fahrenkamp recommended the appropriation for the study. Representative Bettisworth said he feels the appropriation is necessary at this time.

There was further discussion on sections 2 through 4 of the proposed HCS. Representative Rogers moved for a letter of intent for sections 2 through 4, stating if funds are made available to the municipalities from insurance settlements, etc., the funds appropriated in this bill are to be reimbursed to the State. There being no objection, it was so ordered.

Representative Schaeffer moved to add a new section 6 to the proposed HCS: "The sum of \$40,000 is appropriated from the general fund to the municipality of Kotzebue for a high pressure sewage cleaner." There being no objection, it was so ordered.

Representative Schaeffer moved to report HCS CSSB 450 out of Committee. Vice-Chairman Freeman objected. The question was called for. Four in favor, two opposed. The motion carried. HCS CSSB 450 was reported out with a letter of intent and individual recommendations.

HCS CSSB 450
REPORTED OUT
W/LETTER OF
INTENT

[Chairman Meekins arrived at this time.]

Chairman Meekins requested that the Committee reconsider their action on HCS CSSB 450. He recommended that if Committee members object to the bill, instead of "Christmas Treeing" it, they simply not report the bill out of Committee. There was brief discussion.

ViceChairman Freeman moved that the Committee rescind the action taken on reporting HCS CSSB 450 out of Committee. Representative Schaeffer objected. The question was called for. Five in favor, one opposed. The motion carried. HCS CSSB 450 was held in committee.

ACTION ON
HCS CSSB 450
RESCINDED

The next bill to be considered was

HCS CSSB 212 - (new title) - "An Act continuing the existence of the Real Estate Commission and amending its powers and duties; and providing for an effective date."

HCS CSSB 212

Representative Rogers moved to report the House Commerce CS for CSSB 212 out of Committee with the fiscal note in the amount of \$181.8. There being no objection, it was so ordered. The bill was reported out with a do pass recommendation.

HCS CSSB 212
REPORTED OUT

The meeting adjourned at 3:15 p.m.

ADJOURN

Tape HFC 80-73, Side 2 #145 to end
HFC 80-74, Side 1 #001 to 463

5/27/80

HOUSE FINANCE COMMITTEE

May 29, 1980

2:12 p.m.

[Tape HFC 80-74, Side 1 #463.]

All Members of the Committee were present except Representatives Schaffer, Guy and Meekins. Representatives McKinnon and Rogers arrived later in the meeting: Also present: Representatives Brown, Munson, Bettisworth and Zharoff; Senator Sturgulewski; Carolyn Guess, Alaska Public Utilities Commission; Jamie Love, AkPIRG; Larry Golden, Cable TV, Bert Wagnon, Department of Commerce and Economic Development; Mr. Brecht, Division of Banking and Securities; and Jeff Landry, Alaska State Medical Association.

PRESENT

Vice-Chairman Freeman called the meeting to order. The first bill to be considered was

CSSCR 66 - "Directing the Alaska Legislative Council to revise AS 29 (Municipal Government)."

CSSCR 66

Senator Sturgulewski advised that HCR 70 was the companion resolution to CSSCR 66, but since the Senate version has already passed one House, she recommended acting on this bill. She explained that the revisor has indicated that Title 29 has reached the point where it has more amendments than body. She explained that under this resolution the Division of Legal Services would do the work with assistance from municipalities and the public. They would come back next session with their recommendations, and the bill would then go through the normal committee process.

Senator Sturgulewski said the fiscal note is dated 5/12/80 and is in the amount of \$53.8.

Representative Duncan moved to report CSSCR 66 out of Committee with the \$58.8 fiscal note. There being no objection, it was so ordered. The resolution was reported out with a do pass recommendation.

CSSCR 66
REPORTED
OUT

The next bill to be considered was

HCSSB 577 - "An Act continuing the existence of the Alaska Public Utilities Commission and amending the statutes relating to its responsibilities; and providing for an effective date." (By the Commerce Committee.)

HCSSB 577

5/29/80

Representative Brown said the general thrust of the bill is to try to limit the jurisdiction of the APUC to assure that they will have the time and resources to spend with regard to the very large or major regulatory clients. He explained that the smaller utilities will be either deregulated or will be able to be deregulated by vote of the subscribers of a utility that has under \$100,000 or for cooperatives of any size upon a vote of the members of the cooperative. Representative Brown commented on the partial deregulation of garbage.

Representative Brown said that in the cable television area, they recommended a deregulation along the same lines as the original Senate Bill, although it looks like a more complex system. He explained further. He said the bill is complicated because the APUC deals with some many different kinds of categories.

Carolyn Guess, APUC, advised they have submitted a fiscal note in the amount of \$185.2 for the section of the Bill that impacts their agency (section 6, page 3). She commented there was no specific testimony during the public hearings on this particular section of the bill. She said she believes the motivation for amending section 4.21 was the concern expressed over delay in their proceedings. She said the attempt was made to reduce their workload to alleviate that problem.

Ms. Guess said the bill limits them 150 days in which they must make a final decision, and they can have no other period outside that, and this will affect approximately 105 utilities they regulate. She said that if, for these utilities, they must decide what the appropriate revenue requirement is, and which class of consumer pays what price, within five months, they cannot do it with their present staff. She said this is the reason for the fiscal note for five positions -- two financial analysts, one engineer, and two clerk typists. She commented this may be a very dangerous section to approve because the Commission may be forced to very tightly construe its regulations to reject tariffs immediately, rather than try to work with the utility. She suggested that an opinion of a Superior Court Judge rendered in May last year is very germane to this section of the statute. She said this was an appeal of a Commission's decision in the matter of establishing a revenue requirement and rate design for Alaska Gas and Service, and the judge said the appellants interpretation of the Statute is contrary to the plain reading of the statute "and if accurate would encourage hurried action resulting in possible detriment to utilities. The Commission

5/29/80

would be forced to rule within six months of the day of the filing of revised rates by a utility, plus time for advertising hearings. The Commission, faced with an absolute six month deadline for a final decision might well rule against a utility because of insufficient time to study, hear and deliberate over a request for revised rates." She said they don't think that having the APUC resort to that is in the public interest.

Ms. Guess said there is one other area in the bill where they did not have any input, and that is on page 2, section 3. She said she has reservations about the limitation in this section as it relates to employees, and she thinks it will have a disastrous effect on their agency. She commented further.

Representative Montgomery said he agrees with her concern. He asked if the concern is with both the commissioners and employees. Ms. Guess said their first concern is with the employees. She said she can go along with restricting political appointments.

Ms. Guess said they believe section 4 is very important and very good. She said they didn't have input on section 5, and don't know why it was included. Regarding the rest of the bill, Ms. Guess said they have testified before both the Senate and House Commerce committee on its contents.

[Tape Change HFC 80-74, Side 2.]

Vice Chairman Freeman asked what would happen if the bill passed with part of the title and section 12 only (continuing the APUC for four more years). Ms. Guess said they are very apprehensive of being put in the same situation that the Alaska Transportation Commission is in right now. There was brief discussion on Ms. Guess' testimony.

Jamie Love, AkPIRG, said they support section 3 of the bill. He commented on problems created when members of the staff of APUC leave and go to work for firms they were previously regulating.

Mr. Love said that with regard to cable television, under the bill, Fairbanks, Anchorage and Juneau cable TV would be deregulated. He said the rationale for deregulating cable television is that cable television is a nonessential service. He said he disagrees with this assessment. He said it is their opinion that cable television offers a number of

5/29/80

services, particularly for the future, such as instructional television, etc., and they don't think these are nonessential services. He said they are going to be monopoly services, and its not right to not have them regulated.

[Representative McKinnon arrived at this time.]

Larry Golden, agreed with Mr. Love's comments on cable television. He said he didn't have any problem with the elimination of regulation for the entertainment aspect of cable television. He said that with respect to potential services that cable may be offering in the future, unless there is some means for existing telephone utilities, etc., to provide those kinds of services (new data, legislative coverage, teleconferencing, catalog purchasing) he would hope those portions of the services be regulated if they are going to be on a monopoly basis.

Vice Chairman Freeman asked why the language on page 3, lines 11-14 was included. Representative Bettisworth said that almost without exception, the testimony they received in the Commerce Committee related to the time lapse between the time a utility filed and the decision was made. He said it was not their intention that this specific amendment create such a large financial impact on the Commission. He said he didn't feel it should create a financial impact because of the number of utilities being given the opportunity to opt out and the number of other utilities they deregulated. He said he doesn't mean to say they don't need additional funds, but he doesn't believe this one section would require it.

Vice Chairman Freeman said several members have requested that CSSB 577 be held so they could have an opportunity to prepare amendments to the bill.

CSSB 577
HELD OVER

The next bill to be considered was

HCSSB 112 - (new title) - "An Act relating to the regulation of corporations and businesses under AS 10; and providing for an effective date." (By the Commerce Committee.)

HCSSB 112

Mr. Bert Wagon advised the bill does three things. It provides that their annual corporate reports can be made on a bi-annual basis; it strengthens the alien affiliates; and it provides that the fees for various corporate reports and other related fees would be set by regulation other than statute. Mr. Wagon said the Administration supports this bill.

5/29/80

[Representative Rogers arrived at this time.]

Mr. Brecht, Division of Banking and Securities, said the fiscal note dealing with alien affiliates is \$108.0 for FY 81. Representative Rogers questioned the \$12.5 fiscal note from the Department of Law. Mr. Brecht said this would be in addition to the \$108.0 fiscal note.

Representative Zharoff explained that HCSSB 112 is a combination of three other bills: SB 112, SB 530 and HB 767. He said the bill is a result of an interim committee put together to study foreign investments.

Representative Rogers moved that HCSSB 112 be reported out of Committee with the \$108.0 and \$12.5 fiscal notes. There being no objection, it was so ordered. The bill was reported out with a do pass recommendation. HCSSB 112
REPORTED OUT

The next bill to be considered was

HCSSB 580 - "An Act relating to professional licensing and to the regulation of the practice of medicine; and providing for an effective date." (By the Commerce Committee.) HCSSB 580

Representative McKinnon briefly explained the bill.

Jeff Landry, Alaska State Medical Association, said the Senate HESS Committee included money in the bill for instruction. There was brief discussion on the bill. Representative Rogers pointed out the fiscal note was incorrectly prepared; the amount for rent should be included under contractual instead of land and structures.

Representative Duncan moved to report HCSSB 580 out of Committee with the corrected fiscal note. There being no objection, it was so ordered. The bill was reported out with a do pass recommendation. HCSSB 580
REPORTED OUT

Vice Chairman Freeman advised Committee members that a proposed Finance CS for CSSB 509 ("An Act establishing telecommunications divisions in the Department of Administration; amending the statutes relating to telecommunications; transferring certain telecommunications functions to those divisions; and providing for an effective date") had been placed in their bill files. PROPOSED
FIN. CS
FOR
CSSB 509

The meeting adjourned at 3:20 p.m.

ADJOURN

Tape HFC 80-74, Side 1 #463 to end
Side 2 #001 to 760

5/29/80

HOUSE FINANCE COMMITTEE

May 30, 1980

1:40 p.m.

[Tape HFC 80-74, Side 2 #760.]

All Members of the Committee were present except Chairman Meekins. Representatives Duncan, Rogers, Smith and Schaeffer PRESENT arrived later in the meeting. Also present were Representatives Gardiner and Munson; Janet Serice, A.A. to Representative Buchholdt; Debra Baer and Dave Davidson, Department of Health and Social Services; Don Koch, Division of Insurance; Bob Coles, Office of Alcohol and Drug Abuse; Michael Thomas; American Council of Life Insurance; Jamie Love, AkPIRG; and Norm Gorsuch, Lobbyist, Multivisions, Inc., Anchorage.

Vice Chairman Freeman called the meeting to order. The first bill to be considered was

HCS CSSSSB 227 - (new title) - "An Act relating to insurance for alcoholism and drug dependence for employees of the state and its political subdivisions." (By the HESS Committee.)

HCS CS
SSSB 227

Ms. Janet Serice, A. A. to Rep. Buchholdt, said she will be speaking on the workdraft for HCS CSSSSB 227 (finance) - "An Act relating to the health of residents of the state; and providing for an effective date." She said an amendment will be offered later on the first four sections of the bill. She said that sections five through eight of the bill require state employee's health benefits to include benefits for alcoholism and alcohol treatment, and sections nine through eleven expand the state's medicaid program.

Ms. Serice said the fiscal note for the bill is \$8 million in FY 81 and \$17.5 million in FY 82. Representative Montgomery commented the total fiscal note would be \$31 million.

[Tape change HFC 80-75, side 1.]

There was discussion on the fiscal notes.

[Representative Duncan arrived at this time.]

Debra Baer, Department of Health and Social Services said the Commissioner of the Department is recommending that all sections of the bill, except sections 5 through 8, be reserved for study during the interim. She commented that sections 5 through 8 have already gone through a long interim study.

5/30/80

She said the Department is hoping to separate the alcohol sections from the other sections in the bill.

[Representative Rogers arrived at this time.]

Ms. Baer said the Department's recommendation is that the Legislature go with a phase in method beginning next July 1. She said their concern is with adding services enmasse. She commented on adding unemployed fathers to medicaid and said it will substantially increase the number of people eligible for medicaid.

A recess was called at 2:00 p.m. so Committee members could attend a joint session. Vice-Chairman Freeman recalled the meeting to order at 3:30 p.m. Representatives Smith, Haugen, Montgomery, Moss and Freeman were in attendance.

RECESS

The Committee continued to take testimony on HCS CSSSSB 227.

Mr. Don Koch, Division of Insurance, said the amendment presented to replace sections 1 through 4 of the bill would take the Division of Insurance out of CSSSSB 227. He said it puts the Department of Administration into it. Mr. Koch said they will probably be looking at a totally contractual program, as they don't have the expertise to conduct the kind of studies indicated under the bill.

[Representative McKinnon arrived at this time.]

Debra Baer, Department of Health and Social Services, continued her testimony on the bill. See attached position paper (attachment #1). She said they estimate the General Relief Medical costs to be \$282.0 for a full fiscal year.

[Representative Guy arrived at this time.]

Ms. Baer said there is a new fiscal note. She said they anticipate needing 17 new positions for this new program.

[Representative Schaeffer arrived at this time.]

Representative McKinnon commented the Department has demonstrated its inability to administer the medicaid program, and he finds it hard to sympathize with them. He said this seems to be a poor justification for not providing medicaid services to recipients. He asked what some of the options for medicaid were and Ms. Baer said the Commissioner supports AFDC-unborn child; the dental program concept, but she would prefer it be be general fund; a limited medical needy program under GR Med; prescription drugs. She commented that anyone eligible for medicaid is also eligible for GR Med drugs.

5/30/80

Mr. Bob Coles, State Office on Alcohol and Drug Abuse, explained that sections 6 and 7 of the bill instruct them to design and implement an expanded program limited to state employees only.

Mr. Michael Thomas, American Council of Life Insurance, testified on sections 1 through 4 of the bill. He said it is important that the administrator be the director of the Division of Insurance.

[Tape change, HFC 80-75, Side 2.]

Mr. Thomas said he believes they and Blue Cross would agree that what is needed first is an actuarial study.

[Representative Duncan arrived at this time.]

Mr. Thomas commented on the proposed Gardiner amendment for sections 1 through 4, and said they believe this problem should be addressed by a federal program on a nationwide basis.

Representative Gardiner, District 4, presented his proposed amendment (see attachment #2). He said he thinks we are in danger of creating a situation where we have three classes of citizens in the State. He said one is the low income group who can qualify for health benefits; next is the middle income group (government, union and large corporation employees, natives, military, etc.) who are covered by health insurance; and then there is the group left over who are not covered by any insurance. He said there are approximately 70,000 Alaskans who are not covered by any kind of insurance, and his amendment attempts to provide coverage for those Alaskans.

[Representative Rogers arrived at this time.]

Representative Gardiner explained the amendment proposes a state policy and approach to try and find insurance for Alaskans, but it doesn't go into much detail. He said that is why the amendment carries a one year delay. He further explained the amendment.

Vice Chairman Freeman asked if he had an estimated cost for the program. Representative Gardiner said they think it will cost about \$100,000, but they don't have any more accurate information.

Representative Gardiner recommended amending the amendment on page 2, (6) adding "any recommendations for modification for this chapter".

5/30/80

There was discussion on the amendment.

Mr. Jamie Love, AkPIRG, said they support passage of both the Finance CS and the Gardiner amendment. He suggested that the Gardiner amendment is the most important part of the entire bill.

Vice Chairman Freeman said HCS CSSSSB 227 would be held to give Committee members an opportunity to consider this amendment and others.

HCSCSSSSB 227
HELD OVER

The next bill to be considered was

HCSSB 577 - "An Act continuing the existence of the Alaska Public Utilities Commission and amending the statutes relating to its responsibilities; and providing for an effective date." (By the Commerce Committee.)

HCS SB 577

Mr. Norm Gorsuch, Lobbyist for Multivision, Inc., Anchorage, commented on their certification request from APUC, and said that certification is now being appealed. He said the estimate of the attorneys is that court proceedings will take approximately 2 1/2 years to resolve, and once their certification is clear it will take them 1 1/2 years to construct the cable system. He said the effect of the bill will be to decertify the Anchorage area in January 1983. He requested that the Committee consider on page 7, Section 13 changing "three" to "four" years.

Representative McKinnon commented that without an exclusive service area it is impossible to get financing, and that is the entire problem with deregulation of cable television. He said cable television should be regulated. He commented further and said he intends to move to delete section 11 from the bill.

There was further discussion on the deregulation of cable television.

Representative McKinnon moved to delete sections 11 and 13 from HCSSB 577. Representative Moss objected. The question was called for. Three in favor, six opposed. The motion failed.

[Tape change, HFC 80-76, Side 1.]

Representative Smith moved to delete section 3 from HCSSB 577. There was discussion. Representative Moss moved to amend the motion to delete "or employee" on lines 10 and 11 under

5/30/80

section 3. Representative Smith objected, and said the motion was out of order. Representative Moss withdrew his motion to amend. Representative McKinnon objected to Smith's motion. The question was called for. Five in favor, four opposed. The motion carried.

Representative McKinnon moved to reinsert the first sentence of section 3 -- "(b) A member or employee of the commission may not, for two years after leaving his position as a member or employee of the commission, act as agent or on behalf of a public utility in manner before the commission." He said this would not prevent an employee from seeking employment in his field, it would only prevent him from appearing before the APUC. Representative Smith objected to the motion. The question was called for. Four in favor, four opposed. The motion failed.

Representative Montgomery moved on page 7, line 24 to change "three" to "four". Representative McKinnon objected. The question was called for. Six in favor, one opposed. The motion carried.

Representative Moss moved to report out a Finance CS for SB 577, incorporating the amendmends passed at today's meeting and the Commerce HCS. There being no objection, it was so ordered. HCS SB 577 (finance) was reported out with individual recommendations.

HCS SB 577 (fin
REPORTED OUT

The meeting adjourned at 5:00 p.m.

ADJOURN

Tape HFC 80-74, Side 2 #760 to end
HFC 80-75, Side 1 #001 to end
Side 2 #001 to end
HFC 80-76, Side 1 #001 to 338

5/30/80

POSITION PAPER
ON

HOUSE CS FOR CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 227 (FINANCE)

"An Act relating to the health of residents of the State; and providing for an effective date."

I. Departmental Overview of House CS for CS for SS for SB 227 (Finance)

The Department of Health and Social Services will primarily reserve its comments to Sections 5-15 of the bill, as the earlier sections are concerned with health insurance. It is our understanding that these issues are planned to be addressed by the Division of Insurance in the Department of Commerce and Economic Development.

The Department, in general, believes that House CSCSSSSB 227 (Finance) takes a multi-faceted approach to a complex problem. It appears to move in too many directions and at too rapid a time frame, which could potentially jeopardize the accomplishment of the goals that the bill seeks to obtain. We recommend that all sections of the bill, except for Sections 5-8, be studied further during the interim to insure that the plan on which the insurance section of the bill is modeled is workable, affordable, and in the best interest of clients and the insurance industry. Sections 5-8 (pilot project for alcoholism insurance coverage for state and other participating government employees) which were the body of CSSSSB 227 (HESS) and the result of over a year's planning. That pilot project concept is supported by state government and the insurance companies that serve Alaska. We, therefore, recommend that the pilot project sections of the current committee substitute be addressed separately in their original piece of legislation. We are concerned that the fiscal impact of the expansion of the Medicaid program and the uncertainties of the health insurance section may outweigh serious consideration of the pilot project for alcohol insurance, which has been studied for a significant period of time.

The Department is also concerned about the massive increase to the Medicaid and General Relief-Medical programs, if House CSCSSSSB 227 (Finance) were to pass. The bill would increase the budgets of these programs by over 50% (if implemented for a full fiscal year) and would require a monumental effort on the part of our Division of Public Assistance to gear up for implementation by the January, 1981 effective date. We are concerned that the current Medicaid service program might suffer during the transition period as a result of such a significant increase. We would, therefore, recommend that if new options to Medicaid or General Relief-Medical were to be added that they be phased-in, rather than adding all remaining services and eligibility groups at a single time. Each service could be evaluated on its own merits, rather than in mass, to determine whether it is cost effective to do so at that time. If options are to be added, the Department is interested in exploring the coverage of the AFBC-unborn child under Medicaid and a limited medically needy program under General Relief-Medical. We are also interested in exploring the addition of prescription drugs to the list of covered Medicaid services, if it can be determined to be cost effective.

We also support in concept the purchase of health insurance policies or contracts for our current Medicaid or other state medical assistance clients when the Department determines that such a purchase would be cost effective. The purchase of such insurance or contracts would allow our clients to be integrated into the normal mainstream of the health delivery system, rather than be stigmatized by having to reveal his or her welfare status each time a medical assistance coupon is presented as payment in the medical provider's office.

II. Departmental Comments on Sections 5-8 (Mandatory State and Other Participating Government Employee Alcoholism and Drug Dependence Coverage)

Sections 5-8 of the bill are essentially the contents of CSSSSB 227 (HESS) which passed from House HESS Committee on April 26, 1979. Sections 5-8 were the result of over a year's work involving insurance companies which serve Alaska, the Division of Insurance, and the Department's Office of Alcoholism and Drug Abuse. The sections authorize a limited pilot project to mandate health insurance coverage for the diagnosis and treatment of alcoholism and drug dependence for state and other participating government employees. The Department of Health and Social Services continues to support this concept. The Department of Administration in 1979 estimated the cost of such coverage for state employees to be \$333,400 for FY 81.

Authorization of such a pilot project would allow for the testing of the cost effectiveness and merits of mandatory employee alcoholism and drug dependence treatment coverage on a statewide basis. The project will test if coverage were available, would state employees in need of such services would seek them earlier in illness and thus potentially reduce costs for later medical care. The benefits to the employer through the early diagnosis and treatment of alcoholism or drug dependence could be increased employee productivity, reduced absenteeism, decreased sick leave utilization, fewer disability benefit payments, and reduced cost for hospitalization for injury- or disease-related problems.

We support Sections 5-8 of the bill.

III. Specific Department Comments on 9 Through 10 (Medical Assistance)

Section 9 - AS 47.05.070(a) - (Page 9, line 18)

The Department, as mentioned earlier in the position paper, is in favor of purchasing services through health insurance policies or contracts for medical assistance clients only if such purchase is more cost effective than traditional methods. The Department has no problem with the mandatory nature of the language in this section, but notes that there is currently no statutory prohibition against such purchase. Therefore, although these sections would facilitate the purchase of insurance for medical assistance clients, it is not absolutely essential to authorize it.

Section 9 - AS 47.05.110 - (Page 10, lines 24-29 and page 11, lines 1-4)

Under present Medicaid law, the Department is required to pay 90% of "clean claims" within 30 days of receipt, and 99% of "clean claims" within 90 days of receipt. The Department supports the idea that medical providers should not suffer financially because of payment delays after a reasonable period. We would though recommend that payment of interest commence at 60 days rather than 30 days after presentation of "clean claims." This is generally considered reasonable turnaround in Alaska by health providers for payments from private insurance carriers due to uncertainty of mail deliveries. Also, we have been informed by the federal Medicaid program that federal funds are not available for interest payments on late Medicaid claims.

Section 9 - AS 47.05.120 - (Page 11, lines 5-19)

Add definitions for "remedial care," "non-exclusive contract," and "health care service contracts."

Section 10 - AS 47.07.020(b) - (Page 11, lines 20-23) and Section 13 - (Page 12, line 13)

This section would amend Medicaid law to provide coverage for all optional groups not currently entitled to Medicaid benefits in Alaska, primarily the unborn child group, the unemployed fathers, and the medically needy group.

Also, Section 13 removes the requirement that future additions of optional eligible groups to Alaska's Medicaid program must be approved by the Alaska State Legislature. Therefore, when Congress authorizes a new Medicaid optional eligibility group in the future, Alaska statutes do not require revision in order for the State to be required to automatically begin covering the groups.

The Department recognizes the value of the addition of the unborn child group to Medicaid to assist in proper health and development of children to low income women through access to necessary pre-natal care. We believe the addition of this group to Medicaid will have little impact on the program's expenditures. We can see the need for health care coverage to the medically needy and to the unemployed fathers under Medicaid but the cost of these options would be substantial and would be covering a greatly expanded group of clients. The Department supports the concept of a limited medically needy program under General Relief-Medical including only the aged, blind, and disabled until such time that we can fully assess the monetary and administrative costs of more expanded coverage.

Section 11 - AS 47.07.030 - (Page 11, lines 24-28)

This section as amended would change Medicaid law to dramatically expand medical services offered under the Medicaid program. It also removes the requirement that future additions to Alaska's Medicaid services must be approved by the Alaska State Legislature. Therefore, when Congress authorizes a new Medicaid optional service in the future, the Alaska statutes need not be amended in order for the State to be required to automatically offer the service.

The Department recommends that each service addition should be evaluated on its own merit, perhaps adding only those services where it appears cost effective, in terms of saving general fund dollars to do so. Also, all services added in mass would cause administrative problems. A phase-in model would be more appropriate if the Legislature decides to pursue this section.

Section 12 - AS 47.25.120 - (Page 11, line 29 and Page 12, lines 1-12)

This section as amended would add broad medically needy coverage under the State General Relief-Medical program. The Department supports the concept of a more limited medically needy program including only the aged, blind, and disabled until we can gain some experience regarding monetary and administrative burdens.

Section 14 - (Page 12, lines 14-15 and Page 12, line 16)

Sections 10-12 would add all remaining optional eligibility groups and services to Medicaid and add a broad medically needy program to General Relief-Medical. The bill provides for an effective date of January 1, 1981 for these sections. In light of the size of these additions (over \$31 million for a full fiscal year), we would recommend a phase-in model over a period of years, beginning July 1, 1981, in order to administratively prepare for these changes with the minimum of adverse impact during the transition period to clients and providers.

Approved by:



Helen D. Beirne, Commissioner
Department of Health and Social Services

5/30/80
(DATE)

Amendment to Draft HCS CSS SB 227 (Finance) by Rep. Gardiner

Sections 1-4 of the bill are deleted and a new section is inserted which reads:

*Section 1. AS 18 is amended by adding a new chapter to read:

CHAPTER 27. STATE HEALTH INSURANCE.

Sec. 18.27.010. STATE HEALTH INSURANCE PLAN

- (a) The state health insurance plan shall be established by the Commissioner of Administration as provided in AS 18.27.030. The Commissioner shall provide for the underwriting and administration of the state health insurance plan through competitive bid. The state health insurance plan shall be made available to the public no later than July 1, 1981.
- (b) A resident of the state is entitled to enroll in the state health insurance plan if:
 - (1) The resident is not eligible for Medicare or covered under health insurance or a prepaid health care plan established under state or federal law; and
 - (2) The resident is not covered by a group health insurance plan;

Sec. 18.27.020. STATE HEALTH PREMIUM PLAN (a) A resident of the state is entitled to participate in the state health premium plan if:

- (1) The resident is enrolled in the state health insurance plan or an individual health insurance policy which is certified by the director of the division of insurance as meeting or exceeding the benefit standards of the state health insurance plan; and
- (2) the resident is not enrolled in a group health insurance policy or covered under a state or federal health program;
- (3) the resident qualifies for a supplement under the formula in subsection (b) of this section.

(b) The amount of the supplement is equal to 80 percent of the monthly premium less 8 percent of the monthly premium for every \$100 of the insured's adjusted gross income, as defined in regulation, over \$1000. The premium cost of the state health insurance plan is the maximum amount of monthly premium which may be used in the calculation of the supplement. The \$1000 per month of adjusted gross income used in the calculation shall be adjusted periodically by the commissioner by regulation to correspond with the change in the consumer price index.

Sec. 18.27.030. The Commissioner shall:

- (a) hold statewide public hearings to determine the major medical insurance needs of Alaskans;
- (b) determine the number and characteristics of persons currently not covered by a group health plan or federal or state health program, and estimate the number of persons eligible to participate in the State of Alaska Premium Equalization Plan;

- (c) Conduct an actuarial study to determine the cost of providing insurance covering the services in subsection (a), for the group in subsection (b);
- (d) present state health insurance plan to the legislature by January 1, 1981 including:
 - (1) services to be covered in the state health insurance plan;
 - (2) the cost of the services to be provided;
 - (3) the estimated number of Alaskans eligible to purchase the plan and the estimated number of Alaskans eligible to participate in the state health plan; and
 - (4) the estimated cost of the state health premium plan;
 - (5) a plan of operation for the state health premium plan which provides for:
 - (i) eligibility determination;
 - (ii) prompt payment of premium supplement entitlements to eligible residents or to their insurer;
 - (iii) reasonable protection against fraud; and
 - (iv) public awareness of the benefits provided under this chapter.

AS 13.27.040 DEFINITIONS. In this chapter

- (1) "commissioner" means the commissioner of administration;

monthly income

individual pays

state pays

\$1,000	20%	80%
1,100	28	72
1,200	36	64
1,300	44	56
1,400	52	48
1,500	60	40
1,600	68	32
1,700	76	24
1,800	84	16
1,900	92	8
2,000	-0-	-0-

HOUSE FINANCE COMMITTEE

May 31, 1980

3:20 p.m.

All members of the Committee were present, except Representatives Freeman, Haugen, Schaeffer and Smith. Also in attendance: Speaker Gardiner and Representatives Buchholdt, Fuller and Parr; John Crandall, Administrative Assistant to Chairman Meekins; Jay Hogan, Director, and Alison Elgee and Milt Barker, Fiscal Analysts, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and advised the first order of business is CSSSSB 227:

CSSSSB 227 - "An Act relating to insurance for alcoholism and drug dependence; and providing for an effective date."

CSSSSB 227

Representative McKinnon explained the House Finance Committee Substitute for CSSSSB 227 (new title: "An Act relating to the health of residents of the state; ed.") in which the entire first section of the bill was eliminated and replaced with an amendment by Speaker Gardiner. He stated it sets up the comprehensive health plan which would be bid out to the State. He discussed the effective date clause.

Representative McKinnon moved to report out the House Finance Committee Substitute for CSSSSB 227. Representative Montgomery objected. He stated the second page of the bill deals with the actuary study which he feels should be first, and the first page indicates the State "will" do this. He stressed he feels this is in reverse order and not in logical sequence. Representative Moss agreed. Representative McKinnon advised the health plan itself costs the State nothing. He stated it only improves the health plan and makes it available to the employee, who pays the premium.

There was discussion on the fiscal note dated 5-31-80. Alison Elgee provided a sectional overview of the fiscal note (see Attachment I). During further discussion, Chairman Meekins submitted this bill is technically correct and that the question is of a philosophical nature. The question on the motion was called for, and the motion carried (5 in favor; Montgomery & Moss opposed). There being no further objection, House Committee Substitute for CSSSSB 227 (Finance) was reported out with individual recommendation, with fiscal note attached.

HFCSFOR
CSSSSB 227
REPORTED OUT

5-31-80

The next bill to come before the Committee was CSSSSB 239am:

CSSSSB 239am - "An Act relating to alcoholic beverages;
and providing for an effective date."

CSSSSB 239am

Chairman Meekins explained this deals with Title 4, and he proposed minor technical amendments (see Attachment II) that would increase the Alcoholic Beverage Control Board from "five" to "six" and that "one member of the board must have training or experience in the epidemiology of alcoholism."

Representative Duncan moved to report out a House Finance Committee Substitute for CSSSSB 239, incorporating the proposed amendment and with a \$46.5 fiscal note attached. There being no objection, House Committee Substitute for CSSSSB 239 (Finance) was reported out with individual recommendation.

HFC\$FOR
CSSSSB 239
REPORTED OUT

The last bill to come before the Committee was CSSB 332:

CSSB 332 - "An Act relating to hunting in the Trans-Alaska pipeline corridor."

CSSB 332

Representative Parr gave an overview of the HCS for CSSB 332 (Judiciary), (new title: "An Act relating to the highway between the Yukon River and the Arctic Ocean, and to state management and control of resources affected by the highway between the Yukon River and the Arctic Ocean; ed."), and explained this is an attempt to compromise. He stated he feels the road should never have been closed at all. Discussion followed on the fiscal notes, with Representative indicating he feels the fiscal notes have been padded. Representative Rogers referred to HB 207, relating to the same subject, and indicated he feels it is not an acceptable compromise.

Representative Rogers proposed an amendment (see Attachment III) dealing with the section on the opening of the highway and explained. Representative Parr indicated he had no problem with the amendment but pointed out the present commissioner has allowed people to go up the road that "you cannot call industrial". Representative Rogers indicated the only other change in his amendment is the effective date clause of July 1, 1983; the Judiciary CS opens it immediately.

During further discussion of the fiscal notes, Jay Hogan pointed out that, "in the Governor's Omnibus Capital Budget Amendment #50-3, \$4,300.0 is requested for Haul Road maintenance camps. In anticipation of this amount being incorporated in the budget, it can be removed from the lands and grants portion of the fiscal note, leaving the operating costs of \$73.7."

Chairman Meekins moved to report out House Finance Committee Substitute for CSSB 332, incorporating Roger's amendment, and attaching the \$73.7 fiscal note. Representative Guy objected. The question was called for, and the motion carried (5 in favor; Guy opposed). House Committee Substitute for CSSB 332 (Finance) was reported out with individual recommendation.

HFCS FOR
CSSB 332
REPORTED OUT

There being no further business to come before the Committee at this time, the meeting adjourned at 4:30 p.m. ADJOURN

Tape HFC 80-76 Side 1 #338 - End
Side 2 #001 - #470

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No HCS for Sponsor Substitute for SB 227 (Finance)

Title An Act Relating to the Health of Residents of the State

Requested by House Finance

Date 5/31/80

II. FISCAL DETAIL

Agency Affected Administration and Health & Social Services

Program Category Affected General Government/Health

BRU, Program, or Subprogram(s) Affected Retirement & Benefits/Medicaid - GR Medical

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		89.3	160.9			
200 TRAVEL		22.3	9.0			
300 CONTRACTUAL		247.5	50.0			
400 COMMODITIES		1.7	2.5			
500 EQUIPMENT		16.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		15,782.2	40,974.2			
TOTAL		16,159.0	41,196.6	plus cost of premium surty		

FUNDING (Thousands of Dollars)

GENERAL FUND		8,259.0	20,698.2			
FEDERAL FUNDS		7,900.0	20,419.7			
OTHER (Specify Fund Source)			78.7			

POSITIONS

FULL TIME		1	5			
PART TIME		6	-			
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

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100 PERSONAL SERVICES		89.3	160.9			
200 TRAVEL		22.3	9.0			
300 CONTRACTUAL		247.5	50.0			
400 COMMODITIES		1.7	2.5			
500 EQUIPMENT		16.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		15,782.2	40,974.2			
TOTAL		16,159.0	41,196.6	plus cost of premium subsidy		

FUNDING (Thousands of Dollars)

GENERAL FUND		8,259.0	20,698.2		
FEDERAL FUNDS		7,900.0	20,419.7		
OTHER (Specify Fund Source)			78.7		

POSITIONS

FULL TIME		1	5		
PART TIME		6	-		
TEMPORARY					

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

(See Attached)

IV. DATE 5/31/80

PREPARED BY Russ Meekins

AGENCY _____

PHONE _____

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

DEPARTMENT OF ADMINISTRATION - GENERAL GOVERNMENT

Sec. 1 : There is an implied cost to the state of this section which at present cannot be determined. Section 1 provides for a subsidized insurance premium for all people in the state with income levels between a medicaid eligibility income level and an income level of an individual with adjusted gross income of \$2000 per month, on a sliding schedule. (Adjusted to correspond to inflation as measured by the consumer price index.)

Administrative costs are anticipated for 3 months in FY-81 so as to be ready to provide coverage July 1, 1981. These costs are continued into future fiscal years.

Personal Services

1 Retirement & Benefits Specialist IV (20)	34.1
2 Retirement & Benefits Specialist II (16)	51.2
1 Acctg. Technician II (14)	22.2
1 Clerk IV (9)	16.3
	<u>123.8</u>
Benefits @ 30%	37.1
	<u>160.9</u>

Travel

\$3000/R & B Specialist	\$9,000
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Contractual

Communications	\$5,000
Printing & Advertising	\$15,000
Consulting fees & Services	\$30,000
	<u>\$50,000</u>

Commodities

\$500/person	\$2,500
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Equipment (First year cost only)

Offices Systems Furniture	\$7,000
Calculators, Typewriters, etc.	\$3,000
	<u>\$10,000</u>

FY-81 Costs @ 3 months:

100	\$ 40.2
200	2.3
300	12.5
400	.7
500	10.0 (Full first year cost)
	<u>\$ 65.7</u>

Sec. 2 : Administration study & development of regulations:

Personal Services

1 Research Analyst III (18) 12 mo.	\$29.6
1 Clerk Typist III (8) PPT 6 mo.	8.2
	<u>37.8</u>
Benefits @ 30%	11.3
	<u>\$49.1</u>

Travel

Staff travel to conduct state-wide hearings.	\$20.0
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Contractual

Communications/printing, etc.	\$10.0
Consulting and professional fees:	
Actuarial Study \$100,000	
Statewide Survey \$100,000	
Other Consulting \$ 25,000	<u>\$225.0</u>
	<u>\$235.0</u>

Commodities

\$500/person	\$ 1.0
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Equipment

Office Systems Furniture	\$3.0
Typewriters/Calculators	<u>\$3.0</u>
	<u>\$6.0</u>

Total for Sec. 2 : \$310.1
It is not anticipated that continuation of these positions would be necessary beyond FY - 81.

Sec. 3,4,5,6,7 (FY-82 impact)

No impact in FY-81. State group health insurance policies are renewed annually on a fiscal year basis.

Coverage estimated for approximately \$10,000
State employees at \$4.10/month = \$492.0

FUNDING

(81% G.F. = \$393.6)
(4% Fed. = \$ 19.7)
(15% Other= \$ 78.7)

DEPARTMENT OF HEALTH & SOCIAL SERVICES - HEALTH CATEGORY

Sec. 8 : Requires interest on late payments to providers: \$282.2

Sec. 9,10, 11. 12 : Per Dept. of Health & Social Services:

	<u>6 mo. FY-81</u>		<u>FY-82</u>	
(In millions)	<u>GE</u>	<u>Fed.</u>	<u>GE</u>	<u>Fed.</u>
1. Addition of Medicaid Services and New Eligibles	4.2	7.9	11.0	20.4
2. Decrease of G.R. Med.	(2.2)	-	(5.8)	-
3. State only - medically needy	<u>5.6</u> <u>\$7.6</u>	<u>-</u> <u>\$7.9</u>	<u>14.6</u> <u>\$19.8</u>	<u>-</u> <u>\$20.4</u>

Increase in cost from FY-81 to FY-82 is estimated at 30% to be comparable to the 33.5% composite rate used to budget inflation from FY-80 to FY-81.