

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2720

Representative Russ Meekins, Jr.
Page 4
September 22, 1980

regard, the Wisconsin case of State v. Giessel, supra, may be helpful. There the court stated that

We believe that a declaration by the same legislature, that enacted the statute imposing the tax or license fee, set forth in a subsequent chapter adopted at the same session, which declares that the prior taxing or licensing act was passed as a result of inadvertence or mistake, is entitled to be accepted as a verity by this court.

One of the issues which the court in Zobel had to decide was whether, given the unconstitutionality of the approach used in Chapter 22, the legislature would have intended a complete repeal of the income tax. The court concluded that such intent could not be found in Chapter 22. Under the Giessel ruling, a later statement by the same legislature, although not in the same session, that the intent was actually to effect a complete repeal, might be entitled to acceptance by the court.

Obviously, the issues presented by the 1979 refunds are highly speculative. You should know that the 1979 refunds do present substantial constitutional questions which, at this point, cannot be answered with complete certainty.

As a final note, I might mention that our state Supreme Court has released its written opinion (No 2170 - September 19, 1980) in the Zobel case. That opinion may have a bearing on any conclusions reached in this memo; therefore, I will examine the opinion and contact you if there is any indication in it of our Court's position relating to these issues.

KEV:ljb

Original sponsor: Rules Committee

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 1040

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SPECIAL SESSION

A BILL

For an Act entitled: "An Act relating to taxes; repealing the Alaska net income tax on individuals; providing for tax credits for political contributions and household and dependent care services; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. FINDINGS. The legislature finds

(1) Section 1, ch. 22, SLA 1980 afforded complete tax relief to a majority of individual taxpayers under the Alaska Net Income Tax Act and substantial tax relief to most other taxpayers by means of exemptions based on the number of years an individual reported Alaska income. On September 4, 1980, the Alaska Supreme Court ruled that these exemptions violate the equal protection clause of art. I, sec. 1 of the state constitution. The effect of that decision is to reimpose the full income tax burden on all taxpayers.

(2) It is in the public interest to remedy the constitutional defect and provide tax relief to the public at least equal to that attempted the exemptions in sec. 1, ch. 22, SLA 1980. This can best be accomplished by repealing the Alaska net income tax on individuals.

(3) Because ch. 22, SLA 1980 applied to taxes due for the tax year 1979, many taxpayers expected a refund of part or all of their state income tax for 1979, and many of them made plans and commitments in anticipation of the refund. The state has a moral obligation to fulfill this widely held expectation, and this obligation is best discharged by repealing the Alaska net income tax on individuals retroactive to January 1, 1979.

* Sec. 2. AS 43.20 is amended by adding new sections to read:

Attachment #5

1 Sec. 43.20.012. INDIVIDUALS; RETURNS FOR TAX CREDITS. The tax im-
2 posed by this chapter does not apply to individuals. However, an indi-
3 vidual may file a return under this chapter in order to receive a tax
4 credit under AS 43.20.013.

5 Sec. 43.20.013. INDIVIDUAL TAX CREDITS. (a) A resident individ-
6 ual is entitled to a tax credit not to exceed \$50 for

7 (1) a contribution made in a calendar year to a person or
8 organization for use exclusively

9 (A) for a political campaign for a candidate for

10 (i) President or Vice President of the United
11 States, whether or not the candidate will be voted on in a
12 primary election in Alaska;

13 (ii) United States senator from Alaska;

14 (iii) United States representative from Alaska;

15 (iv) governor or lieutenant governor of Alaska;

16 (v) the Alaska legislature;

17 (vi) delegate to an Alaska constitutional
18 convention;

19 (vii) electoral confirmation as a judge or justice of
20 a court in Alaska; or

21 (viii) municipal office in Alaska; or

22 (B) by a group seeking to influence the outcome of a
23 ballot proposition or question in Alaska; and

24 (2) dues paid in a calendar year to a nonprofit organization
25 organized primarily for the purpose of influencing elections in Alaska.

26 (b) A resident individual is entitled to a tax credit equal to 16
27 percent of the tax credit claimed by the individual on his federal
28 income tax return for household and dependent care services necessary
29 for his gainful employment.

1 (c) The commissioner of revenue shall pay the amount of a tax
2 credit allowed by this section to a resident individual who makes a
3 return as provided in AS 43.20.012. A credit under this section shall
4 be paid in the manner provided in AS 43.20.030(e) for the payment of
5 refunds and payment may not be made without an appropriation for that
6 purpose.

7 * Sec. 3. AS 43.20.021(c) is amended to read:

8 (c) For purposes of calculating the alternative tax on capital
9 gains provided for in the provisions of Internal Revenue Code sec. 1201,
10 the rate is 4.5 percent for corporations [AND 4 PERCENT FOR INDIVIDUALS
11 AND FIDUCIARIES].

12 * Sec. 4. AS 43.20.021(d) is amended to read:

13 (d) Where a credit allowed under the Internal Revenue Code is also
14 allowed in computing Alaska income tax, it is limited to [16 PERCENT FOR
15 INDIVIDUALS AND FIDUCIARIES AND] 18 percent for corporations of the
16 amount of credit determined for federal income tax purposes which is
17 attributable to Alaska.

18 * Sec. 5. AS 43.20.021(f) is amended to read:

19 (f) For the purpose of calculating the minimum tax on tax prefer-
20 ences provided for in secs. 56 - 58 of the Internal Revenue Code (26
21 U.S.C. secs. 56 - 58), the rate is [16 PERCENT FOR INDIVIDUALS AND] 18
22 percent for corporations of the applicable minimum federal tax rate.

23 * Sec. 6. AS 43.20.030(a) is amended to read:

24 (a) If a [EVERY INDIVIDUAL, FIDUCIARY,] partnership which has a
25 corporation as a partner or a [AND] corporation is required to make a
26 return under the provisions of the Internal Revenue Code, it shall at
27 the same time file with the department a return setting out

28 (1) the amount of tax due under this chapter, less credits
29 claimed against the tax; and

1 (2) other information for the purpose of carrying out the
2 provisions of this chapter which the department requires.

3 * Sec. 7. REFUND OF 1980 INCOME TAXES. (a) An individual is entitled to
4 a refund of his Alaska net income taxes paid or withheld after December 31,
5 1979, for all or part of a tax year occurring after December 31, 1979. An
6 individual is also entitled to a refund of his estimated net income tax
7 payments made under AS 43.20 after December 31, 1979, for a tax year for
8 which he has not filed a year-end return under AS 43.20.030.

9 (b) A refund under this section may be made only as provided in this
10 section. Refunds of Alaska net income taxes paid may not be made without an
11 appropriation for that purpose.

12 (c) The department shall establish procedures for determining the
13 amount of and for making the refunds described in (a) of this section.

14 (d) The commissioner may adopt regulations to implement this section,
15 and those regulations may be adopted as emergency regulations under AS 44.-
16 62.040 - 44.62.290.

17 (e) In this section,

18 (1) "commissioner" means the commissioner of revenue;

19 (2) "department" means the Department of Revenue.

20 * Sec. 8. The provisions of AS 43.05.280 do not apply to refunds made
21 under sec. 7 of this Act.

22 * Sec. 9. AS 43.20.013(a) is amended to read:

23 (a) A resident individual is entitled to a tax credit not to
24 exceed \$100 [\$50] for

25 (1) a contribution made in a calendar year to a person or
26 organization for use exclusively

27 (A) for a political campaign for a candidate for

28 (i) President or Vice President of the United
29 States, whether or not the candidate will be voted on in a

1 primary election in Alaska;

2 (ii) United States senator from Alaska;

3 (iii) United States representative from Alaska;

4 (iv) governor or lieutenant governor of Alaska;

5 (v) the Alaska legislature;

6 (vi) delegate to an Alaska constitutional conven-
7 tion;

8 (vii) electoral confirmation as a judge or justice of
9 a court in Alaska; or

10 (viii) municipal office in Alaska; or

11 (B) by a group seeking to influence the outcome of a
12 ballot proposition or question in Alaska; and

13 (2) dues paid in a calendar year to a nonprofit organization
14 organized primarily for the purpose of influencing elections in Alaska.

15 * Sec. 10. The following laws are repealed: AS 43.20.011(a) - (d) and
16 (f), 43.20.015, 43.20.017, 43.20.021(e), 43.20.030(f) and (g), 43.20.031(a),
17 (b), and (f) - (h), 43.20.033, 43.20.035, 43.20.036(d) - (i), 43.20.038,
18 43.20.039, 43.20.040(b)(3) and (6), 43.20.045, 43.20.061, 43.20.160(e),
19 43.20.170, 43.20.180, 43.20.215, 43.20.340(4), (7), (13), (14), (16), and
20 (17), and secs. 6 - 11 of ch. 22 SLA 1980.

21 * Sec. 11. Sections 2, 3 - 6, and 10 of this Act are retroactive to
22 January 1, 1979.

23 * Sec. 12. Section 9 of this Act takes effect January 1, 1981. Sections
24 1 - 8 and 10 - 12 of this Act take effect immediately in accordance with
25 AS 01.10.070(c).

Original sponsor: State Affairs Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 1042

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act providing for refunds of 1979 individual income
7 taxes; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. REFUND OF 1979 INCOME TAXES. (a) An individual is entitled
10 to a refund of his Alaska net income taxes paid or withheld under AS 43.20
11 for all or part of a tax year occurring after December 31, 1978 and before
12 January 1, 1980.

13 (b) A refund under this section may be made only as provided in this
14 section. Refunds of Alaska net income taxes paid may not be made without an
15 appropriation for that purpose.

16 (c) The department shall establish procedures for determining the
17 amount of and for making the refunds described in (a) of this section.

18 (d) The commissioner may adopt regulations to implement this section,

Attachment #6

Original sponsor: State Affairs Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 1042

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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7 taxes; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. REFUND OF 1979 INCOME TAXES. (a) An individual is entitled
10 to a refund of his Alaska net income taxes paid or withheld under AS 43.20
11 for all or part of a tax year occurring after December 31, 1978 and before
12 January 1, 1980.

13 (b) A refund under this section may be made only as provided in this
14 section. Refunds of Alaska net income taxes paid may not be made without an
15 appropriation for that purpose.

16 (c) The department shall establish procedures for determining the
17 amount of and for making the refunds described in (a) of this section.

18 (d) The commissioner may adopt regulations to implement this section,
19 and those regulations may be adopted as emergency regulations under AS 44.-
20 62.040 - 44.62.290.

21 (e) In this section,

22 (1) "commissioner" means the commissioner of revenue;

23 (2) "department" means the Department of Revenue.

24 * Sec. 2. The provisions of AS 43.05.280 do not apply to refunds made
25 under sec. 1 of this Act.

26 ~~* Sec. 3. This Act takes effect on the effective date of an Act repealing~~
27 ~~the Alaska net income tax on individuals.~~

Sec. 5.2

CSHB 1041

2 a 1041

23

Original sponsor: Rules Committee

Funding Information

General Fund \$186,378,500

Other Funds -0-

\$186,378,500

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 1041

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act making an appropriation to the Department of
7 Revenue for income tax and withholding payment refunds
8 to individuals; and providing for an effective date."

9 IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. The sum of \$112,042,000 is appropriated from the general
11 fund to the Department of Revenue

12 (1) for refunds to individuals for income taxes paid after
13 December 31, 1978 for all or part of a tax year occurring after December 31,
14 1978 and

15 (2) for 1979 and 1980 tax credits payable under AS 43.20.013.

16 * Sec. 2. The sum of \$73,500,000 is appropriated from the general fund to
17 the Department of Revenue for refunds to individuals for income taxes with-
18 held after December 31, 1978 for tax years for which a year-end return has

Attachment #7

Original sponsor: Rules Committee

Funding Information

General Fund	\$188,378,500
Other Funds	-0-
	<u>\$188,378,500</u>

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 1041

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SPECIAL SESSION

A BILL

For an Act entitled: "An Act making an appropriation to the Department of Revenue for income tax and withholding payment refunds to individuals; and providing for an effective date."

IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. The sum of \$112,042,000 is appropriated from the general fund to the Department of Revenue

(1) for refunds to individuals for income taxes paid after December 31, 1978 for all or part of a tax year occurring after December 31, 1978 and

(2) for 1979 and 1980 tax credits payable under AS 43.20.013.

* Sec. 2. The sum of \$73,500,000 is appropriated from the general fund to the Department of Revenue for refunds to individuals for income taxes withheld after December 31, 1978 for tax years for which a year-end return has not been filed under AS 43.20.030.

* Sec. 3. The sum of \$236,500 is appropriated from the general fund to the Department of Revenue for administrative costs related to the refunds and credits payable under this Act.

* Sec. 4. Lines 10 - 11, page 70, ch. 120 SLA 1980 are repealed, and the appropriation made at those lines is lapsed into the general fund.

* Sec. 5. This Act takes effect October 1, 1980 if a version of an Act entitled "An Act relating to taxes; repealing the Alaska net income tax on individuals; providing for tax credits for political contributions and household and dependent care services; and providing for an effective date" is enacted.

HOUSE JOURNAL

HOUSE FINANCE COMMITTEE

LETTER OF INTENT FOR

CSHB 1040, CSHB 1041 and CSHB 1042

The House Finance Committee has reported out three bills (HB 1040, HB 1041 and HB 1042) as Finance Committee Substitutes relating to repealing the Alaska net income tax on individuals, providing for refund of 1979 Alaska state individual income taxes paid, providing for refundable tax credits, and appropriating funds for payment of refunds, withholding, tax credits and administrative costs.

The Finance Committee has separated into two bills the provisions contained in HB 1040 as introduced. The Finance Committee Substitute for HB 1040 contains the repeal of Alaska net income taxes on individuals and the provisions for refundable tax credits effective January 1, 1979. The legislation necessary to enable refund of 1979 taxes collected is contained in the Finance Committee Substitute for HB 1042. This was done to ensure that any question of the constitutionality of a 1979 tax refund not affect the immediate repeal of the Alaska individual income tax. Retaining both repeal and 1979 refunds in one bill with a severability clause was considered. However, it was rejected in favor of the two bill approach because severability is determined by the courts, and any challenge of 1979 tax refunds would tie up the income tax repeal provisions until such time as the court ruled on the constitutionality of the bill.

The Finance Committee Substitute for HB 1041 includes the appropriations necessary to pay 1979 tax refunds and 1979 and 1980 tax credits as section 1; 1980 withholding as section 2; the administrative costs of section 1 and section 2, as section 3; a repeal of appropriations made in Ch 120, SLA 1980 for the purposes of Ch 22, SLA 1980, ruled unconstitutional by the Alaska Supreme Court as section 4; and an effective date clause as section 5. The appropriations are made separately, again to avoid any problems of a challenge of the constitutionality of 1979 tax refunds.

Russ Meekins, Chairman
House Finance Committee

General Subject: HOUSE BILL 122 - ALASKA PIPELINE COMMISSIONJOINT MEETING HOUSE AND SENATE FINANCE COMMITTEES

Log #	Description
0772	1:25 p.m. Meeting convenes - Chairman Cowper
	State case before Interstate Commerce Commission
	Attorney General and Governor not to prejudice negotiations (\$843,700)
0865	Explanation of negotiations by Gross
	Counsel in D. C. to protest tax rate to ICC (Donelan & Cleary & Associates)
0912	Pipeline Commission to do investigation of pipeline construction.
0918	Terry Lenznor (Watergate Investigator) (Alyeska investigation and audit)
	Scope of investigation
0949	Relationship between Lenznor, Pipeline Commission and Attorney General
0968	Direction of effort from Attorney General's Office
0980	Lenznor contract (\$5,850,000)
0997	Tariff amount 1¢ difference would mean \$850,000 per year to the state.
1020	No precedent
	\$843,700 estimate of what will be needed
	Now operating on basis of hourly time.
1068	Cowper question re: negotiation upon conclusion of contract.
1078	Gross reply
1088	Cowper question pertaining to consideration given to arrive at concrete estimate.
1104	Cowper question re: \$843,700 - Did last year's appropriation take care of difference leaving \$645,700.
1031	Rhode question re: ICC tariff
1150	Tariff protest procedures
1168	ICC retention of accountants.
1187	Development of study information

General Subject: HOUSE BILL 122 - ALASKA PIPELINE COMMISSIONJOINT MEETING HOUSE AND SENATE FINANCE COMMITTEES

Log #	Description
1204	Gruening question of ICC investigation and ruling.
1218	Meekins question
1235	Schaeffer question re: Pipeline Commission personnel not related specifically to Alyeska.
1265	Benefit to Alyeska to have a high tariff Tariff depends upon area of interest.
1283	Companies with interest to prepare defense.
1301	Basis for selection of Washington firm.
1309	Cowper question - contract still being negotiated
1318	Pipeline Commission waiting for appropriation prior to signing contract
1336	Gross to have document before committee within one week.
1365	Schaeffer question on contract amount.
1392	Meekins question
1399	Cowper estimate of hourly fee for services.
1413	Cowper question: \$645,700 for Lenznor \$166,000 Illior (sp?) \$200,000 accountant \$832,700 Appropriation (figures do not add up)
1439	Freeman - question re: computation 1¢/barrels per day
1456	Rhode - question on total no. of pipelines in Alaska
1466	Cowper - deadline for approval of appropriation.
1476	Guy question
1483	Lenznor's scope of work Washington D. C. Lawyers before ICC

Subject: HOUSE BILL 122 - ALASKA PIPELINE COMMISSIONJOINT MEETING HOUSE AND SENATE FINANCE COMMITTEES

Log #	Description																								
1493	Meekins - Cooperation of Alyeska																								
1512	Freeman - Donelan & Cleary, Washington law firm hired just for this case.																								
1533	RECESS - END OF JOINT MEETING 2:00 p.m.																								
<u>ATTENDANCE</u>																									
	<table><tr><th>HOUSE FINANCE COMMITTEE</th><th>SENATE FINANCE COMMITTEE</th></tr><tr><td>Cowper</td><td>Sackett</td></tr><tr><td>Freeman</td><td>Hohman</td></tr><tr><td>Buchholt</td><td>Butrovich</td></tr><tr><td>Duncan</td><td>Tillion</td></tr><tr><td>Gruening</td><td></td></tr><tr><td>Guy</td><td>OTHERS IN ATTENDANCE</td></tr><tr><td>Meekins</td><td>Gross</td></tr><tr><td>Schaeffer</td><td>Sagalkin</td></tr><tr><td>Swanson</td><td>Council</td></tr><tr><td>Haugen</td><td>Mark Jensen</td></tr><tr><td>Rhode</td><td>Bob Schroeder</td></tr></table>	HOUSE FINANCE COMMITTEE	SENATE FINANCE COMMITTEE	Cowper	Sackett	Freeman	Hohman	Buchholt	Butrovich	Duncan	Tillion	Gruening		Guy	OTHERS IN ATTENDANCE	Meekins	Gross	Schaeffer	Sagalkin	Swanson	Council	Haugen	Mark Jensen	Rhode	Bob Schroeder
HOUSE FINANCE COMMITTEE	SENATE FINANCE COMMITTEE																								
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Tape #1
Beg. #000
End #768

RECORDER LOG

1/26/77

GENERAL SUBJECT: Joint Meeting - House/Senate Finance Committees on Revenue Sources

PRESENT: All members of House Finance Committee were present. Members of Senate Finance Committee present were: Sen. Hohman, Sen. Sackett, Sen. Meland, Sen. Butrovich and Sen. Croft.

OTHERS PRESENT: Sen. Ferguson, Rep. Cotten, Commissioner Sterling Gallagher, Department of Revenue; Kent Dawson, Office of the Governor; Jim Edenso, Dep. Comm. of Treasury; John Messenger, Dep. Comm. for Taxation; Shirley Wolfe, Research Supervisor, Dept. of Revenue; Vince Wright, Chief of Research, Dept. of Revenue; Paul Podson, Information Officer, Dept. of Revenue; Milt Barker, Fiscal Analyst, Legis. Finance; Alison Farnan, Fiscal Analyst, Legis. Finance.

Log #

- 000 Chairman Cowper opened meeting - 1:35 p.m.. Purpose of meeting. Introduced Commissioner Gallagher.
- 004 Sen. Ferguson Question: re substantial difference between last year's projected figures and actual figures.
- 007 Comm. Gallagher answered. Pipeline revenues brought in unexpected \$80 million. Further explained.
- 014 Sen. Ferguson Question: exact figure of difference?
- Comm. Gallagher answered - \$90 million. \$60-70 million due to property tax change; \$30 million, mostly coming out of payroll.
- 018 Comm. Gallagher explained purpose of presentation and introduced his staff members present. Explanation of change Dept. has tried to make.
- 031 Presentation: Vince Wright, Chief of Research, Department of Revenue

Chart 1: "Individual Income Taxes"

Projections - Fiscal year '77 and '78 - \$191 million to be taken in

Fiscal year '78 - \$93 million

Reason for drop - (1) Ending of Alyeska Project; project employed 36% of payroll for 1976.

(2) Employment during project vs. projected employment for 1978= 1st qtr. '76 - 195,000; 1st qtr. '78 projected - 176,000.

Other factors - changed withholding system from quarterly to monthly; fiscal year was 14 mos., now 12 mos.

Tape #1
Beg. #000
End. #768

RECORDER LOG

1/26/77

Cont. -

Vince Wright - Chart 2 - "Corporate Income Tax"

Projections - upswing from '77 - '78

Reasons - assuming Alyeska Project will be completed in July '77. State will be taking in corporate income taxes from the "Big 4" on the North Slope.

Actual time of collection can be estimated to Aug. 1

Would place some receipts in the Fiscal Year '79 around \$18 - 19 million.

062 Vince Wright - Chart 3 - "Business License Tax - Fiscal Year '77 - '78

064 Chairman Cowper question: What point do you call taxes revenue? When they are collected through the withholding system, or when the return is filed?

Comm. Gallagher answered: Upon receipt of funds.

068 Rep. Gruening question: Do you count the use revenue collected in totality?

Comm. Gallagher answered: Yes, it is shown as an expenditure.

071 Vince Wright - Chart 4 & 5 - "Oil & Gas Production" "Taxes and Mineral Royalties"
Projections - Increase in '77-'78 based on assumption that State will receive world-wide prices for the oil. Comments on prices on market.

Questions by Reps. Haugen, Cowper & Gruening re costs and income of shipping via proposed routes.

Comm. Gallagher answered.

Rep. Gruening inquired re status of amount paid to Alaska Native Lands Claims Settlement Act fund.

101 Comm. Gallagher answered. - expenditure. Explanation.

103 Questions and answers re revenue status of tariffs for oil shipped to Japan.

115 Sen. Ferguson question: re actual figure of difference between last year's projection and what actually took place.

119 Comm. Gallagher answered: Approx. \$100 million.

Questions and answers cont. - Sen. Ferguson & Comm. Gallagher.

Tape #1
Beg. #000
End. #768

RECORDER LOG

1/26/77

Cont. -

- 129 Rep. Rhode question re projection figures for '77-'78.
- 132 Remarks by Sen. Sackett and Comm. Gallagher re concern on part of Senate Finance Committee over discrepancies in projections and actual figures last year and Committee's intent to check out Department of Revenue's methods of estimating for projections. Comm. Gallagher expressed cooperation.
- 156 Vince Wright - Chart 5 - "Mineral Royalties". Explanation.
Vince Wright - Chart 6 - "Oil and Gas Products Taxes."
- 168 Vince Wright - Chart 7 - "Commercial Fish Taxes". Explanation.
- 173 Vince Wright - Chart 8 - "Fuel Taxes". Explanation.
- 176 Vince Wright - Chart 9 - "Alcoholic Beverage Tax". Explanation.
Vince Wright - Chart 10 - "Gish & Game Licenses". Explanation.
- 184 Questions by Rep. Cowper to Comm. Gallagher re special funds monies and general funds monies.
- 188 Rep. Meekins suggested that the Depart. of Revenue supply the Finance Committees with list of assumptions in the projections and those subject to change.
- 192 Comm. Gallagher replied that the new computer program will make available such reports.
- 197 Comm. Gallagher asked John Messenger to explain the federal code changes.
- 201 Question by Rep. Cowper: Is the Governor going to submit changes to code to the Dept. or does the Dept. intend to allow the Legislature to do that?
Comm. Gallagher answered: The legislature.
- 207 Presentation by John Messenger [See attachment - letter from Comm. Gallagher dated 1-26-77.] re federal code changes.
Sen. Croft requested copy of letter to be sent to him.
- 253 Presentation by Jim Edenso re Permanent Fund
Chart: Effect on Revenues and 50% Contribution Fund [Refer Dept. of Rev. Presentation, black cover, Senate Finance Committee files.]
Sec. E

Tape #1
Beg. #000
End. #768

RECORDER LOG

1/26/77

Cont.-

- 261 Explanation of chart and questions by Representatives Meekins, Gruening, Cowper and Senator Ferguson. Comm. Gallagher answered.
- 320 Questions and answers re entry of credits received on taxation. Sen. Sackett and Comm. Gallagher.
- Questions by Rep. Swanson and Sen. Kerttula re same.
- 348 Questions by Rep. Gruening re inclusion of 2% NLCSA fund in projection. Comm. Gallagher answered.
- 362 Questions and answers re effect on local tax burden in Alaska. Comm. Gallagher answered.
- 371 Questions and answers re oil companies' tax burden and individual's tax burden. Rep. Meekins. Comm. Gallagher answered.
- 440 Question and answer re reliability of the Department of Revenue's figures. Sen. Sackett and Comm. Gallagher.
- 451 Questions and answers re 50% figure for permanent fund. Sen. Ferguson and Comm. Gallagher.
- 468 Question and answer re above. Sen. Croft and Comm. Gallagher.
- 472 Question and answer re above. Rep. Swanson and Comm. Gallagher.
- 504 Questions and answers re permanent fund effect on investment earnings. Sen. Butrovich, Reps. Freeman and Meekins. Answered by Comm. Gallagher and Mr. Edenso.
- 557 Question by Rep. Gruening re surplus of funds in permanent fund at end of fiscal year. Comm. Gallagher answered that it would automatically go back to the general fund.
- 564 Chairman Cowper declared a 10-minute recess at approximately 3:15 p.m.

Chairman Cowper reopened the meeting at 3:25 p.m. He pointed out an error which had been brought to his attention by Comm. Gallagher during the recess re inclusion of the permanent fund in the Chart just previously discussed.

Tape #1
Beg. #000
End. #768

RECORDER LOG

1/26/77

Cont.-

572 Continuation of presentation by Jim Edenso.

Chart: "Revenues".

Explanation. (1) Nonpetroleum related (2) Petroleum related (3) Petroleum royalties related

597 Comm. Gallagher further explained Chart.

604 Question and answer re reflection of any new taxation in projections. Sen. Ferguson and Comm. Gallagher.

615 Rep. Buccholdt inquired re user taxation. Answer by Comm. Gallagher.

623 Jim Edenso - Chart: "Fund Balance - General Fund and Permanent Fund". Comparison. [Refer to Dept. of Revenue Presentation, black cover, Senate Finance Committee files, Section A.]

673 Question and answer re basis of manner of estimating. Rep. Haugen and Comm. Gallagher.

Question and answer re effect on Federal Revenue Sharing. Sen. Ferguson and Comm. Gallagher.

Question and answer re population projections to 1985. Rep. Gruening and Comm. Gallagher.

Question and answer re inclusion of capitol move. Rep. Meekins and Comm. Gallagher. Comment by Comm. Gallagher re inclusion of haul road.

Questions and answers re Department of Revenue's projection of cost of capitol move and bonding for same. Rep. Cowper, Rep. Haugen and Comm. Gallagher.

737 Jim Edenso - Chart: "Fund Balance" - Comparison of General Fund and Permanent Fund continued.

750 Questions and answers re paying cash for capital move. Rep. Rhode and Sen Ferguson and Comm. Gallagher.

Question and answer re model used for presentation charts. Rep. Cowper and Comm. Gallagher.

Tape #1
Beg. #000
End. #768

RECORDER LOG

1/26/77

Cont.-

768 Chairman Cowper thanked Comm. Gallagher and the members of his staff for presentation.

Meeting adjourned at 3:55 p.m..

Attachments

Letter from Comm. Gallagher to
Chairmen Sackett and Cowper
dated January 26, 1977.

Department of Revenue Presentation,
black cover.

Revenue Sources FY76-78.booklet
yellow cover.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5 - JUNEAU 99811

January 26, 1977

The Honorable John Sackett
Chairman, Senate Finance Committee
Alaska State Legislature

The Honorable Steve Cowper
Chairman House Finance Committee
Alaska State Legislature

Dear Senator Sackett and Representative Cowper:

I have included in this letter an itemization of changes in the federal income tax code which are not incorporated by reference into the Alaska income tax statutes (AS 43.20). I bring these items to your attention in order that the legislature may make policy determinations on their inclusion or continued exclusion.

In Section 1, Chapter 125 SLA 1976, the income tax statute was amended to provide that newly enacted provisions of the Internal Revenue Code which change or modify exemptions from tax or credits against tax would not become incorporated by reference into Alaska law until the second January following their enactment by Congress. Thus the Alaska Legislature would have two years in which to decide whether changes or modifications in federal exemptions or credits should apply for Alaska purposes. In 1976 Congress made two major changes in the tax credit area which were not incorporated into Alaska law. These two credits are as follows:

1. Congress repealed the child care itemized deduction and substituted in its place a credit equal to 20% of child care expenses up to a ceiling amount. The ceiling is \$2000 in child care expenses for 1 dependent (\$400 credit) or \$4,000 in child care expenses for 2 or more dependents (\$800 credit). In addition to making it a credit rather than a deduction, Congress eliminated the previous income limitation. Since the previous itemized deduction was repealed and its replacement is a credit, Alaska has neither the deduction or the credit until the 1978 tax year when the credit will become incorporated. Specific legislative action will be necessary to eliminate the credit permanently or to make it apply sooner.

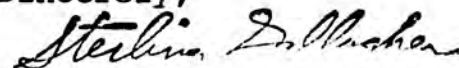
2. Another tax credit change is the change made to the retirement income credit (IRC Section 37). This credit has been renamed a credit for the elderly since the credit

is no longer restricted to retirement income. The new change broadens the base from just retirement income to all income from which the 15 per credit is calculated. In addition the maximum amount of income against which the credit can apply has also been increased to \$3,750 for married couples filing jointly both of whom are over 65 and \$2,500 for single persons. The ceiling was previously \$1,524 per person. Unless the legislature takes specific action the old credit rules will apply until the 1978 tax year. The department recommends that the new changes be adopted for Alaska purposes.

In addition to federal credits and exemptions which are not automatically incorporated by reference, federal changes in federal tax rates and federal tax tables are not incorporated by reference since Alaska has adopted its own separate rate schedule. A change was made in the calculation of the 1976 federal tax tables. The new federal law replaced the optional tax tables based on adjusted gross income with new tables based on taxable income. Previously taxpayers who had under \$20,000 in adjusted gross income and did not itemize their deductions could go straight to the tax tables to find the amount of tax without further calculations to determine the dollar amount of exemptions or standard deduction. The tables automatically calculated the exemptions and standard deduction. With the change to taxable income the taxpayer will have to compute his or her standard deduction and exemptions prior to going to the tax table. Since Alaska law bases its tax tables on adjusted gross income the federal change will not apply. The department recommends that tax tables for Alaska income tax purposes remain based upon adjusted gross income rather than upon taxable income because it simplifies the tax calculation for the taxpayer.

If you, or your staff have any further questions about recent federal income tax changes please let me know.

Sincerely,



Sterling Gallagher
Commissioner

JOINT MEETING OF SENATE AND HOUSE FINANCE COMMITTEES
Tuesday, February 22, 1976
1:25 p.m.

Meeting was called to order by Rep. Cowper, Chairman,
House Finance Committee at 1:25 p.m..

Senate Finance Committee members present were Sen. Sackett, *Present*
Sen. Hohman, Sen. Brutovich, and Sen. Tillion. House
Finance Committee members present were Rep. Cowper, Rep.
Freeman, Rep. Rhode, Rep. Haugen, Rep. Guy, Rep. Gruening,
Rep. Buchholdt, Rep. Swanson, and Rep. Meekins. Others
present were Avrum Gross, Attorney General, Mr. Sagalkin,
Assist. Atty. General, Mr. Council, Assist. Atty. General,
Mr. Maynard, Assist. Atty. General, Bob Schroeder, Fiscal
Analyst, Legislative Finance, and Marcus Jensen, Lobbyist.

Rep. Cowper gave a brief explanation of the purpose of
the meeting: The Pipeline Commission is negotiating with
Attorney Terry Lenzner who is the Watergate investigator
to assist in preparation of the State's case before the
Interstate Commerce Commission regarding the pipeline
tariff. The amount of the appropriation for this was
left open by the Governor to allow the Attorney General
some leeway for his negotiations as to the price.

*Purpose of
Meeting*

It was pointed out by one of the House Finance Committee
members that the Chairman of the Subcommittee on this
matter, Rep. Schaeffer, was not present and that the
subcommittee had not yet met on the matter. Also, it
was suggested that he had probably been furnished with
certain materials with which the other members present
had not.

Avrum M. Gross, Attorney General made his presentation:
Last year, as a result of concerns expressed by the Legis-
lature, his office began negotiating with the Alyeska Pipe-
line companies for the proposed tariff. They retained a
firm in Washington, D.C. to bring a proceedings on the
State's behalf, if necessary, to protest the tariff if
they found that rate to be unreasonable.. That law firm
is Donelan & Cleary. It was decided in a session between
Donelan & Cleary, his office, and others that it would be
desirable for the pipeline companies to present this before
the Commission in Washington, D.C. It was also decided
that the Alaska Pipeline Commission would do the investi-
gation to decide if the tariff proposed was a justified
one. After talking with the Washington counsel, their
joint conclusion was that the Pipeline Commission would
retain an investigative staff which would do the actual
work of reviewing the matter. The Commission retained
Terry Lenzner, Esq. who is known regarding the Watergate
matter. Mr. Gross pointed out that the purpose of hiring

*Attorney
General's
Presentation*

Mr. Lenzner should not reflect any suspicion whatsoever on the pipeline companies or anyone else involved. Mr. Lenzner's firm has an excellent reputation and experience in tariff problems. His investigation will involve going over all the records of the project with a computer system to determine what areas would warrant further investigation, all labor costs relevant to determining the tariff proposal, what costs could you include in a rate basis. There was a meeting between Mr. Lenzner's office and the Attorney General's office about two weeks ago to determine the role Mr. Lenzner's office would play regarding the Pipeline Commission. There was some concern expressed over the possibility of conflict between Mr. Lenzner's firm and the Attorney General's Office from time to time as to what each office considered to be relevant matters. They met with Mr. Lenzner, Alaska Pipeline Commission and resolved that should such a conflict arise, it would be resolved by the Attorney General. Mr. Lenzner submitted proposed contract similar to the contract tentatively signed with the Pipeline Commission. There is no way to determine definitely the amount of money that would be required to cover this - somewhere between \$500,000 to \$850,000. It has been negotiated on the basis of an hourly contract.

*Role of
Atty. Lenzner*

An important matter even down to the penny. One cent difference will mean approximately \$850,000 per year to the State. The royalty and severance tax is computed by the market price. There has not been a contested hearing before the Pipeline Commission for many years. It is a rather unprecedented matter. It will be the first time that a state has had this type of major interest involved. There are no guarantees as to how it is going to turn out. The appropriation specifically sought is \$843,700. This is a rough estimate of what is thought will be necessary for Mr. Lenzner's work. Mr. Lenzner will provide an itemized record of all work done. The Attorney General is satisfied that the appropriation is a reasonable one considering that it is based on an hourly contract.

Chmn. Cowper apologized for the unavailability of copies of materials provided by the Attorney General for the Committee members and also for chairing the meeting when it would probably have been more appropriate for Senator Sackett to have done it.

*Apologies of
Chmn. Cowper*

Rep. Cowper: Regarding the period of six months for the contract indicated on page 1 of the proposed tentative contract, will it have to be renegotiated with Mr. Lenzner at the end of the six months?

*Discussion
Re Period of
Contract*

Attorney General: That contract will be superseded by another contract which you have a copy of also. The amount is for the whole job.

Rep. Cowper: How did you get the figures as an estimate?

Attorney General: He (Mr. Lenzner) sat down and broke down what he thought would be required and multiplied it out in terms of hourly rates. What will actually be paid him will be according to his billings each month for the actual work done.

Discussion -

Rep. Cowper: Regarding the \$647,000 still to be appropriated; does that mean that the difference between \$843,000 and \$647,000 has already been taken care of? The correct amount would be \$647,000 that we are talking about today?

Re Appropriation Amount

Attorney General: That is correct.

Rep. Rhode: Is the Commission actually going to set up a tariff or what?

Attorney General: They have to set up an intrastate tariff and that is what they will be doing. The ICC is responsible for setting the interstate tariff. We can testify before them and contest their figure and a decision will be made based on the hearing findings. The ICC has not made any efforts to deal with any contested tariff settings in the last 30 years. We don't think the ICC will get into this nearly as much as the State does as they don't have an advocate's interest in it.

Re Responsibilities of Pipeline Comm. & the ICC

Mr. Gross said that he recently received a call from the television program "60 Minutes". They are thinking of doing a history on the ICC and are interested in how they are going to deal with the Alaska pipeline matter. So, it may be that there will be some real public exposure on this which may be helpful as to how the ICC deals with us.

Re TV Program "60 Minutes"

Rep. Rhode: Would it be to the owners' advantage to have a high tariff?

Re Advantages or Disadvantages of High Tariff

Attorney General: That would depend on many factors. I am inclined to think it would be to their advantage to have a high tariff. Would depend on what interest they have in the pipeline and what interest they have in the field.

Rep. Cowper: Is there any indication that some of the companies that have high interest in the field and not so much interest in the line itself will prepare any defense against the pipeline tariff?

Attorney General: We really don't know at this point. We will be talking more about that. We have lawyers in Washington working on developing a theory and seeking facts.

(Rep. Duncan entered the meeting at 1:50.)

Rep. Cowper: The contract is still being negotiated with

Mr. Lenzner?

Attorney General: Yes, it will follow the format of the *Discussion -* one that is included in the materials given to Rep. Schaeffer and will be completed within a week.

The procedure is to have Mr. Lenzner sign the contract, have it heard to be approved, and then put before the Pipeline Commission to sign.

Re Signing Procedures

Rep. Cowper said that it is his feeling that the Committee should see the contract before deciding and Mr. Gross replied that he will have a document before the Committee within one week which will essentially be the contract.

Rep. Buchholdt: Is there still any sense in changing the contract to other than an hourly basis?

Attorney General: There would be a possibility of putting one in front of them but most law firms would not sign one other than based on an hourly rate.

Rep. Schaeffer pointed out a discrepancy in the figures presented for an appropriation of \$843,700, i.e. \$645,700 for Mr. Lenzner, \$21,000 for an auditor and engineer, and \$166,000 for Dr. Illo. Adds up to \$832,700, not \$843,700 - \$11,000 discrepancy. *Re Discrepancy In Appropriation Figures*

Rep. Meekins: How much is the hourly rate for Mr. Lenzner?

Rep. Cowper: \$100 per hour for Mr. Lenzner himself and from \$100 to \$35.00 per hour for others in the firm. *Re Hourly Rate of Lenzner*

Question by Rep. Freeman regarding tariff rate on barrel basis.

Rep. Rhode asked how many intrastate pipelines there are in Alaska.

Attorney General answered: Kenai, Cook Inlet (both interstate and intrastate), and Alyeska. *Re Alaska Pipelines*
Chmn. Cowper asked Mr. Gross when the deadline is for this appropriation.

Attorney General: Have been holding off signing until it is approved. I suspect the sooner the better.

Rep. Guy: Question regarding certain language in Mr. Lenzner's letter.

Attorney General: Mr. Lenzner will be reviewing the economics of the pipeline. The method of setting the

tariff will be dealt with by the Pipeline Commission itself.

Rep. Meekins: Do you know if there are any problems with getting the necessary information from the companies involved?

Attorney General: Thus far they have been very cooperative. Later on there may be some problems. We all have a lot of stake in this.

Rep. Freeman: When you refer to "our lawyers in Washington", who are you referring to?

Wash., D.C.
Counsel

Attorney General: Donelan & Cleary. They have been hired just for this case.

Chmn. Cowper asked for further questions or if there were other persons present who would want to testify on this appropriation. There being no further questions and no other persons wishing to testify, the meeting was recessed at 2:05 p.m.

Recess

The Senate Finance Committee members left the meeting at the recess break and Chm. Cowper called the meeting to order again at 2:10 p.m..

Chmn. Cowper announced his intention re the gas contracts to not have full hearings. Each member should read report from Rep. Gruening's Committee and plan to ask Mr. Martin any questions in order to clarify what the State's position is. Members should be prepared to vote on the resolutions at the end of that hearing.

Chairman's
Intention
Re Gas
Contracts
Hearings

Chmn. Cowper suggested that the Committee report out HB122 with an appropriation of \$843,700 since it is important to get this appropriation through as soon as possible with an understanding with the State that the contract will be reviewed and if there are any questions we can meet again and perhaps avoid upsetting the time schedule.

Rep. Gruening made a motion that the Committee adopt and report out with unanimous consent a Committee Substitute for HB 122 substituting the figure of \$843,700 for the \$500,000 figure on line 10 of the original bill. The motion was seconded and carried unanimously.

Motion to
Adopt &
Report Out
Comm. Substi
tute for
HB 122

Chmn. Cowper said the next matter to come before the Committee is HB 192 and asked the Attorney General to give a brief rundown on the negotiations that took place and basically what the figure represents.

Attorney General: The Administration, pursuant to terms the Legislature adopted last year, negotiated with Standard

Attorney
General's

Oil to repurchase So-Cal's interest. So-Cal has vast majority of the oil leases. Union, Texaco and Shell also have some leases in the area. There was a large difference between selling prices of leases along the shore and those in other areas. They approached the State indicating they would like to re-sell the leases. Purchase price could include credits which would be due companies re-selling regarding taxes paid, etc. Arrived at a price. So-Cal wanted what they paid the State, plus taxes, etc. Purchase price \$17,441,012 does not include interest. The same including interest comes to about \$21,227,873. Standard had paid the State for legal services \$28,000 and for other matters. The major item of dispute was the use of the "George Washington Ferris". Mr. Gross advised that the only amounts they thought we should appropriate were those for after May 1, 1972 when they understood that So-Cal intended to lease. He said he believes that the State does not bear the real liability of the Ferris. There is still a real dispute on the matter. They agreed to compromise by paying one-half the cost of getting the Ferris to Alaska. Agreed to take credits over next two years. Will leave a balance of \$12,000,000. That is the reason for this appropriation.

Presentation
Re HB192

Rep. Rhode asked what the status of negotiations with Shell is.

Discussion -

Attorney General replied that they are non-existent. The agreement is with Texaco and with So-Cal. They had hoped that the other companies would come forward after the negotiations with So-Cal. It is our guess that there will be more negotiations with Shell.

Re Shell

Rep. Meekins asked what the \$9,000,000 in credits would come from.

Re Credits

Attorney General: Corporate income tax, severance tax, etc.

Chmn. Cowper asked for further questions, there being none, he thanked Mr. Gross for appearing on both the bills and introduced Mr. John Wiles Lobbyist and representing Chevron-U.S.A. in a legal capacity.

Mr. Wiles said that he would be participating in some of the negotiations and that he had sponsored HB 192. Besides the bill, there is a court case contesting the validity on these leases. The ruling was reversed by the Supreme Court and is back in the Superior Court now. They evaluated the results of the suit and decided that they should enter into the negotiations. Their basic philosophy is against the re-purchase of these leases. However, in view of the court case which could go either way they decided they should reconsider. If the case goes against them, it will invalidate the leases any way. Chevron-USA is therefore

Presentation
of John
Wiles, Chevron,
USA

in favor of this bill and would like to see it pass.

Discussion -

Rep. Cowper referred to the controversy and said that the Legislature did declare a moratorium on leasing and directed the State to negotiate for the repurchase of the leases. He said he feels that the State owes the money and should pay it.

*Re Repurchase
of Oil Leases*

Rep. Freeman said he was extremely and bitterly opposed to the repurchase. In his opinion, it is a blot on the honor of the state. The state sold those leases in a legitimate manner and they were bought and paid for properly.

*Opposition by
Rep. Freeman*

Rep. Swanson said he had voted as a member of the Resources Committee on the buy-back. He said he went to Kachemak Bay and looked at the George Ferris and decided that if the oil companies were not better equipped than that we should buy the leases back. If we are going to sustain the yield in that bay it would be one way of doing it.

Rep. Haugen: In the case of Shell Oil Company and the court decision - if it is upheld, could they continue to be there and to drill?

*Question by
Rep. Haugen
re Shell Oil*

Rep. Cowper said that it is his impression that if the companies lose the lawsuit, the State will have to repurchase those leases from them. If the state loses the lawsuit and the oil companies win, the state can condemn the leases.

Rep. Gruening said he hopes that that situation never arises. Did not direct condemnation proceedings to begin, only directed negotiations to begin. Negotiations were mutually worked out, I think, at this point.

Rep. Cowper said a lot of people had to do some hard thinking on this matter and the lawsuit, of course, took that out of everyone's control any way.

Rep. Buchholdt made a motion and asked unanimous consent to report HB 192 out of committee. Rep. Freeman objected. Chmn. Cowper asked for a show of hands of the members in favor of reporting HB 192 out. A majority of the members voted to report HB 192 out of committee with a "do pass" recommendation.

*Motion to
Report Out
HB 192 -
"DO PASS"*

Rep. Meekins: Medicaid appropriations were encumbered a long time ago. \$40,000 or so extra money rolling around.

*Discussion Re
Medicaid*

Chmn. Cowper gave a further explanation: Appropriations for medicaid each year are pretty much an estimate. What they do at the end of the fiscal year is estimate how many bills they have still outstanding from the beginning of the fiscal year. That estimate has coincided with the exact amount of money appropriated by the Legislature. The legislative audit staff has been following this up for about two years. They have determined some \$722,000 is not necessary money for them. The legislature should go back and amend that appropriation of two years ago and take this money out of their budget. The legislative auditors did a really fine job on this.

*Legislative
Audit Report
on Medicaid
Appropriation*

Rep. Meekins recommended that this year's budget be changed instead. The Department is on notice that the Legislature can come back and take funds back when they learn they are no longer needed.

Discussion -

Mr. Barker responded to a question by Rep. Guy regarding federal matching funds stating that one-half is General Fund and one-half is Federal.

*Questions &
Answers by
Mr. Barker,
Fiscal Analyst*

Chmn. Cowper recommended that the committee take up these matters when the bill comes back to the committee for a hearing.

Rep. Guy inquired regarding line 23 - bond construction appropriation for program.

Mr. Barker replied that the way it reads is that they are from federal programs. That is the way they are appropriated. They are accounted for separately. They are not common funds and not used for cash payments.

Chmn. Cowper asked for objections to a motion made by Rep. Meekins that the Committee submit a bill regarding this matter. There being no objections, the motion passed unanimously and Chmn. Cowper said the bill would be prepared and submitted to the Clerk.

*Motion for
Preparation of
Hse. Finance
Sponsored
Bill*

Chmn. Cowper suggested that the subcommittee chairmen consider this vehicle when similar matters come up in their budget reviews of other departments.

Discussion of HB 47

HB 47 -

Chmn. Cowper read from a letter from Ted Smith, Director of Land Management. He suggested that all the members of the Committee read Mr. Smith's letter before taking final action on these bills. Mr. Smith suggests that the bill direct the Department of Highways to meet with various groups who will be affected by the railroad.

*Re Letter by
Mr. Ted
Smith*

The Administration also advised that testimony could be given regarding the corridor. There is a question as to whether they want to direct that

the decision making be kept from public view.

Ms. Jesse Dodds, Special Assistant to the Governor said that it is the position of the Office of the Governor that it is probably premature at this time. A preliminary study that was done at the direction of the Legislature last year indicates that certain things must be done. Cost-analysis should be done on a priority basis. Must look at the feasibility of the cost-analysis. Going to limit the options in the future. Presently in the process of trying to obtain some federal funds for studies of cost-benefit, rail transportation studies, etc.

*Presentation by
Ms. Jesse
Dodds re
Governor's
Position*

Rep. Cowper said that the bill would just delineate a corridor. The federal government would have to designate the corridor as a railroad corridor and power of eminent domain would then be in effect. Is that correct?

Discussion -

Ms. Dodds replied: That is true but we have to make our decisions on the effect on our part of it.

*Delineation of
Railroad Cor-
ridor*

Rep. Cowper said that it is his understanding that we are not yet at the point of delineating the specific corridor.

Rep. Meekins asked why we are not at that point yet and Ms. Dodds replied that in the overall transportation picture it hasn't been decided that we are going to extend the railroad in that direction at this time. Rep. Meekins asked what direction it might be extended if not in this proposed direction. Ms. Dodds answered that she is not sure. Ques: Is there something we need to do before this? Ans: Yes, we need to do a cost-benefit analysis first. Ques: What would be wrong with conducting the cost-benefit analysis at the same time that we conduct the corridor study? Ans: Our view is that we do not feel that we should be withdrawing land at this time in view of the d-2, etc. Ques: Have you had an opportunity to review Mr. Smith's letter to Commissioner Martin? Ms. Dodd replied that she had not yet seen that letter.

*Re Cost-Benefit
Analysis*

Ques: Regarding the cost-benefit analysis, are you talking about whether it is economically feasible? Are you saying that the possible position of the corridor should not be delineated until after the cost-benefit analysis?

Rep. Cowper said that it is his understanding that the bill does give the Commissioner the right to choose the position of the corridor. Rep. Meekins said that it seemed to him that if we are going to build a railroad, we will have to know where it is

going to be located in order to make a cost-benefit analysis. Ms. Dodds said that merely delineating the corridor is not as crucial as the actual surveying and that part of the work.

*Discussion
re HB 47 -*

Chmn. Cowper thanked Ms. Dodd for appearing and said that he and Mr. Gruening had to leave the meeting. He said he would take up the matter of referring it to the local committees.

Rep. Swanson expressed concern over the possible delay that consideration of changing the order of proceeding with the corridor delineation might cause and said that he had not heard or seen a single realistic or serious proposal by the Governor's Office of a cost-benefit analysis before Ms. Dodd's mention of it. It is his opinion that the requested legislation does nothing more than keep everything in its proper order.

*Rep. Swanson's
Concern re
Possible Delay*

Rep. Freeman asked Rep. Swanson what his reaction is to the suggested amendments by Mr. Smith? Ans: This bill is made up so that the Department of Highways can do the total job without having to split the responsibility. It should save the state some time and money.

Comment was made that the Kachemak Delta Bay committee had not been contacted. Rep. Swanson said that they fully endorsed the location of the corridor last Friday night (2/18). Their concern was how many corridors there would be. The Delta Bay team recommended that that corridor be the one used if any at all. A telegram is being typed up stating their position and should arrive today some time.

*Delta Bay
Endorsement
of Corridor
Location*

Discussion regarding public hearings referred to in Mr. Smith's letter and the applicable statutes.

(Changed tape - #2467 end of H77-16) (Begin H77-17)

Rep. Duncan asked Rep. Swanson if he would have any objection to making it very specific that the various groups which would be affected by the corridor would be consulted. Could it be put in this bill? Rep. Swanson replied that it could be included. The main thing he didn't want is a dual authority on the corridor. As long as the authority is solely with the Department of Highways, it would be agreeable to him.

Rep. Meekins suggested that perhaps a letter of intent would be the best manner of inclusion since there is a possibility of legal hassles resulting from a mandate that certain groups be consulted.

*Letter of
Intent*

The letter of intent and split authority of responsibilities were discussed.

Rep. Swanson said that they must direct their attention to another question, i.e. whether the Division of Natural Resources should be involved. He said that possibly that could be done with a letter of intent also.

Discussion

Rep. Guy said he thought there should be a motion to direct the Resources people to draft a letter of intent to go with the bill and that the Committee should not withhold action on the bill until after seeing this letter of intent, but that the Committee should be able to change it if it is not acceptable to them.

Rep. Buchholdt said that she tends to think that there should be an understanding between the two Departments that they will coordinate the efforts. She recommended that the Committee wait to act on the bill until after seeing the letter of intent, but that she would go along with the feeling of the majority of the members in that regard.

Rep. Meekins made a motion that the Committee adopt a Letter of Intent that certain groups will be consulted to accompany the bill. The staff was directed that a Letter of Intent be drafted to accompany the bill. The Committee voted by a majority of the members present to report out HB 47 with an attached Letter of Intent.

Motion to
Prepare and
Adopt Letter
of Intent
Passed
& Report
Out HB 47

Discussion of HB 48

Rep. Swanson made a motion to amend line 18 of the bill to read 1979 instead of 1978. The motion was put to a vote and carried unanimously

Motion to
Amend HB 48
Carried

Acting Chairman Freeman asked for further comments or debate on HB 48. There being none, Rep. Swanson made a motion to report out HB 48 with an Amendment. The motion was seconded and carried by a majority.

Motion to
Report Out
HB 48 As
Amended

Meeting adjourned at 3:37 p.m.

Tape H77-16
Beg. #0770
End. #2467
Tape H77-17
Beg. #0000
End. #0700

SENATE BILL/RESOLUTION INDEXSENATE FINANCE COMMITTEE - 1977

<u>NO.</u>	<u>TITLE</u>	<u>PAGE</u>
<u>RESOLUTIONS:</u>		
SCR 1	Development & presentation of a proposal for "zero-based" budgeting	2, 21, 26-27
SCR 3	Disposal to Tenneco Alaska of Royalty Gas taken in-kind	52, 53, 54
SCR 4	Disposal to El Paso Natural Gas Company of Royalty natural gas taken in-kind	54
SCR 5	Disposal to Southern Natural Gas Co. of Royalty natural gas taken in-kind	55
SCR 13	Annuling regulation which limits costs included in "total project cost" in the computation of amounts payable for hospital construction under state revenue sharing	141, 211-216, 236-237
SCR 14	Annuling regulation requiring builder of hospital or health facility to apply through city for state revenue funds	141, 211-216, 236-237
SCR 15	Relating to winter maintenance of Icy View Road by Department of Highways	73, 139, 152
SJR 16	Amendment to Constitution of State of Alaska relating to work of Interim Committees of the Legislature	73, 135
SCR 19	Transfers of Funds	28, 135
SCR 22	Relating to North Slope Haul Road	187
SCR 23	Relating to travel on State ferries by Alaskan recreational groups	141
SCR 25	Relating to construction of oil refineries in Alaska	184
SCR 35	Exchange of earth stations for services to be provided by RCA Alascom	141, 235-236
SCR 37	Approving extension of the Tesoro-Alaskan Petroleum Company agreement to purchase royalty crude oil taken in-kind	184
SCR 38	Relating to studies of a pipeline for transportation of state-owned royalty gas	164

INDEX/SENATE BILLS

SB 1	Fees for vendors commercial fishing licenses	9, 12, 13
SB 4	Relating to Veteran's Loans	12, 14, 16-17 21-22, 41 51-52, 57
SB 10	Special Appropriation to Department of Education, state libraries and museums	9, 21-22, 41 42
SB 12	Relating to number of Superior Court Judges	62, 140
SB 13	Special Appropriation to University of Alaska to provide personnel and materials to operate research facility for study of surplus heat utilization at Fort Wainwright	184, 188
SB 17	Issuance of general obligation bonds in the amount of \$5,000,00 for the purpose of paying the cost of con- structing and equipping Pioneer's Home in Ketchikan	141, *61
SB 19	Relating to revenue sharing with municipalities for providing policy protection	164
SB 21	Special Appropriation to Department of Health and Social Services (Chugiak Benefit Association)	86
SB 23	Administrative leave for employees engaged in collective bargaining	18, 21
SB 27	Relating to new Capital Site Planning Commission	73, 141-142, 147-149
SB 29	Special Appropriation to the Office of the Governor	2
SB 30	Liability of Parents for minor	88
SB 31	Relating to sentencing reports in felony convictions	14, 21
SB 39	Fisheries enhancement	141
SB 43	Relating to investment authority of the Commissioner of Revenue as custodian of retirement funds	51, 151-152
SB 44	Teaching practices commission	87, 164, 238
SB 45	Relating to radiation protection	
SB 53	Relating to benefits for members of the Alaska National Guard - Naval militia	139

INDEX/SENATE BILLS

SB 54	Relating to adoption assistance for hard-to-place children in foster homes	12, 14, 18, 29
SB 58	Relating to hydrological data	14, 143, 169, 171
SB 60	Relating to National Guard and Naval militia retirement and death benefits	131
SB 63	Special Appropriation for the Arctic Alaska International Conference	141, 238-239
SB 68	Special Appropriation to Department of Public Works, Haines boat harbor completion	12, 76
SB 78	Relating to disposal of surplus fish	73, 223
SB 81	Supplemental Appropriation for Capital relocation site planning	56, 150
SB 85	Instructional Units - School foundation	11, 88
SB 95	Relating to school hot lunch program	73
SB 103	Oil and gas properties production tax	193-194, 196 197-209
SB 107	Relating to North Slope Haul Road	187
SB 109	Relating to travel and per diem allowances for the Board of Psychologist and Psychological Associate Examiners	22, 74-75, 86
SB 110	Relating to State Physical Therapy Board	39, 65, 86, 133
SB 117	Supplemental Appropriation to the Office of the Governor	164, 242-243
SB 118	Supplemental Appropriation to Department of Administration (teacher's retirement)	18, 139
SB 119	Supplemental Appropriation to Department of Administration (longevity bonus & Pioneers' Home)	18, 22, 143, 144
SB 120	Supplemental Appropriation to Department of Education (vocational rehabilitation)	18, 131
SB 121	Supplemental Appropriation to Department of Health and Social Services	30, 58, 149, 150
SB 122	Supplemental Appropriation to Department of Health and Social Services	30, 144-145, 166-167

INDEX/SENATE BILLS

SB 128	Commercial Fishing Licenses	86, 222-223 224-227
SB 129	Relating to medical assistance for needy persons	156
SB 130	Relating to bidding on highway projects valued at less than \$20,000	52, 133
SB 133	Supplemental Appropriation to Department of Public Works	22
SB 135	Participation of employ-es of North Pacific Fishery Management Council in Public Employees Retirement System	22, 76
SB 136	Relating to compensation of members of the Code Revision Commission	23, 138
SB 138	Relating to tobacco taxation	23
SB 140	Relating to tax credits under the Alaska Income Tax Act	23, 28, 30-31 39-41, 60-61
SB 142	Special Appropriation to Legislative Council for use of Joint Legislative Commission on Selection of State Land	25
SB 147	Relating to efficient administration of fish and game	178, 184
SB 148	Child Support Enforcement	216-220
SB 149	Relating to tax on motor fuel for watercraft	184, 192-193
SB 150	Supplemental Appropriation to Department of Education	62, 180-182
SB 152	Special Appropriation to municipality of Anchorage for acquisition of property for Chugach Park Road	164
SB 155	Length of school terms	88
SB 159	Relating to leasing of state land other than for extraction of natural resources	73, 157-162, 164-166, 168, 169
SB 161	Special Appropriation to Legislative Affairs Agency for information offices	30, 137-8
SB 162	Special Appropriation to Department of Administration for loan to University of Alaska	86
SB 163	Public School facilities construction	87
SB 167	Relating to excise tax on and license fees for sale of intoxicating liquors	191

INDEX/SENATE BILLS

SB 168	Special Appropriation to Department of Health and Social Services and Department of Education for alcohol related programs	80, 138, 189-190 232-233
SB 137	Relating to compensation of members of Alaska Pipeline Commission	52
SB 175	definition of base salary in computation of teachers' service retirement salaries	73
SB 176	Relating to powers and organizations to cope with natural and man made disaster	131, 171-172 182-183
SB 178	Appropriation to Department of Education - community schools	88
SB 184	Increasing limitation on commercial fishing loans	164, 189
SB 191	Relating to leasing of utility land	73
SB 198	Exempting exchanges, commissaries and ships' stores operated by uniform services of the United States from cigarette tax	139, 178-179
SB 200	Relating to instructional unit allotments under the public school foundation program	164, 184
SB 204	Relating to revision of appropriations under the Executive Budget Act	73, 133-134
SB 209	Appropriation to Department of Education for school hot lunch program	73
SB 211	Teachers' Bargaining Groups	88
SB 214	Creating Alaska Commission on Status of Women	187
SB 218	Special Appropriation to Department of Public Works for small boat harbors	131
SB 225	State aid for public education - REAA	87, 89
SB 226	Terms of regional school board members	88, 89
SB 228	Supplemental Appropriation to Office of the Governor, Alaska Plan Committee	162, 164, 172
SB 229	Labor Relations - Certified Employees & School Boards	88
SB 232	Special Appropriation to Department of Education for Transportation Museum of Alaska, Inc.	92, 170

INDEX/SENATE BILLS

SB 238	Relating to the oil and gas properties production tax	228
SB 240	Amending oil and gas reserves advalorem tax	164
SB 243	Relating to rate of interest on delinquent taxes	80
SB 244	Relating to special officers	141, 179-180
SB 269	Relating to eligibility for veterans' loans	221
SB 270	Special Appropriation to Department of Transportation and Public Facilities to extend marine highway	187
SB 271	Relating to the purchase by the state of social services	184
SB 275	Relating to immunity and protection of witnesses	164
SB 276	Special Appropriation to Department of Law for protection of witnesses	164
SB 279	Special Appropriation to University of Alaska to develop environmentally sound management practices for the production and marketing of small grains in Delta-Clearwater area of Alaska	164
SB 280	Special Appropriation to Department of Natural Resources, division of agriculture, to fund state participation in National Cooperative Soil Survey	164, 239-240
SB 281	Relating to agricultural loans under the Alaska Agricultural Loan Act	241
SB 284	Special Appropriation to Department of Revenue for study of a pipeline to transport state owned royalty gas	164
SB 288	Relating to certification of social workers	303-304
SB 289	Relating to emergency medical services	184
SB 300	Relating to granting of employment preference to handicapped persons under the State Personnel Act	251-252
SB 306	Relating to establishment of cabins within state parks and state refuges	189, 240, 242
SB 317	Relating to state income tax	185, 187
SB 325	Special Appropriation to Malpractice Liability Revolving Loan Fund	284-286
SB 326	Eliminating requirement that health care providers purchase medical malpractice insurance from the medical indemnity corporation of Alaska	283-284, 290-291, 296-299

INDEX/SENATE BILLS

SB 337	Special Appropriation to Department of Natural Resources, agricultural development project revolving fund	280
SB 338	Relating to tourism revolving loan fund	257-259
SB 351	Providing for settlement of claims of owners and occupants of housing constructed under the remote housing act of 1971 and state remote housing bond program of 1970	250-251
SB 352	Special Appropriation to Alaska State Housing Authority for payment of claims arising out of litigation over design and quality of certain remote housing	250-251
SB 355	Supplemental Appropriation to Legislative Affairs Agency and Legislative Finance Division	252

HOUSE RESOLUTIONS

CSHJR 6	Requesting President to direct creation of a utility corridor for extension of Alaska Railroad to the Canadian Border	23, 31
HCR 10	Upgrading and maintenance of Fairview Loop Road in Matanuska-Susitna Borough	280
CSHJR 10	Relating to availability of public land for home-steading	73
HCR 27	Study of state facilitated financing of an all-Alaska gas pipeline and state construction and financing of a royalty gas pipeline to Interior and Tidewater Alaska	292
HCR 30	Relating to North Slope Haul Road	187, 292
SCR 43	Approving Extension of the Tesoro-Alaskan Petroleum Company agreement to purchase royalty crude oil taken in-kind	245-246
HCR 45	Salary Commission	260-262
HCR 47	Relating to creation of a legislative study panel to investigate research needs, public repositories of data and information dissemination agencies	184
HCR 58	Approving the disposal to Alaska Pipeline Company of royalty gas taken in-kind	305-306, 311
HCR 66	Relating to withdrawal from social security	291-292

INDEX/HOUSE RESOLUTIONS

HCR 74 Relating to employee-occupied state housing 312-313

HOUSE BILLS

HB 1 Termination, continuation or reestablishment of certain boards and commissions; and establishing a procedure for "zero-based" periodic review 280-283

HB 2 Homesite Land available from State 300-301

CSHB 5 Relating to exemption from real property taxes for senior citizens 26, 228-229
253-256

HB 16 Instructional units - school foundation 88

HB 28 Public Education Funding 88

CSHB 38 Creating Alaska Youth Hostel System 131, 176-178,
232

HB 47 Creation of a utility corridor for extension of the Alaska Railroad 307

HB 48 Special Appropriation to Department of Transportation and Public Facilities, Interior Division, for delineation of a utility corridor and railroad right-of-way for extension of the Alaska Railroad 307

HB 52 Appropriating for the operation and capital expenses of the State government 147, 186

HB 59 am Relating to handicapped individuals 22

HB 67 am Relating to uniform land sales practices act 303

CSHB 72 Relating to creation of historical districts within municipalities 221, 307

CSHB 78 Special Appropriation to Department of Education for construction at Seward Skill Center 293

CSHB 84 Relating to time for opening and closing polls 165, 293

HB 95 Bonds of the Alaska State Housing Authority 80, 251

HB 107 Special Appropriation to city of Eagle for restoration of Wickersham Court House 293

HB 109 Borough School Districts 87

INDEX/HOUSE BILLS

CSHB 117	Relating to the legislative appropriation process	26, 210-211
HB 121	Special Appropriation to the Commercial Fisheries Entry Commission	256, 259, 309
CSHB 122	Supplemental Appropriation to Alaska Pipeline Commission	62, 73-74
HB 141	Transferring trademark function to Department of Commerce and Economic Development	80, 153
HB 143	Relating to immunity and protection of witnesses	247-248
HB 152	Relating to mental health advisory council	73, 229-230
CSHB 154	Special Appropriation to mortgage insurance fund of the Alaska Housing Finance Corporation	73, 132-133
HB 163	Supplemental Appropriation to Department of Military Affairs	241, 309-310
CSHB 164	Supplemental Appropriation to Department of Health and Social Services	184, 221
HB 165	Supplemental Appropriation to Department of Labor	293
HB 166	Supplemental Appropriation to Department of Community and Regional Affairs	170, 222
CSHB 167	Supplemental Appropriation to Department of Law	178, 184, 248-9, 306
CSHB 168	Special Appropriation to Department of Administration	310, 312
CSHB 171 am	Relating to litter control	308
HB 179	Appropriation to Department of Education - community schools	88, 294
CSHB 182	Relating to tax credits under Alaska Net Income Tax act	51, 59, 61
HB 186	Relating to forgiveness of the remaining outstanding school construction debt at city of Hydaburg	164, 294
CSHB 189	Special Appropriation to Department of Public Works for construction of a new dock at Cold Bay	73, 135-6
HB 192	Supplemental Appropriation to Department of Natural Resources	170, 287
HB 199	Repealing authorization to reacquire oil and gas leasehold interests in Kachemak Bay	170

INDEX/HOUSE BILLS

HB 203	Relating to pay differentials between state employees residing inside & outside Alaska	237-238, *18
HB 210	Interim management Alaska's Permanent Fund	57, 63, 67-68
HB 212	<i>School construction p. 262 -</i>	69, 70, 86
CSHB 215	Supplemental Appropriation to Department of Community and Regional Affairs (daycare program)	185
CSHB 220	Supplemental Appropriation to Department of Natural Resources for Iditarod Trail Race	62, 74
HB 222 am	Relating to public scrutiny of budget formulation process	170
CSHB 224	Relating to post secondary education	293
HB 226	Supplemental Appropriation to Office of the Governor, pipeline coordinators' office	294
HB 228	Teachers engaged in collective bargaining	87
HB 234	Special Appropriation for work of the Steering Council for Alaska lands	294-295
HB 244	Special Appropriation to Department of Revenue for interim management of the Alaska Permanent Fund	57, 64, 67, 70
HB 260	Special Appropriation to city of Nome for use as local matching funds to develop a barge port facility	184
HB 264	Relating to fisheries enhancement	286
HB 266	Relating to creation of an alternative power source revolving loan fund	187
HB 267	Retirement - Public Employees	287-289
HB 285	Special Appropriation to Department of Commerce and Economic Development; Alaska Public Utilities Commission	234, 235
HB 286	Amending the FY 76 General Appropriations Act	170, 221
HB 288	Authorizing the Division of Tourism to make matching grants to promote conventions and incentive travel	249
HB 301	Property destruction by minors	88
CSHB 329 am	Relating to residential fuel and residential fuel conservation credits	307
HB 332	Teachers' retirement	287-289
CSHB 342	Relating to the coastal resources of the State	231

INDEX/HOUSE BILLS

HB 343	Relating to teachers' and public employees retirement	287-289, 292 306-307
CSHB 349	Supplemental Appropriation to Legislative Affairs Agency and the legislative finance division	164, 170-171 173-176, *18 *61
HB 351	Creating School of Justice; amending sections 4 and 5 of Rule 2 of Part I of Alaska Bar Rules of Rules of Court	309
HB 358	Special Appropriation to Department of Natural Resources, division of minerals and energy management	295
CSHB 403	Indemnification in the event of a decrease in property values within the city and borough of Juneau resulting from enactment of the capital relocation initiative	187, 249-250
HB 404 am	Relating to revenue collected by the State for other entities	191, 246-247
HB 407 am	Relating to emergency medical services	305
HB 435	Special Appropriation to Department of Community and Regional Affairs for otitismedia program	295
HB 438	Supplemental Appropriation to Department of Revenue for additional expenses of the State Investment Advisory Committee	308
HB 455	Compensation for state employees	310
HB 463	Special Appropriation to Department of Community and Regional Affairs to conduct a pilot project to establish a shelter for assaulted and battered women and children	244-245
CSHB 487 am	Establishing a board of retirement benefits within legislative branch of state government	309
CSHB 508 am	Supplemental Appropriation to Department of Administration for salary and benefit increases and contracts	310

SUBJECTS (No bills before Committee)

REAA School Districts	35-38, 44-50
Department of Education Budget	77-79
Court System Budget	80-85
Alaska Retarded Citizens Association	131-132

INDEX/SUBJECTS

University of Alaska	167
Budget Overview	4-8
Federation of Community College Teachers	301-302 310-311

SENATE FINANCE COMMITTEE

April 11, 1977

8:10 a.m.

Chairman Sackett convened the meeting at 8:10 a.m. All committee members were present with the exception of Senators Orsini and Croft who arrived shortly after the meeting commenced. Others in attendance were Glen Vernon, Fiscal Analyst (present during discussions relating to the Education budget), Alison Farnan, Fiscal Analyst (present during discussions relating to the General Government budget), and Judy Crondahl, Administrative Assistant to Senator Sackett.

PRESENT

Chairman Sackett announced that the purpose of the meeting was to close out budgets for the various budget categories, and the close-out review would begin with the Education budget. The following recommendations were adopted:

BUDGET
CLOSE OUT

EDUCATION

ALASKA HISTORICAL COMMISSION (p. 3, short form)
Chairman Sackett recommended \$78.8 and elimination of the Executive Director (H.B. 182). Breakdown: 41.7 personal services, 8.1 travel, 25.6 contractual 2.1 commodities, and 1.3 equipment for 78.8 total. Position increase would be 2 rather than 3.

COUNCIL ON THE ARTS (p. 7, short form)
Administration and Support, recommend Governor's figure of \$204.6.

GRANTS (p. 9, short form)
883.0. Senator Tillion moved that Governor's figure be adopted; it was so ordered.

TEACHER RETIREMENT (p. 11, short form)
Chairman Sackett announced that the new budget amendment is for \$13,984.5.

FINANCIAL SUPPORT PROGRAMS (p. 15, short form)
Chairman Sackett advised that the new figure is \$138,748,800. \$725,000 in correspondence study should go to page 59 (correspondence study). Glen Vernon advised that information on page 14, is a mistake in the short form.

PUPIL TRANSPORTATION-PUBLIC (p. 17, short form)
Chairman Sackett advised that there was a new budget amendment in the amount of \$14,371.3.

PUPIL TRANSPORTATION-PRIVATE (p. 19, short form)
Chairman Sackett recommended the Governor's figure of 127.2.

REVENUE SHARING 874 (p. 21, short form)
Committee recommendation "zero."

DEBT RETIREMENT-LOCAL (p. 23, short form)
Judy Crondahl advised committee members that this sub-program was an area where there is no budget amendment for consideration, but she had been advised by the Administration that the reason behind the discrepancy in figures is debt retirement from Bristol Bay. Firm figures will not be available until next fall. Glen Vernon advised that unaudited figures estimate this amount at between 9.5 and 11.6. Senator Tillion advised that he would prefer to take the 11.6 and not have a supplemental. It was so ordered.

SABBATICAL LEAVE (p. 25, short form)
Chairman Sackett advised committee members that this has been transferred out.

TOCACCO TAX DISTRIBUTION (p. 29, short form)
Chairman Sackett recommended the Governor's figure of 2104.4.

SUPPLEMENTAL PROGRAMS. (p. 33, short form)
Chairman Sackett moved that this budget amount be zero, and Senator Tillion seconded.

LOCAL FORMULA-REAA (p. 35, short form)
Chairman Sackett advised that this amount would be \$9,225.5 through a new budget amendment from the Governor's Office.

SOS ASHS PAYMENTS (p. 37, short form)
Chairman Sackett recommended the Governor's figure of 311.0.

FOUNDATION PROGRAM-REAA (p. 39, short form)
Glen Vernon advised that \$25,156.9 would come from the general fund and \$16,500.0 from other sources. Senator Tillion stated that the above amounts total basically the same as the Governor's figure.

BILINGUAL FUND (p. 41, short form)
Chairman Sackett recommended the Governor's figure of 683.5.

REGIONAL RESOURCE CENTERS (p. 43, short form)
Chairman Sackett recommended the Governor's figure of 400.0.

FEDERAL PROGRAMS (p. 45, short form)
Chairman Sackett recommended the Governor's figure of 14485.5.

TUITION STUDENTS (p. 47, short form)
Chairman Sackett advised that there was a budget amendment in the amount of \$3,575,800 due to an error on the part of the Governor.

BOARDING HOME GRANTS (p. 49, short form)
Chairman Sackett moved the Governor's figure of 2722.8.

STATE CONTRACT PROGRAMS (p. 51, short form)
Recommend Governor's figure of 17391.9. (PL 874)
Funding source changes to federal receipts.

ADMINISTRATIVE SERVICES (p. 53, short form)
Recommend the Governor's figure of 575.8. This gives the program one position because that person is already on board. The school financial specialist should go to p. 55 (Financial Accounting & Audit) Glen Vernon added that the funding for the position on p. 53 shows up on p. 57. We will put this funding on p. 55 and take it out of p. 57.

FINANCIAL ACCOUNTING & AUDIT (p. 55, short form)
Recommend 437.2. Breakdown: 393.9 personal services, 12.1 travel, 27.9 contractual, 1.9 commodities, 1.4 equipment, for a total of 437.2.

GENERAL OVERHEAD (p. 57, short form)
Recommend 670,300. Breakdown 189.0 contractual, 476.3 lands and buildings, 5.0 commodities, for a total of 670.3. Senator Croft stated that it appeared the Senate would be doing exactly as the House has done, and Glen Vernon replied that his understanding was correct.

CORRESPONDENCE STUDY (p. 59, short form)
Glen Vernon advised that no new positions were allowed. Judy Crondahl stated that the 825,000 would be based on 330 elementary students and 100 secondary students (the increase during the current year). Glen Vernon

further advised that the estimate was based on instructional units. The figures reflected are conservative figures until it is known how many students the program will have. Chairman Sackett recommended \$825,000. Breakdown: 354.5 personal services, 14.2 travel, 114.0 contractual, 152.0 commodities, 3.4 equipment, 6.9 land & buildings, 180.0 miscellaneous, for a total of 825. Glen Vernon further added that \$100,000 would come from program receipts, with other funding to come from interagency transfers. There are no new positions.

CROSS CULTURAL EDUCATION (p. 61, short form)

Chairman Sackett advised that he would recommend 508.7. He stated that this figure is the maintenance request and the amount that the House recommends.

SCHOLARSHIP LOAN PROGRAM (p. 65, short form)

Chairman Sackett recommended the Governor's figure of 4420.0, and asked that Glen Vernon change the funding source. Glen replied that this would be done; that it would simply be a technical change.

ADMINISTRATION (p. 67, short form)

Chairman Sackett recommended the Governor's figure of 335.2, adding that the program would get the 3 additional positions necessary to effect collections.

TUITION GRANTS PROGRAM (p. 69, short form)

Chairman Sackett advised that he recommended "zero."

GENERAL ADMINISTRATION (p. 71, short form)

Chairman Sackett advised that he recommended the top two positions because they already exist through RP and they are under federal funds. New figures breakdown as follow: 213,500 personal services, 38,002 travel, 27.7 contractual, 5.5 commodities, 1.8 equipment, for a total of 414.7

CENTER FOR STAFF DEVELOPMENT (p.73, short form)

Chairman Sackett advised that the positions are all zero. He further added he would like to have the committee's intent attached to its recommendation. Glen Vernon advised that the intent would indicate that no agency contracting with the center shall use any general fund money to purchase this service.

POST SECONDARY EDUCATION COMMISSION (WICHE) (p. 75)

Chairman Sackett recommended the Governor's figure of 656.1. Glen Vernon advised that the intent was to limit the number of law students to 50%. Chairman Sackett replied that the Governor's intent was satisfactory.

ADULT BASIC EDUCATION (p. 79)

Chairman Sackett recommended the Governor's figure of 843.9, with his intent. Judy Crondahl stated that there still remained a controversy over rental payments for the building housing this project in the Anchorage area. Senator Croft advised that he felt this was one of the best programs the department had and he would recommend an appropriation of 1.4 million dollars. Chairman Sackett advised that 1.2 million was the maximum appropriation the program could use and moved that this figure be adopted. Upon a vote of committee members the 1.2 million dollar figure was adopted. Senator Croft stated that he believed intent should be added stating that of the 200,000 dollars added, 18,000 dollars should go to adult literacy programs in the Anchorage area. Upon a vote of committee members, the motion passed.

FIRE SERVICE TRAINING (p. 81)

Chairman Sackett moved for adoption of the Governor's figure of 68.0.

ADULT VOCATIONAL EDUCATION (p. 83)

Chairman Sackett moved for adoption of the Governor's figure of 50.1. Glen Vernon advised that the program has added 50 thousand dollars for the instruction of English as a second language in the Anchorage area. Chairman Sackett advised that this program contained part of the CETA funds designated for vocational education.

COMMUNITY SCHOOLS (p. 85)

Chairman Sackett moved for adoption of the Governor's figure of 860.6.

CETA VOCATIONAL EDUCATION GRANTS (p.87)

Chairman Sackett moved for adoption of the Governor's figure of 169.5.

GRANTS ADMINISTRATION (p. 89)

Chairman Sackett moved that the committee recommend zero on the new instructor and put this position back under contractual. The new figures would be: 385.1 personal services, 47.5 travel, 56.2 contractual, 5.7 commodities, 1.8 equipment, for a total of 496.3.

SKILL CENTER (p. 91)

Chairman Sackett advised that he would recommend changing all funding sources where general funds are

currently being used. The CETA funds currently in Community & Regional Affairs should be removed from that department and placed under this program. This would effect a savings of about \$500,000. Glen Vernon advised that there was an error in that one of the positions was already filled but not funded. A correction will be made by budget amendment. He advised that his new figures indicate 1158.0 general funds, 815.8 program receipts and 250.0 in other funds for a total of 2223.8 which is 100 dollars different than the Governor's figure.

OPERATIONS (p. 93)

Chairman Sackett proposed leaving this budget category open for a while. Senator Tillion asked what figure the House had come up with, and Chairman Sackett replied 2 million. Senator Tillion suggested that the committee move for the Governor's figure, adding that the House figure was 200,000 dollars over the Governor's, and the House had specified some different programs. Senator Tillion moved that the committee take the Governor's figure and then negotiate at free conference. The motion passed and the Governor's 2224.8 figure was adopted.

JUNEAU MUSEUM (p. 95)

Chairman Sackett recommended the Governor's figure of 439.9.

STATE LIBRARIES (p. 99)

Chairman Sackett advised that he recommended deletion of all new positions because they are presently funded by Public Health, and the feeling appears to be that if the legislature doesn't fund them, they will probably continue under Public Health. Chairman Sackett advised that the breakdown for the new figures would be: 861.7 personal services, 28.9 travel, 161.4 contractual, 224.0 commodities, 0 for equipment, grants & claims 173.3 (including 44.4 under SB 10), 20.0 misc., for a total of 1469.3. Chairman Sackett stated that the appropriation should be accompanied by a letter of intent that no health sciences will be increased through general funds until the full costs are known.

ANCHORAGE MEDIA CENTER (p. 101)

Chairman Sackett advised that the Governor had changed the funding source to all general funds, and recommends that school districts be charged for rental of the films. Senator Orsini inquired into the possibility of some form of incentive program so the school districts will

hold the films after they have been shown. Senator Tillion suggested that the fee be small so the school districts will not decide to build their own film libraries. Chairman Sackett concluded that this area of the budget needed more study.

K-12 EDUCATION PROGRAM (p. 105)

Chairman Sackett advised that he recommended deletion of \$20,000 in contractual, due to the fact that to date this money hasn't been used. He also advised that the education specialist position be eliminated when vacant. The new total for this sub-program is 490.4.

CAREER & VOCATIONAL EDUCATION (p. 107)

Chairman Sackett recommended adoption of the Governor's figure of 448.1.

SPECIAL EDUCATION (p. 109)

Chairman Sackett recommended adoption of the Governor's figure of 283.1.

SUPPLEMENTAL PROGRAMS

Chairman Sackett recommended adoption of the Governor's figure of 674.0.

ACCREDITATION (p. 113)

Chairman Sackett advised that he would recommend either the Governor's figure or zero. Senator Croft moved that the committee adopt the zero figure. Upon a show of hands, the zero figure was adopted.

PROFESSIONAL TEACHING PRACTICE (p. 115)

Chairman Sackett advised that he recommends the Governor's figure of 83.8.

COMMISSIONER (p. 119)

Chairman Sackett recommended adoption of the Governor's figure of 519.0.

PLANNING INFO & RESEARCH (p. 121)

Chairman Sackett advised that there was a contractual change in this budget breakdown, changing that figure to 227.3. Judy Crondahl advised that \$13,700 in general funds is the essential skills project. There is a new federal project for 76.6 to assist in telecommunications and design. She added that the 76.6 has been picked out of general funds and put into federal funds. Chairman Sackett advised that the new total would be 610.1.

BOARDS & COMMISSIONS (p. 123)

Chairman Sackett recommended adoption of the Governor's figure of 145.5. Senator Croft suggested an increase of 115 with the intention that a portion of this increase be designated for use by the school Activities Association. Upon a show of hands, the Governor's figure was adopted.

STATE BOND COMMITTEE (p. 125 & 127)

Chairman Sackett recommended adoption of the Governor's figures.

Glen Vernon advised committee members he would present them with the total budget figure for the Education category.

The committee took a ten minute recess and reconvened at approximately 9:45 a.m. to review the General Government Budget. Alison Farnan entered the meeting at this time.

GENERAL
GOVERNMENT

Mrs. Farnan delivered copies of her worksheet to committee members advising that the Senate column was correct. Telecommunications has no funds yet, and the Vital Statistics BRU should be deleted. The correct total for General Government is 52083.6.

OFFICE OF THE GOVERNOR AND EXECUTIVE OFFICE (pp. 3 - 5)

Senator Croft advised that he recommended a total of 1613.3, adding that this represents a 100,000 dollar reduction resulting from vacancies. He further advised that he would approve the research assistant and one of the clerks, but deleted the 80,000 for the Washington Office. Alison Farnan advised that the reduction is shown in the miscellaneous category as -87.5, and that the appropriation contains an intent for inclusion of the Special Olympics.

POLICY DEVELOPMENT & PLANNING (p. 7)

Senator Croft recommended 635.5, advising that he had cut 50,000 due to lapses that have occurred over the years, the fact that this year's expenditures are low, and he did not see any real indication that they would need to spend this money. He added that they have a deputy director position vacant and he would propose to reduce that position. Alison Farnan advised that the miscellaneous category would show 108.9 and elimination of the deputy director position.

She further advised that elimination of 41.1 for the deputy director's salary would effect a total of 430.8 in personal services and produce a total for Policy Development & Planning of 635.5.

GROWTH POLICY/PUBLIC FORUM (p. 9)

Senator Croft moved for adoption of 319.3, adding that there are no full time positions.

CONTINGENCY FUND (p. 11)

Senator Croft moved that the committee adopt 250.0 advising that this would be the same as the House figure. He added that the short form figure contains an increase due to inflationary factors when this increase is unnecessary.

BUDGET & MANAGEMENT (p. 13)

Senator Croft moved for adoption of 707.5 adding that this figure is below the Governor's but above the House figure. He further stated he would not allow the new position due to the fact that the department has a total of 12 months worth of budget analyst vacancies. Mrs. Farnan stated that the breakdown would be: 602 personal services, 18 travel, 81 contractual, 4.8 commodities, and 1.7 equipment, for a total of 707.5.

EXECUTIVE MANSION (p. 15)

Senator Croft moved for 111.7 adding that this figure represents a 20% increase. Mrs. Farnan advised that the increase was due to the fact that they are adding some part time and temporary help to the mansion staff. She added that the breakdown would include a minus in the miscellaneous category, but would allow for the housekeeper on a permanent part-time basis.

TELECOMMUNICATIONS (p. 17)

Senator Croft advised he would like to hold this sub-program open for closing at a later time.

LIEUTENANT GOVERNOR (p. 19)

Senator Croft moved for adoption of the figure of 323.6 due to the fact that they lapsed 66.0 out of their 77 budget and they have also transferred some funds out of this area during the past year. The above amount would represent a 40.0 dollar reduction out of miscellaneous.

ELECTIONS

Senator Croft advised that he had cut below the House figure and changed travel. He further added that

about 50.0 dollars had been transferred out of this sub-program in 77. He stated that he still allowed an increase over their actual expenditures in an off election year. He did not allow the new position but increased travel to 20.0 for a total recommended figure of 586.3.

PUBLIC OFFICES COMMISSION (p. 23)

Senator Croft recommended adoption of 261.6. Alison Farnan advised that this represents a specific reduction of the administrative officer and clerk positions, but the research analyst would be allowed. Breakdown: 124.0 personal services, 38.4 travel, 91.6 contractual (allowed new position in Dept. of Law), 6.9 commodities and .7 equipment, for a total of 261.6, (4 full time positions, 2 part time)

VOLUNTEER ACTION (p. 25)

Senator Croft recommended the maintenance figure of 59.5.

OFFICE OF THE COMMISSIONER (p. 29)

Senator Croft recommended 998.6. Chairman Sackett advised that he should subtract 10.0 from the Commissioner's salary, and added that it appeared that the management consulting position was vacant and had been taken out. Alison Farnan stated that the new figure for personal services is 196.6, but figures in other categories remained the same. (5 permanent full time, 1 permanent part time, 1 temporary.)

INTERNAL AUDIT (p. 31)

Senator Croft advised that he would propose to transfer this function from Administration to the Governor's Office and would recommend 409.1. He further added that this is the same figure as the figure the House used, and he would eliminate the two new positions due to expenditures to date. Alison Farnan advised that the breakdown would be: 392.5 personal services, 9.8 travel, 517 contractual, .6 commodities, .5 equipment, for a total of 409.1 (13 permanent full time positions).

ADMINISTRATIVE SERVICES (p. 33)

Senator Croft recommended adoption of 289.7 and elimination of the new word processing consultant. Alison Farnan advised that the new figure for personal services would be 269.0, a reduction of 25.0. All other areas remain the same as it was felt this area might need some funds for reclassification.

EQUAL EMPLOYMENT OPPORTUNITY (p. 35)

Senator Croft moved for adoption of 209.8 adding that this is a 10.0 reduction under the Governor's and the House's figure. He stated that he would add an intent that the BRU is not to be placed under the Division of Personnel in the Dept. of Administration, but should remain a separate function. Alison Farnan advised that they had taken 10.0 out of contractual.

PERSONNEL (p. 37)

Senator Croft moved for adoption of 1377.8, adding that he would deny the new position. This is exactly the same action as taken by the House. Alison Farnan asked if he also wished the intent pertaining to assistance with training to be part of the appropriation and Senator Croft advised that he was in favor of the intent.

EMPLOYEE NEGOTIATION/RELATIONS (p. 41)

Senator Croft moved the figure of 566.6 stating that this lower figure is due to the low expenditure through the end of December. This figure was decided upon before the general government employees reached their contractual agreement, but they had spent only 41% through the end of December. Senator Tillion stated that since it appears the state is safe from a strike, he would move the Governor's figure of 587.3. Senator Croft advised that 587.3 is more than they had requested, that he allowed one new position and eliminated one position.

PRE-AUDIT (p. 45)

Senator Croft moved adoption of the Governor's figure of 225.3. Alison Farnan added that it was the subcommittee's intent that one pre-audit position be deleted when it becomes vacant. (Position count down to 10)

ACCOUNTING SERVICES (p. 47)

Senator Croft moved for adoption of the Governor's figure of 222.5.

PAYROLL ACCOUNTING (p. 49)

Senator Croft advised that he recommended 447.0 adding that this figure is slightly above the House due to cost of data processing equipment. He further stated that he had eliminated one existing position for an Accounting Clerk II, for a total of 17 permanent full time and 2 temporary positions. Breakdown: 38.3 personal services,

1.5 travel, 61.6 contractual, 2.6 commodities, 1.0 equipment, for a total of 447.0.

ADMINISTRATION & SUPPORT, (p. 51)

Senator Croft advised that he recommended 225.7 adding that he had eliminated an Accounting Clerk II, and reduced personal services to 202.2 (5 full time positions).

PURCHASING (p. 55)

Senator Croft advised he would recommend 702.8 adding that they had lapsed some funds and expenditures through December were only 43%. He reduced personal services to 637.4 due to reduction of positions and elimination of a vacant position (total positions 24).

PROPERTY MANAGEMENT (p. 57)

Senator Croft moved for adoption of 147.5 advising that Mr. Peska recommended that this area be increased as did the efficiency study. He stated that had allowed the new position requested for a change in personal services to 124.2. (Total of 5 positions)

RISK MANAGEMENT (p. 59)

Senator Croft moved for adoption of the Governor's figure of 157.0 stating that there is no way to make an accurate prediction regarding what insurance rates might be.

CENTRAL MAIL & SWITCHBOARD (p. 61)

Senator Croft moved for adoption of 311.8 due to vacancies and 40% expenditure.

CENTRAL DUPLICATING (p. 63)

Senator Croft moved for adoption of the Governor's figure of 425.4.

ARCHIVES (p. 65)

Senator Croft moved for adoption of 516.0 due to lapses from year to year and 42% expenditure through December. He added that in addition to the above, some contractual services funds were frozen. Alison advised that 50.0 under miscellaneous would be taken out.

LEASING & FACILITIES (p. 67)

Senator Croft recommended adoption of 114.7 and elimination of the full time position because the state is going to start disposing of this property. Alison advised that personal services would change to 94.9 (2 permanent full time, 1 part time).

DATA PROCESSING (p. 69)

Senator Croft moved for adoption of 462.4 stating that this figure is the same as the House figure. There are also 4 vacant positions which we have eliminated leaving a total of 16 positions.

SERVICES TO ADMINISTRATION (p. 71)

Senator Croft moved for adoption of 2620.0 advising that this is the same figure the House used. He added that he had eliminated 7 frozen positions and 2 of the 8 new positions. Alison advised that they had a total of 49 permanent full time positions, but only 2 EDP programmers and 1 temporary position.

ADMINISTRATION & SUPPORT (p. 75)

Senator Croft moved for adoption of 592.3 stating that this amount is less than the Governor allowed but more than the House. He added he had eliminated 1 vacant position and allowed the analyst and one other new position. Alison advised that this leaves a total of 13 permanent full time positions.

STATE TELECOMMUNICATION NETWORK (p. 77)

Senator Croft moved for adoption of 183.7, the same figure used by the House.

CONSULTANT SERVICES (p. 79)

Senator Croft moved for 79.4 stating that he had eliminated 2 new positions and added that the department had transferred one in and was requesting new positions. He added that he had only allowed one of these positions.

LABOR RELATIONS AGENCY (p. 81)

Senator Croft moved for 55.0 stating that they had only expended 33% of their budget through the end of December.

RETIREMENT & BENEFITS (p. 83)

Senator Croft moved for adoption of the Governor's figures: PERS 351.0 (p. 85), TRS 343.3 (p. 87), Other Benefits 132.3 (p. 89) and Central Support 208.1 (p. 91).

LEGAL SERVICES (p. 93)

Senator Croft asked that this area be taken up at another time.

DEPARTMENT OF REVENUE

AUDIT (p. 97)

Senator Croft advised he would recommend 2223.2 stating that this figure is 10.0 below the House figure. He

further advised that he had eliminated 2 of the new positions. Alison advised that there positions were for revenue auditors and that the position count is now 69, 3 of which are part time.

ENFORCEMENT (p. 99)

Senator Croft recommended 1067.8. Alison advised that the subcommittee allowed 3 new positions for a total position count of 33. Personal services has changed to 859.8, and all other categories remain the same. The new positions are as follow: tax collection specialist for Fairbanks, one Clerk Typist III for Anchorage, (the Clerk Typist for Seattle was not allowed), and a revenue information officer in Fairbanks is allowed, but not the one in Anchorage.

TREASURY DEPARTMENT (p. 101)

Senator Croft advised that he would move adoption of 1025.0 advising that this figure is below both the Governor's and the House's figure. He advised he had eliminated 3 positions for a total of 18, and that current expenditures are less than 405. Alison advised that they allowed the agency to decide which 3 positions should be deleted, and she took the 100.0 out of miscellaneous. Senator Croft advised that he realized he had gone below the maintenance level stated in the short form and yet the above amount appeared to be above current expenditures to date.

OFFICE OF THE COMMISSIONER (p. 105)

Senator Croft moved for adoption of 267.3 as the total figure. Alison advised that the breakdown is as follows: 181.1 personal services, 17.1 travel, 96.5 contractual and a reduction of 29.4 under miscellaneous. Senator Croft stated that the subcommittee had disallowed the two new positions, leaving the position total at 4.

ADMINISTRATIVE SERVICES (p. 107)

Senator Croft moved for adoption of 1537.9 with the elimination of the 2 new positions (economist and information officer). Alison advised that the breakdown would be: 1230.2 personal services, 17.6 travel, 166.9 contractual, 9.0 commodities 132.7 lands and buildings, for a reduction of 18.5 under miscellaneous.

PETROLEUM REVENUE (p. 109)

Senator Croft asked that this sub-program be held open for closing at a later time.

BLUE BOOK (p. 111)

Senator Croft advised he would like to eliminate this sub-program in an off year. Alison stated that legislative intent should state that anticipated off-year updating be accomplished using existing funds.

VITAL STATISTICS (p.113)

Senator Croft advised that he recommended 303.7 due to the fact that this sub-program has only spent 42% of their appropriation through December. He further added that this should be transferred over to Health, and that he had advised Mr. Barker of the above figure.

BUILDING SECURITY (p. 115)

Senator Croft moved for adoption of the Governor's figure of 157.9.

CONSTRUCTION INSPECTION (p. 119)

Senator Croft moved for adoption of the Governor's figure of 190.5.

CONSTRUCTION ADMINISTRATION (p. 121)

Senator Croft moved for adoption of the Governor's figure of 238.0.

MAINTENANCE & OPERATIONS (p. 123)

Senator Croft moved for adoption of 6480.3 and elimination of 23 positions. Six of these positions are for guards which are not funded and should have been taken out; 10 positions are frozen due to contracts for janitorial services; 7 positions are eliminated due to newly created Department of Transportation, leaving a total of 62 full time and 9 part time. We would allow all new positions except the groundsman. Breakdown: 2073.4 personal services, 37.3 travel, 2929.7 contractual, 748.0 commodities, 26.8 equipment, 962.5 lands and buildings, for a miscellaneous reduction of 297.4.

GENERAL DESIGN (p. 125)

Senator Croft moved for adoption of 471.3, advising that personal services should be 436.1 due to vacancies. The subcommittee allowed all new positions. These are all capital improvement programs moved to general funds. There is a total of 14 positions.

SUPPORT TO STATE AGENCIES (p. 129)

Senator Croft moved for adoption of 1408.2 and elimination of two vacant positions for a total of 31 permanent full time positions.

REMOTE VILLAGE RADIO (p. 131)

Senator Croft moved for adoption of the Governor's Figure of 239.5.

STATE EQUIPMENT FLEET

CENTRAL DISTRICT (p. 135)

Senator Croft moved for adoption of 3667.2 and elimination of 2 positions. Alison advised that the breakdown would be: 1536.5 personal services, 417.2 contractual, 1665.4 commodities. Senator Croft advised that there is a current total of 54 full time positions, and that expenditures through December were low due to the mild winter, but he hesitated to cut the budget too much for fear that next winter may be more severe.

INTERIOR DISTRICT (p. 137)

Senator Croft moved for adoption of 3219.8 and elimination of one vacant position. Alison advised that the breakdown for the revised figures would be: 461.7 contractual, and 1361.2 commodities.

SOUTHEASTERN DISTRICT (p. 139)

Senator Croft moved for adoption of 1126.3 and deletion of one position. Breakdown for changed categories: 535.3 personal services, 139.8 contractual, 428.9 commodities. There are 19 full time positions.

WESTERN DISTRICT (p. 141)

Senator Croft moved for adoption of 636.9 and elimination of the position that has been vacant for a year. Breakdown for revised categories: 362.0 personal services, 98.8 contractual, and 160.0 commodities. Nine full time positions, and 1 part time.

ADMINISTRATION & SUPPORT (p. 143)

Senator Croft moved for adoption of 275.9 and elimination of one vacant supply officer position. Breakdown of revised categories: 161.6 personal services, 69.1 contractual, 17.3 commodities.

SOUTHCENTRAL (p. 145)

Senator Croft moved for adoption of 1865.5. Breakdown for revised categories: 273.5 contractual, 698.8 commodities.

BUDGET & AUDIT COMMITTEE (p. 147)

Senator Croft moved for adoption of 2167.9 for the program total adding that the only change is the Legislative Finance

increase to 602.9 (\$5,600 increase for temporary employees' salaries.

LEGISLATIVE COUNCIL (p. 155)

Senator Croft moved that this area of the General Government budget remain open pending budget submissions from Legislative Council. The committee is to request submission of this budget for presentation Wednesday, April 13, 1977. Senator Croft advised that his preliminary figure for this program is 6546.2.

OFFICE OF OMBUDSMAN (p. 177)

Senator Croft moved for adoption of the Governor's figure of 367.9 with legislative intent that the Fairbanks office be established within the present budget utilizing existing staffing.

The meeting adjourned at approximately 11:45 a.m.

SENATE FINANCE COMMITTEE

April 12, 1977

8:10 a.m.

Chairman Sackett convened the meeting at approximately 8:10 a.m. All committee members were present. Also in attendance were Milt Barker, Fiscal Analyst, and Judy Crondahl, Administrative Assistant to Senator Sackett.

PRESENT

Chairman Sackett made the following bill assignment:

HB 203 - Orsini

HB 203

Chairman Sackett referred to SCHB 349 (Supplemental appropriation to the Legislative Affairs Agency and the Legislative Finance Division) stating that he would propose a Committee Substitute extending the legislative session to May 5, 1977. He added that he had taken out all the supplemental for the committees and left in everything else, the Dafoe contract, additional session travel expenses, and funds for T. V. coverage and equipment. Senator Croft objected stating that he felt funding for these projects could be found elsewhere in Legislative Affairs' budget. Judy Crondahl replied that she had spoken with Mr. Charney and he had assured her that funds could not be found within the Agency to cover these projects. Chairman Sackett stated that the funds were necessary to extend T. V. coverage beyond the 90-day session presently funded, and added that the travel funds have already been spent for committees that have had to travel North. Senator Croft advised that he believed there would be money from the interim committees that could be moved around to absorb some of the costs of these projects. Senator Hohman moved that the committee hold further action on the Committee Substitute until Senator Croft has had an opportunity to look into the matter further.

CSHB 349

MOTION
CSHB 349

Chairman Sackett advised that the purpose of the meeting was to close the budget for the Social Services category. The committee recommended the following totals:

SOCIAL
SERVICES
BUDGET

CHILD ADVOCACY (p. 3)

Senator Tillion moved for the figure zero. Senator Croft objected, but upon a show of hands the motion passed with the comment that the House had also zeroed this program.

PIONEERS HOME ADVISORY BOARD (p. 5)

Senator Tillion advised that this program lapsed funds last year but it is one of those things which is difficult to pin down, so he had taken the Governor's figure of 8.4.

ALASKA PLAN (p. 7)

Senator Tillion moved for adoption of 225.0 including the budget amendment.

CETA - TITLE I (p. 9)

Senator Tillion advised that this program should be moved to page 190-191 (CETA, Classroom Training)

LONGEVITY BONUS (p. 27)

Senator Tillion moved adoption of the Governor's figure of 9765.9 with legislative intent saying that there will be no RP's moving funds to other categories. We don't want this program lapsing some funds and moving them to other areas.

PIONEERS HOMES - SITKA (p. 29)

Senator Tillion advised that the subcommittee had cut MICA because it is no longer needed. Recommended figure is 2182.3.

PIONEERS HOMES - FAIRBANKS (p. 31)

Senator Tillion advised that he had taken out 60.0 for MICA, and cut 4 positions at 78.0. Recommended figure is 2182.3

PIONEERS HOMES - PALMER (p. 33)

Senator Tillion advised he had cut 55.0 out of MICA for a recommended total of 1903.8.

PIONEERS HOMES - KOTZEBUE (p. 35)

Senator Tillion moved for adoption of 600.6.

PIONEERS HOMES - ANCHORAGE (p. 37)

Senator Tillion advised that there had been some delays in completion of this facility. He stated he cut MICA 45.0 for a new total of 2266.5. He allowed some positions and disallowed some that would not be needed because the facility will not be opening on time. The subcommittee deleted 3 positions but did not specify which positions.

PIONEERS HOMES - CENTRAL OFFICE (p. 39)

Senator Tillion recommended adoption of the Governor's figure of 104.4.

VACATIONAL REHABILITATION - COUNSELING & PLACEMENT (p. 43)
Senator Tillion advised that the figure is 1493.1. The subcommittee cut 6 positions but kept all federal funding. All the positions had been vacant over a year. Total of 54 positions.

VOCATIONAL REHABILITATION - SERVICES TO CLIENTS (p. 45)
Senator Tillion moved for the Governor's figure of 1763.5 adding that there will probably be a supplemental of 55.0 coming in. Chairman Sackett stated that 600.0 should also be added for ARCA Vocational Rehabilitation.

VOCATIONAL REHABILITATION - ADMINISTRATION (p. 47)
Senator Tillion moved adoption of the Governor's figure of 434.2.

VOCATIONAL REHABILITATION - SPECIALIZED FACILITIES (p. 49)
Senator Tillion moved adoption of the Governor's figure of 110.9.

VOCATIONAL REHABILITATION - DISABILITY DETERMINATION (p. 51)
Senator Tillion moved adoption of the Governor's figure of 368.6.

VOCATIONAL REHABILITATION - EMPLOYMENT OF THE HANDICAPPED (p. 53)
Senator Tillion moved adoption of the Governor's figure of 21.5.

YOUTH EMPLOYMENT SERVICES (p. 55)
Senator Tillion moved for a zero figure stating that these are not employees that should be put on the state budget. He added that this program was covered under Labor. Senator Croft objected to the zero figure stating that the program provides employment services for kids. Chairman Sackett stated that President Carter would be coming out with employment programs for kids. The motion passed.

ASSISTANCE PAYMENTS - AFDC (p. 59)
Senator Tillion moved for adoption of the Governor's figure of 12698.7. Milt Barker advised that this program lapsed funds in 76 and that to date the program has 21% of its appropriation remaining.

ASSISTANCE PAYMENTS - OLD AGE ASSISTANCE (p. 61)
Senator Tillion moved for adoption of the Governor's figure of 2631.9.

ASSISTANCE PAYMENTS - AID TO THE BLIND (p. 65)
Senator Tillion moved for adoption of the Governor's figure of 110.9.

ASSISTANCE PAYMENTS - AID TO THE DISABLED (p.67)
Senator Tillion moved for adoption of the Governor's figure of 2546.8.

ASSISTANCE PAYMENTS - GENERAL RELIEF (p. 69)
Senator Tillion moved for adoption of the Governor's figure of 288.0.

PROGRAM SERVICES - HOMEMAKER SERVICES (p. 71)
Senator Tillion moved for adoption of the Governor's figure of 464.8.

PROGRAM SERVICES - FOSTER CARE (p. 73)
Senator Tillion moved for adoption of the figure 2190.2.

PROGRAM SERVICES - INSTITUTIONAL CARE (p. 75)
Senator Tillion moved for adoption of the Governor's figure of 3132.5.

PROGRAM SERVICES - DAY CARE (p. 77)
Senator Tillion moved for adoption of the Governor's figure of 122.8.

PROGRAM SERVICES - YOUTH SERVICES (p. 85)
Senator Tillion moved for a zero amount. Senator Croft objected, but upon a show of hands, the motion passed.

SOCIAL SERVICES - SOUTHCENTRAL REGION (p. 93)
Senator Tillion moved for adoption of the new total of 1763.1. Breakdown: 1431.4 personal services, 36.8 travel, 228.8 contractual, 22.4 commodities, .2 equipment, 43.5 lands and buildings. Total positions 54, 6 part time. Senator Tillion advised that he had reduced administration, not the social workers or their travel. Senator Croft moved the figure of 1663.1. His motion failed and Senator Tillion's figure was adopted.

SOCIAL SERVICES - NORTHERN REGION (p. 95)
Senator Tillion moved for adoption of the Governor's figure of 976.4.

SOCIAL SERVICES - SOUTHEASTERN REGION (p. 97)
Senator Tillion moved for adoption of the Governor's figure of 375.0.

SOCIAL SERVICES - WESTERN REGION (p. 99)
Senator Tillion moved for adoption of the Governor's figure of 594.3.

SOCIAL SERVICES - NORTHWESTERN REGION (p. 101)
Senator Tillion moved for adoption of the Governor's figure of 472.1.

SOCIAL SERVICES - SOUTHERN REGION (p. 103)

Milt Barker advised that PCN 3125 has been deleted due to the fact that there are people in the Central Office who can handle the duties of this position. New total: 336.2. Breakdown: 273.6 personal services, 6.0 travel, 25.8 contractual, 6.5 commodities, 24.3 lands and buildings.

PUBLIC ASSISTANCE - ELIGIBILITY (p. 105)

Senator Tillion moved for adoption of 2778.0. Breakdown: 2193.7 personal services, 53.1 travel, 521.8 contractual, 20.3 commodities. (These figures add up to 2788.9)

PUBLIC ASSISTANCE - STAFF DEVELOPMENT (p. 107)

Senator Tillion moved adoption of the Governor's figure of 230.5.

SOCIAL SERVICES ADMINISTRATION - CENTRAL OFFICE (p. 109)

Milt Barker advised that the new figure is 799.4. Breakdown: 502.0 personal services, 37.9 travel, 250.7 contractual, 8.8 commodities. The subcommittee allowed 2 new positions. Two PCN's have transferred to Southcentral. Five PCN's were deleted. Senator Croft asked why the House had cut this area more. Milt replied that the House cut it back to where it was last year but the Department says that the people they are requesting are already performing these functions. Chairman Sackett asked Mr. Barker if he was aware that there are several budget amendments relating to this area. Mr. Barker replied that he was aware of them. One represents a reduction of personal services and the other is a change of funding sources.

SOCIAL SERVICES ADMINISTRATION - STAFF DEVELOPMENT (p. 113)

Senator Tillion advised that the subcommittee left enough so this program could perform staff development but cut programs where the department had contracted this function because the subcommittee felt these contracts did not develop staff. Senator Croft objected stating that on p. 109 more general fund moneys had been appropriated, and on p. 113 federal funds are being cut. Senator Tillion replied that they hoped to pick up the maximum in federal funds, but the contracted programs were just not successful and are being cut. Senator Tillion recommended 250.0. Upon a show of hands, his motion passed.

WIN (p. 115)

Senator Tillion moved adoption of the Governor's figure of 603.6.

OFFICE OF AGING (p. 117)

Milt Barker advised that the new figure is 2179.3. Breakdown: 237.3 personal services, 50.8 travel, 60.5 contractual, 3.0 commodities, 1827.7 grants. Milt advised that there is a federal maintenance of effort requirement for administrative portion of these programs. The governor had cut this area and it was necessary to add positions to bring the administration up to federal requirements.

ALCOHOL ABUSE - ADMINISTRATION (p. 119)

Senator Tillion advised that this area was confusing due to the fact that it combines drugs and alcohol. He moved adoption of 678.9. Breakdown: 463.4 personal services, 75.0 travel, 120.0 contractual, 18.0 commodities, and 2.5 equipment. We are dropping 2 coordinators, 1 clerk typist, and 1 research analyst. Milt Barker advised that the program had 22 positions in the combined project and the subcommittee allowed 17.

ALCOHOL ABUSE - GRANTS (p. 121)

Senator Tillion moved adoption of the Governor's figure of 2614.0.

DRUG ABUSE - ADMINISTRATION (p. 123)

Senator Tillion recommended zero.

DRUG ABUSE - GRANTS (p. 125)

Senator Tillion moved for adoption of the Governor's figure of 799.6.

ADMINISTRATION - COMMISSIONERS OFFICE (p. 127)

Senator Tillion moved adoption of 439.9 adding that the subcommittee increased travel to all general funds rather than federal, and stipulated that the commissioner must stay within the appropriation.

ADMINISTRATION - REGIONAL OFFICES (p. 129)

Senator Tillion moved adoption of the Governor's figure of 253.5.

ADMINISTRATION - PERSONNEL (p. 131)

Senator Tillion moved adoption of the Governor's figure of 301.2.

ADMINISTRATION - SUPPLY (p. 133)

Senator Tillion moved adoption of the Governor's figure of 267.6.

ADMINISTRATION - FINANCE (p. 135)

Senator Tillion moved adoption of the Governor's figure of 814.5.

ADMINISTRATION - GRAPHIC ARTS (p. 137)

Senator Tillion moved adoption of the Governor's figure of 62.8.

QC/COLLECTION AGENCY (p. 139)

Senator Tillion moved adoption of the Governor's figure of 815.2.

CHILD SUPPORT ENFORCEMENT (p. 141)

Senator Tillion recommended zero due to the fact that this function will be transferred to Revenue. He added that the bill transferring this function will knock 23 positions out of Social Services and transfer 15 to Revenue on a contractual basis. Milt Barker stated there would be a budget amendment for 40 positions. Senator Tillion added that these positions are mandated under the program but will consist of 40 persons coming from within other areas within the state government. Chairman Sackett stated they would leave the figure at zero but hold the category open until the bill gets through judiciary.

TITLE XX OFFSET (p. 143)

Senator Tillion advised that this figure is 4181.0 Title XX Offset.

FISHERMANS FUND (p. 145)

Senator Tillion moved adoption of the Governor's figure of 283.6.

SECOND INJURY FUND (p. 147)

Senator Tillion moved adoption of the Governor's figure of 334.8.

EMPLOYMENT SECURITY - EMPLOYMENT SERVICES (p. 149)

Senator Tillion moved 7259.1. Chairman Sackett advised that 4.0 should be added for Petersburg and 4.0 for Tok for rental of office space for a new figure of 7267.1.

EMPLOYMENT SECURITY - UNEMPLOYMENT INSURANCE (p. 151)

Senator Tillion moved adoption of the Governor's figure of 1028.4.

EMPLOYMENT SECURITY - ADMINISTRATION (p. 153)

Senator Tillion moved adoption of the Governor's figure of 980.8.

WIN (p. 157)

Senator Tillion moved adoption of the Governor's figure of 956.4.

LABOR MARKET INFORMATION (p. 167)

Senator Tillion moved adoption of the Governor's figure of 394.6.

GAAB CETA CONTRACT (p. 169)

Senator Tillion moved adoption of the Governor's figure of 594.2.

ADMINISTRATION (p. 171)

COMMISSIONERS OFFICE

Senator Tillion moved for adoption of 495.5 less 10.0 from the Commissioner's salary and less 32.0 due to elimination of vacant positions for a total of 452.5.

ADMINISTRATION - SUPPORT (p. 173)

Senator Tillion advised that the subcommittee had cut 43.7 out of miscellaneous and disallowed the new position. Milt Barker stated that the House also disallowed the new position and also cut other line items. Senator Croft asked if there were program receipts from other agencies. Milt replied that there were and there was a schedule for these receipts. He stated that the federal is 2300.0 and general fund is 400.0 or about 12%. Senator Tillion moved for adoption of 1083.4.

VETERANS SERVICES (p. 177)

Senator Tillion moved for adoption of 66.9 adding that the subcommittee had given this area more money for travel.

SENIOR CITIZENS TAX EXEMPTION - PROPERTY TAX EXEMPTION (p. 179)

Senator Tillion moved adoption of 1292.3. Milt Barker advised that the above figure is a revised estimate by the department.

SENIOR CITIZENS TAX EXEMPTION - RENTERS EQUIVALENCY (p. 181)

Senator Tillion moved for adoption of the Governor's figure of 654.2.

SENIOR CITIZENS TAX EXEMPTION - SPECIAL ASSESSMENTS (p. 183)

Senator Tillion moved adoption of the Governor's figure of 168.0.

CHILD ASSISTANCE (p. 187) DAY CARE

Senator Tillion moved adoption of the Governor's figure of 1706.0.

CHILD ASSISTANCE - HEAD START (p. 189)

Senator Tillion recommended the Governor's figure of 305.9. Chairman Sackett moved for adoption of 444.5 stating that this program has lost its federal funding and the House has funded through general funds. Upon a show of hands, the 444.5 figure was adopted.

CETA - CLASSROOM TRAINING (p. 191)

Senator Tillion moved for adoption of the Governor's figure of 1528.2. Milt Barker added that there was to be a letter of intent that 701.0 is to be credited to the Skill Center to fund 100 slots year round.

CETA - ON THE JOB TRAINING (p. 193)

Senator Tillion stated that the subcommittee took the Governor's figure and moved this category to p. 201 (Administration), total 637.1.

CETA - ADMINISTRATION (p. 201)

Senator Tillion moved for adoption of 1521.53, stating that he was afraid the program would be dropped and the state would be stuck with the people on the payroll. Senator Sackett moved for adoption of the Governor's figure of 1588.4. Upon a show of hands, the Governor's figure was adopted.

DEBT SERVICE (p. 203) PIONEERS HOMES

Senator Tillion moved for adoption of the Governor's figure of 1029.2.

DEBT SERVICE - SENIOR CITIZEN HOUSING (p. 205)

Senator Tillion moved for adoption of the Governor's figure of 66.3.

The meeting adjourned at approximately 10:00 a.m.

SENATE FINANCE COMMITTEE

April 12, 1977

1:42 p.m.

All members of the Committee were in attendance except Senator Butrovich. Also in attendance: Judy Crondahl, Milt Barker, and Jay Hogan.

PRESENT

Chairman Sackett requested Senator Tillion to present information concerning the budget for the health category.

HEALTH

Field Nursing (page 5): Senator Tillion moved the Governor's figure (3340.1) be accepted. Croft objected and asked why there was a 13% vacancy. Senator Tillion stated this was because it was hard to find good nurses and it takes time to fill positions in the rural areas. Senator Croft withdrew his objection.

Home Health Service: Accepted the Governor's figure of \$28.6.

Nursing, Administration: Accepted the Governor's figure of \$714.0.

Nursing, Early Screening: Accepted the Governor's figure of \$168.9.

Communicable Disease Control, TB Control: Accepted the Governor's figure of \$660.7.

Communicable Disease Control, Venereal Disease Control: Accepted the Governor's figure of \$211.2. Senator Orsini asked why more was spent on TB control than Venereal Disease Control. Chairman Sackett stated that TB is on the increase.

Communicable Disease Control, Immunization: Accepted the Governor's figure of 71.7.

Communicable Disease Control, Epidemiology: Accepted the Governor's figure of \$156.9. Senator Tillion advised the cost of inoculations has doubled.

Environmental Health, General Sanitation: Accepted the Governor's figure of \$1114.6. Mr. Barker advised the House figure was 1043.9. They cut travel expenditures.

Environmental Health, Seafood Sanitation: This component was reduced to zero. Senator Tillion advised this is being transferred to Natural Resources, Food Inspection.

Child & Family Health, Family Planning: Accepted the Governor's figure of \$354.9.

Child & Family Health, Maternal & Child Health: Accepted the Governor's figure of \$116.6.

Child & Family Health, Handicapped Children: Accepted the Governor's figure of \$1188.1.

Child & Family Health, Communicative Disorders: Accepted the Governor's figure of \$382.2.

Child & Family Health, Child Development Service: Accepted the Governor's figure of \$231.6.

Child & Family Health, Administration: Accepted the Governor's figure of \$109.9.

Child & Family Health, Nutrition: Senator Tillion recommended the Clerk Typist III position be deleted. He stated the House budget deletes this position. The Committee concurred and accepted total expenditures for this component at \$467.5.

Laboratories, Regional Labs: The Committee added \$30,000 for contractual and accepted total expenditures of \$1208.1.

Laboratories, Administration: Mr. Barker advised there is a budget amendment for a position with the breathalyzer program. He stated if this amendment is not accepted the Department will come back with a revised program. He stated the additional amount for the breathalyzer program will be from inter-agency receipts and that it is federal funds. The Committee accepted the following figures: Personal Services 98.0; Travel 8.6; Contractual 9.5; Commodities 5.7; total expenditures 121.8.

Health Information Systems: The Committee accepted the following figures: personal services 47.4; travel 6.1; contractual 6.9; commodities 2.3; equipment .2; total expenditures 62.9. There is an increase of two positions.

A new budget component, Vital Statistics was added here. The Committee accepted the following figures: Personal Services 42.6; travel 14.6; contractual 58.0; commodities 15.3; equipment 8.5; miscellaneous 20.0. Mr. Barker will provide this information to Committee members in writing.

Health Information, Impairment Registry: The Committee accepted an increase in travel to 6.2 for total expenditures of \$79.2.

Certification & Licensing: Accepted the Governor's figure of \$270.9.

Public Health Administration, Administration: Senator Tillion recommended a computer programmer be deleted from contractual and that contractual and travel be reduced. The Committee accepted travel at \$13.9; contractual at \$34.7; for total expenditures of \$456.5.

Public Health Administration, Health Education: Accepted the Governor's figure of \$140.6.

Public Health Administration, Grant to GAAB: Senator Tillion recommended the Governor's figure of \$500.0. Senator Croft moved the figure be increased by \$700,000. He stated the House had increased their budget by that amount. Motion failed. Committee accepted the Governor's figure.

Alaska Psychiatric Institute: General Program and Psychiatric Security Unit were combined. Mr. Barker advised there was no change in funding. The Committee accepted the figure of \$6777.7.

Harborview: The Committee accepted the Governor's figure of \$5089.1.

Contract Institutions: Senator Tillion advised the House added \$20,000 to the Governor's figure for Anchorage Lodge. The Committee accepted the Governor's figure of \$1944.8.

State Mental Health Centers, Juneau: Accepted the Governor's figure of \$280.8.

State Mental Health Centers, Anchorage: Senator Tillion recommended that component be zero as Anchorage does not have a mental health center. The Committee concurred.

State Mental Health Center, Fairbanks: Accepted the Governor's figure of \$334.3.

Community Mental Health Center: Senator Tillion recommended this figure be \$1793.8. He stated this was an increase of \$221,000 above the Governor's figure. He stated this increase was 14% above the Governor's figure and 22% above what they had last year. Senator Tillion stated this is one of the programs that is working. Senator Tillion moved this component be funded at \$1793.8. Motion carried.

Mental Health Administration, Developmental Disabilities: Accepted the Governor's figure of \$150.0.

Mental Health Administration, Administration: Senator Tillion recommended the Governor's figure be accepted. Senator Croft asked why the House cut \$100,000 and Mr. Barker advised they disallowed two new positions. Senator Tillion stated these were not actually new positions, but were positions transferred from elsewhere. Senator Croft moved the total figure be \$564.5. Motion failed. Senator Tillion moved the Governor's figure of \$658.7 be accepted. Motion carried.

Medicaid: Mr. Barker advised this has been separated into six BRU's. He will provide a memo on this to Committee members. Senator Tillion stated the purpose of this was to have a better accounting record.

General Relief Medical: The Committee accepted the Governor's figure of \$4010.9.

Public Assistance Administration: Accepted the Governor's figure of \$825.9.

Planning & Research, Data Services: Accepted the Governor's figure of \$812.0.

Planning & Research, Health Planning: Accepted the Governor's figure of \$783.7.

Planning & Research, Human Services Planning: Senator Tillion moved this category be zero. There being no objection, it was so ordered.

Planning & Research, Administration: Accepted the Governor's figure of \$106.3.

Emergency Medical Services: Senator Tillion stated the House has deleted the position of Health Planner. Senator Tillion stated he did not see any reason for deleting this new position as this is a good program and the new position is federal funds. The Committee accepted the Governor's figure of \$723.8.

Debt Services, Health Facilities: The Committee accepted the Governor's figure of \$1741.6.

Chairman Sackett requested Senator Hohman present information on the Transportation category. Senator Hohman stated that with the new Department of Transportation, the short form for transportation is no longer valid.

TRANSPOR-
TATION

Mr. Hogan passed out a list of budgeted new positions and the short form computer print out for transportation. See attachments 1 and 2.

Senator Hohman moved the transportation budget include an additional \$100,000 for the Whittier Train Shuttle; he further moved that it include \$35,000 for the Aleutian subsidy. There being no objection, it was so ordered.

Senator Hohman moved to reduce the amount budgeted for the Commissioner's salary by \$10,000. There being no objection, it was so ordered.

Mr. Hogan asked if Committee members wished to include legislative intent to provide for infant care facilities on the ferries. He stated this was included in the House budget and that there was to be no additional cost. It is to be done within amount budgeted for overhaul. There being no objection, it was so ordered.

Senator Hohman stated the House has legislative intent to include year round maintenance of roads at Kluckwan and Thorn Bay. He stated the cost on this would be within existing budgets. Senators Tillion and Sackett stated they thought the cost of maintaining the road at Thorn Bay would be beyond the existing budget and they disagreed with that portion.

Senator Hohman stated there is further legislative intent concerning winter maintenance of the Kalafonski airport. There was no objection.

Senator Hohman stated there is legislative intent concerning winter maintenance of Icy View Road. Senator Meland stated that SCR 15 is concerned with this and they are asking for \$27,000. Mr. Hogan stated the intent is that the cost of maintaining the road would be within their own allocation. There being no objection, it was so ordered.

Senator Tillion recommended that \$20,000 be added for maintenance of equipment. He stated that with this \$20,000 that could fly a mechanic in to fix cats, graders, etc. and the cost would be less than contracting to have it done. There being no objection, it was so ordered.

Chairman Sackett presented legislative intent concerning conditional appropriation - transportation. See attachment #3. There being no objection to the wording, it was so ordered.

Mr. Hogan commented on the 30 engineers who were laid off early in the year. He stated that all of them were collecting large amounts of overtime prior to being laid off.

The meeting adjourned at 3:00 p.m.

ADJOURN

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

17:15

4/11/77

* * * * * TRANSPORTATION * * * * *

SHORT FORM PAGE	BUDGET COMPONENT	FY 1977 AUTHORIZED	FISCAL YEAR 1978			GOVERNOR - SENATE COMPARISON	
			GOVERNOR	HOUSE	SENATE		
	DEPARTMENT OF PUBLIC WORKS						
4	TRUNK & SECONDARY AIRPORTS						
6	REGIONAL OPERATIONS	8022.5					
	ADMINISTRATION	652.1					
	*** PROGRAM TOTAL ***	8674.6					
10	AVIATION ENGINEERING						
12	CHIEF ENGINEER	136.5					
14	PLANNING	145.6					
16	DESIGN	180.0					
	CONSTRUCTION	144.3					
	*** PROGRAM TOTAL ***	606.4					
20	AVIATION ADMINISTRATION						
22	ADMINISTRATION	792.2					
	LANDS & LEASING	300.5					
	*** PROGRAM TOTAL ***	1092.7					
26	ADMINISTRATION						
28	COMM OF PUBLIC WORKS	517.6					
30	ADMINISTRATION	748.4					
	PUBLIC FACILITIES PROCUREMENT						
	*** PROGRAM TOTAL ***	1266.0					
	*** AGENCY TOTAL ***	11639.7					
	DEPARTMENT OF HIGHWAYS						
34	ADMINISTRATION						
36	CENTRAL DISTRICT	1422.2					
38	INTERIOR DISTRICT	983.1					
40	SOUTHEAST DISTRICT	626.1					
42	WESTERN DISTRICT	235.9					
44	SOUTHCENTRAL DISTRICT	688.0					
	HEADQUARTERS & LAB	3512.2					
	*** PROGRAM TOTAL ***	7467.5					
48	MAINTENANCE						
50	CENTRAL DISTRICT	13638.7					
52	INTERIOR DISTRICT	9549.4					
54	SOUTHEAST DISTRICT	4890.7					
56	WESTERN DISTRICT	1829.2					
	SOUTHCENTRAL DISTRICT	5766.7					
	*** PROGRAM TOTAL ***	35674.7					
	*** AGENCY TOTAL ***	43142.2					
	STATE BOND COMMITTEE						
60	DEBT SERVICE						
62	HIGHWAYS	8200.2	9934.1	9934.1	9934.1		
64	MARINE TRANSPORTATION	4091.7	4249.5	4249.5	4249.5		
	AVIATION	7014.6	7478.4	7478.4	7478.4		
	*** PROGRAM TOTAL ***	19306.5	21662.0	21662.0	21662.0		
	DEPARTMENT OF TRANSPORTATION						
68	ADMINISTRATION						
70	COMMISSIONER'S OFFICE		683.7	1083.7	983.7	300.0	43.8%
72	TRANSPORTATION PLANNING		187.4	187.4	187.4		
74	INTERNAL REVIEW		328.2	328.2	328.2		
	ADMINISTRATIVE SERVICES		6453.9	6081.7	6081.7	-372.2	-5.7%
	*** PROGRAM TOTAL ***		7653.2	7681.0	7581.0	-72.2	-0.9%
78	MARINE TRANSPORTATION						
80	SOUTHEAST VESSEL OPERATIONS	25014.3	28168.9	28168.9	28168.9		
82	SOUTHEAST SHORE FACILITIES	1123.1	1675.2	1675.2	1675.2		
84	SOUTHWEST VESSEL OPERATIONS	4381.2	4721.8	4721.8	4721.8		
86	SOUTHWEST SHORE FACILITIES	299.1	388.8	388.8	388.8		
	ADMINISTRATION	1920.7	1459.5	1459.5	1459.5		
	*** PROGRAM TOTAL ***	32738.4	36414.2	36414.2	36414.2		
90	SOUTHEAST REGION O & M						
92	AIRPORTS		887.7	874.3	874.3	-13.4	-1.5%
	HIGHWAYS		5589.0	5512.1	5512.1	-75.9	-1.3%
	*** PROGRAM TOTAL ***		6475.7	6386.4	6386.4	-89.3	-1.3%
96	ANCHORAGE INT AIRPORT						
98	FIELD MAINTENANCE	3295.8	2238.8	2238.8	2238.8		
100	BUILDING MAINTENANCE	932.7	1066.8	1066.8	1066.8		
102	SECURITY	2337.0	2195.3	2195.3	2195.3		
104	CUSTODIAL	87.5	1101.6	1101.6	1101.6		
	ADMINISTRATION	694.9	910.8	910.8	910.8		