

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2732

to apply standards for downtown Fairbanks to rural areas.

Senator Croft advised that he would move to pass the bill out, stating that he did not wish to hold it in committee, but he would not support it, adding that it still appears that the Department can currently do more than it would be able to do under the bill. He thus moved that CSSB 544 pass from committee with no recommendation. No objection having been voiced, CSSB 554 passed from committee, all members signing no recommendation.

MOTION
CSSB 544

Vice-Chairman Hohman moved that SB 552 (Act relating to alcohol) be brought up for discussion. Mr. Mandell advised that the bill would require mandatory referral of those involved in DWI offenses. It would require an educational alcohol program and treatment through an alcohol program. OMVI offenders usually have more serious drinking problems (two to one more serious) than the average citizen. The Department has effected a program within the Anchorage court system which has been very successful, treating 1,500 persons in the course of a year.

SB 552

Senator Croft moved that SB 552 pass from committee with individual recommendations. No objection having been voiced, SB 552 passed with individual recommendation, Senators Hohman and Orsini signing do pass, Senators Croft and Meland signing no recommendation.

MOTION
SB 552

Vice-Chairman Hohman moved that SB 546 (Act establishing a tax credit for contributions to alcoholism programs) be brought up for discussion. Senator Hackney stated that a desire had been expressed by numerous individuals wishing to put personal income into the alcohol program and receive a tax benefit. The bill would effect a tax credit to be taken "right off the top."

SB 546

Senator Croft moved that SB 546 pass from committee with individual recommendations. Senator Orsini objected, advising that he did not intend to sign the committee report. Vice-Chairman Hohman ordered a call of the Senate Finance Committee and action on the bill was deferred while a staff member was dispatched to locate Senator Tillion.

MOTION
SB 546

CALL OF
SENATE
FINANCE
COMMITTEE

Vice-Chairman Hohman moved that CSSB 545 (Act relating to health insurance) be brought up for discussion. Senator Hackney stated that the original version of

CSSB 545

the bill would have required that any health insurance plan contain provision for treatment of alcoholism. The CS provides that those selling insurance offer a provision for alcoholism treatment, but the purchaser would not have to take the coverage. The intent is to flesh out the cost of providing this type of coverage. Senator Croft raised questions concerning the availability of such cost figures from policies including alcoholism coverage, such as union insurance. Senator Hackney replied that his committee had heard testimony from Blue Cross to the effect that such figures are not available. Senator Croft raised a question concerning the method used by the state should it wish to opt out of such coverage, and Senator Hackney replied that the intent of the bill would require that offers for the coverage be made at a competitive price, and the state would have the option of taking or rejecting coverage.

Joe McLean appeared representing underwriters writing this type of insurance as disability insurance under Alaska code. He advised that the bill as it appears now is objectionable to insurance underwriters who do not even write this type of insurance but would be required to do so under the law. If such a coverage requirement were to become law, these companies would have to withdraw from the State of Alaska. He concluded by stating that he did not have any amendments to offer at this time, but wished to voice objection to the bill.

Senator Croft advised that he originally understood that such coverage was not to be mandatory, adding that wording in the bill would appear to make it so. Senator Hackney responded that it was not the intent to make the coverage mandatory.

Mr. McLean advised of another problem with the bill in that the language "health insurance" used within it would be described as "disability insurance" under state law. Insurance companies presently do not provide any kind of disability treatment. The word "health insurance" is not used in the code at all, only "medical insurance." He added that there is no way to approach the problem without doing a major remodeling job.

MR.
McLEAN

Senator Croft asked Mr. McLean what percentage of his clients file disability claims because of alcoholism, and Mr. McLean responded saying he didn't know because none of his clients write that type of disability insurance.

Under the pending bill, alcoholism would almost be considered an accident. Senator Croft restated his understanding of disability insurance to be such that it does not pay for treatment or medical costs, providing only supplemental income. Mr. McLean affirmed Senator Croft's understanding.

Senator Tillion returned to committee at this time, and Vice-Chairman Hohman again brought up SB 546 (Tax credit for contributions to alcoholism programs) advising that the bill would allow a maximum of a \$50.00 credit for contributions to alcoholism programs. Senator Croft moved that the bill pass with individual recommendations. No objection (aside from Senator Orsini's original objection) having been voiced, SB 546 passed with individual recommendation, all members signing no recommendation, with the exception of Senator Hohman who signed do pass, and Senator Orsini who signed do not pass.

MOTION
SB 546

Vice-Chairman Hohman next moved that SB 547 (Act making special appropriation to the Dept. of Revenue to increase the number of enforcement personnel employed by the Alcoholic Beverage Control Board) be brought up for discussion, advising that Patrick L. Sharrock, Director of the Board would testify concerning the bill.

SB 547

Mr. Sharrock stated that while traveling through the state, the greatest need expressed was better enforcement against alcoholism. Senator Orsini asked if Mr. Sharrock felt he could adequately administer this function under the proposed funding, and Mr. Sharrock replied "yes." Senator Croft asked why the 200.0 was not requested in the budget, and Mr. Sharrock replied that the Dept. of Revenue had told the Board it would not be permitted an increase. Senator Croft then stated that from the above statement he assumed Revenue does not support the bill, but Mr. Sharrock replied that Revenue had not indicated that it did not support the legislation. Senator Croft then stated that apparently the Governor just didn't want the funding in his budget, and Mr. Sharrock replied that he believes the increased funding represents a matter of degree to which the function is performed. Senator Croft asked if the Board needs the additional funding to do an adequate job, and Mr. Sharrock replied "yes."

MR.
SHARROCK

Senator Tillion advised that he believed the funding question was answered in the State of the Budget message; if the liquor tax is raised, alcoholism programs will be increased--it is to pay its own way.

Senator Tillion moved that SB 547 pass from committee with a do pass recommendation. No objection having been voiced, SB 547 passed from committee, all members signing do pass.

MOTION
SB 547

Dick Block next appeared before the committee for the purpose of testifying on SB 545 (Act relating to health insurance), advising that the bill would impose an obligation upon insurance companies providing medical insurance to provide coverage for alcoholism. He stated that while the Division of Insurance supports the bill in principle, it needs substantial reworking. "Health insurance" is not the wording used within the Division, and there is need for some definitions as to what benefits and treatment should be provided. Mr. Block stated that he would like to work with Health and Social Services to define exactly what should be provided, and he believed needed revisions warranted holding up the bill. Vice-Chairman Hohman inquired concerning the length of time required to complete revision, and Mr. Block replied that there are a lot of mechanical problems that need to be worked out, but if the Division could get the wording from Health and Social Services, revision would probably take about a week. Senator Colletta advised that his feelings on the bill agree with Mr. Block's. The wisest course would be to work out all mechanical problems, adding that the bill contains a good idea, and a California survey has shown that, as a result of treatment of alcoholism, there has been an actual decrease in health insurance. Senator Croft asked if under the California survey people are treated under existing policies but treatment is not designated as alcoholism-related, and Senator Colletta replied that the above situation is correct, these individuals are treated before something really serious happens.

SB 545

MR. BLOCK

The meeting adjourned at approximately 10:10 a.m. for the Senate Floor Session.

ADJOURN

A M E N D M E N T

Offered in the SENATE

By Finance Committee

To: _____ SENATE BILL NO. 542

_____ HOUSE BILL NO. _____

AMENDMENT: Page _____ Line _____

- (1) Page 1, Lines 14, 15 and 16. Delete the following language:

"to the maximum extent possible, contracts and grants shall be for a period of at least two years:"

- (2) Page 1, Lines 17 through 20. Delete the entire Sec. 2.

- (3) Page 1, line 29, and Page 2, Line 1. Delete the following language:

"whose duties are such as to bring them into contact with alcoholics;"

SENATE FINANCE COMMITTEE

May 24, 1978

8:10 a.m.

Chairman Sackett called the meeting to order at 8:10 a.m. Those present were: Senators Hohman, Meland, Sackett, Tillion, Orsini and Butrovich. Also present were fiscal analysts Scott, Grogan, Barker and Schroeder; Judy Crondahl, AA to Senator Sackett; Susie Fowler, AA to Senator Hohman, Joe La Rocca and Elaine Mitchell of the press; Senator Ferguson, and Jay Hogan, Director of Legislative Finance.

PRESENT

Chairman Sackett informed the committee that the purpose of the meeting was to go over the General Obligation bond issues to get an idea of what each bill contained.

PURPOSE

SB 9 (G.O. bonds of \$14,300,000 for community college improvements, University of Alaska) was the first bill that was discussed. Senator Orsini stated that last week he had been in touch with the University and had requested information regarding this bill. To date he had not received that information. There has been a committee substitute drafted on this bill in the amount of 22,962,000. It was decided to hold the bill until the information requested could be obtained.

SB 9

SB 621 (G.O. bonds of 7,100,000 for vocational education facilities) was brought up for discussion. Fiscal analyst, Dave Scott, gave the committee the following information:

SB 621

200.0 for Ketchikan was to remodel a water front building for vocational education.

445.0 is to add 1660 additional square feet for classrooms in the science and practical nursing programs in Bethel.

800.0 is to add an additional structure in Juneau for a technical lab.

1220.0 is for a Career Educational building. At the present time approximately 1/4 of the classes are being held off campus in Juneau.

Construction of a Career Tech building in Bethel is included at a cost of 1,430.0. This will include a 5700 square foot area of additional space.

775.0 is to expand the existing library with an additional 1500 square feet and 2400 square feet additional in the electrical laboratory in Kenai.

2,175.0 would allow the Skill Center in Seward to construct new facilities on already-acquired land.

The final figure in the bill provides 24.8 for State Bond Committee expenses.

SB 450 (G.O. bonds of 4,000,000 for University of Alaska Facilities) was brought up for discussion. Mr. Scott advised that the bill included the following:

SB 450

Performing Arts Center completion - Anchorage	795,000
Physical Education Bldg. completion & equipment - Anchorage	750,000
Patty Bldg. ice rink completion - Fairbanks	1,400,000
Parking & site improvement - Anch.	1,000,000

SB 451 (G.O. bonds of 9,200,000 for paying cost of capital improvements for the University of Alaska) was brought up for discussion at this time. Mr. Scott enumerated the following for inclusion in the bill:

SB 451

Storage facilities - Fairbanks	300,000
Water treatment imp., Fairbanks	1,000,000
Upgrade utilities - Juneau	800,000
Maintenance/warehouse bldg., - Kenai	235,000
Storage facilities, Kuskokwim CC - Bethel	125,000
Remove architectural barriers - Statewide	300,000
Remove architectural barriers/Ketchikan	100,000
Remove architectural barriers - Anchorage	100,000
Library access & improve. - Juneau	100,000
Science Lab completion - Ketchikan	75,000
Educational equipment - Statewide	500,000
Land Acquisition - Juneau	190,000
Classroom/office bldg. - Anchorage	5,000,000
Renovate Phase I bldg. - Kenai	70,000

It was also discussed that 1,500.0 needed to be included for seawall support in Seward, and that there would need to be included an amount for library books in Anchorage.

Mr. Scott informed the committee that there were quite a few issues on the 1974 bond issue that will not be spent. He suggested to the committee that if the legislature cannot reappropriate the funds, they should make sure that the University cannot reappropriate them either. These issues and balances are as follows:

HKR-SC-74 Homer Red Meat	173,952.34
KRS-SC-74 Kodiak Red Meat	350,445.57
UAA-SC-74 Land Acquisition	99,500.10
PAW-SC-74 Providence Ave. Widening	267,520.37
ALA-SE-74 Auke Lake Land Ac.	65,409.15

SB 448 (G.O. bonds of 34,250,000 for flood control, port facilities development, and small boat harbor projects) was brought up for discussion. Chairman Sackett stated that the original amount requested by the Governor was 10,300,000, and has since been increased to 34,250,000 as follows:

SB 448

Bethel - port development	500,000
Cordova - small boat harbor expansion	2,500,000
Homer - small boat harbor dev.	2,000,000
Hoonah - small boat harbor dev.	750,000
Juneau - small boat harbor improv.	1,750,000
Kake - small boat harbor dev.	500,000
Ketchikan - small boat harbor improv.	1,250,000
Kodiak - small boat harbor dev.	2,500,000
Metlakatla - small boat harbor dev.	750,000
Naknek - port development	1,000,000
Petersburg - small boat harbor expan.	1,500,000
Port Lions - small boat harbor dev.	500,000
Seldovia - small boat harbor expan.	750,000
Seward - small boat harbor expan.	2,000,000
Sitka - small boat harbor dev.	1,500,000
Skagway - small boat harbor expan.	1,000,000
Unalaska - small boat harbor dev.	1,000,000
Western Alaska port & harbor fac.	2,000,000
Whittier - small boat harbor dev.	3,500,000
Chena River flood control - Fbks	4,500,000
Cost over runs	2,500,000

At this time SB 618 (G.O. bonds of 20,300,000 for fisheries management and development facilities) was brought up for discussion. Mr. Frank Matulich, analyst from the Dept. of Budget & Management will return to the committee the next time they are ready to look at the bill with the information they want.

SB 618

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

ADJOURN

SENATE FINANCE COMMITTEE

May 25, 1978

8:06 a.m.

Chairman Sackett called the meeting to order at 8:06 a.m. Senators Sackett, Hohman, Meland, Tillion and Butrovich were present. Senator Orsini entered the meeting at 8:25 a.m. Also present were: Judy Crondahl, AA to Senator Sackett; Raymond J. O'Connor and Robert Gallagher, Senior Vice Presidents from Bache, Halsey, Stuart, Shields, inc.; Michael Stanfield, VP, Loeb Rhoades, Hornblower & Co.; Richard Cross, consultant, Bache Halsey; Morris Thompson, VP, James T. Robinson, Attorney, Andy Meyer, President, and Cliff Groh, Attorney, all with North West Alaskan Pipeline; Gregg K. Erickson, LAA Res. Director, Paul Nussbaum and Elaine Mitchell of the press; and William C. Foster, Attorney, Patton, Boggs & Blow, Washington, D. C.

PRESENT

Chairman Sackett advised the committee that the purpose of the meeting was to discuss the financing of the pipeline SB 603 (creating the Alaska Gas Pipeline Financing Authority) and SCR 102 (direct investment by the state in Alaska natural gas pipeline project).

SB 603
SCR 102

Mr. O'Connor began testimony regarding State proposed financing assistance on the financing of the pipeline. He first addressed Item 2 on the Summary and Conclusions (copy attached) sheet. He stated that there is every probability that the project can be successfully financed and completed. His company has concluded that the financial resources of the six partners do have the wherewithal to fulfill their commitment. He stated that further, his company has concluded that the project financing structure by North West is a structure that has been soundly developed. They have also concluded that the United States capital market, long-term and short-term, has the capacity to attract the financial funds that are needed; and that the State's participation will improve the successful effort at financing.

GAS
PIPELINE
FINANCING

Mr. O'Connor stated that the State's participation and support will encourage major banks and major insurance companies to assume the leadership role necessary to commit the large and substantial funds that will be needed. He also stated that the ultimate marketability of the gas could be improved due to the cost savings of the tax exemption.

Mr. O'Connor stated that if the State chose to participate, it should do so in this legislative session. It is essential to the amendment of Section 103 of the Internal Revenue code having to do with the tax exempt status.

Mr. Bob Gallagher addressed the negative effect on the creditworthiness of the State and how this participation will affect other revenue and general obligation bonds. Mr. Gallagher stated that it will not have a negative effective on the State's creditworthiness. Instead, interest and principal of the Bonds will be paid solely from the revenues of the Alaskan Project. There will be no State guarantee, support or subsidy of the bonds. The bonds will be places with institutions rather than the public.

Mr. Gallagher then addressed the accessibility to the marker and the impact of this issue as relating to the impact of other issues of the State. Mr. Gallagher stated that there are two classes of buyers - those who buy general obligation bonds and those who buy revenue bonds (a higher rate of interest). These bonds will be sold to the second group - those who buy revenue bonds.

There have been questions raised concerning a default similiar to that experienced by New York City. Mr. Gallagher stated that this is not a valid comparison in that New York City had basic financial problems with its budget which were transferred to the State. And that is not the case in Alaska. In fact, Mr. Gallagher stated, the issuance of these bonds might have a positive effect on the State in that it would provide more information about the financial aspect of the State.

In regard to the extent of the issuance of the \$1 billion Industrial Revenue Bonds, it would represent only about two percent of the total market price and would not have any impact on interest rates.

Mr. Gallagher stated that review by the legislature prior to the actual issuance of the bonds should not interfere with the marketing arrangements and should not interfere with the efficacy of the proposed financial assistance package. He again stressed the point that action should be taken during this session of the legislature.

Mr. Gallagher went back to the area of successful financing and project completion. He suggested to the committee that they would set the tone for the willingness of the State to continue to examine this proposal and would provide the framework that would be necessary to accomplish the issuance of the bonds if the State should go ahead with the project.

Mr. Gallagher stated that his company felt that the contingencies suggested by the problems of Federal assurances regarding items such as wellhead prices, tariffs, arrangements for in-state off-take, etc., are matters which should not relate to the authorization for the creation of the Authroity. From a financial view only, he said, prospective buyers are not used to seeing these contingencies in charters of authority.

Chairman Sackett asked Mr. O'Connor if he had done anything with transportation or lowering costs on MCF with regard to interest rates. Mr. O'Connor stated that he had not thoroughly investigated that area.

Chairman Sackett requested information regarding the process by which the bonds would be issued subject to approval. Mr. O'Connor stated that the remainder of 1978 and the early part of 1979 would be devoted to presentations, negotiations, etc. In April 1979 they would have to submit their proposed financing plan to FERC. He stated that they did not need a commitment for the report to FERC, but did need a commitment subsequent to the financing which will take place sometime in the late part of 1979.

At this point the committee recessed for 15 minutes.

Chairman Sackett called the meeting back to order. He requested that Andy Meyer, President of North West Alaskan Pipeline address the committee. Mr. Meyer said he would like to congratulate the committee on their choice of financial consultants. He stated that he took exception to only one area of their report: that portion which referred the Authority back to the Legislature at a subsequent time. Mr. Meyer stated that he would find it difficult to present a piece of paper with a tentative commitment. He said if the committee felt they must have a review, he would suggest that it be submitted to the Legislature with a 30-day plan. If at the end of the 30 days there had been no action that the plan would be approved. He also stated that if there is a reservation put in it would hinder the ability to get the tax exempt status.

Chairman Sackett thanked Mr. Meyer for his testimony.

Senator Meland moved that SB 487 (establishing minimum retirement benefits under teachers' retirement system and the retirement system of 1945) be brought up for discussion. Mr. Paul Arnoldt from the Division of Retirement stated to the committee that the bill would allow about \$1,000 per retiree per year. Mr. Arnoldt explained that this amount amounts to about 1/1000th of the current payroll. Senator Butrovich asked Mr. Arnoldt if he saw any problems with the bill. Mr. Arnoldt replied he did not.

SB 487

Chairman Sackett asked for the desire of the committee. Senator Butrovich moved that it be passed from committee with a do pass recommendation. It was so ordered. All members present signed do pass.

MOTION

The meeting adjourned at 9:50 a.m.

ADJOURN

SUMMARY AND CONCLUSIONS

1. The issuance of the Bonds will not have a negative effect on the creditworthiness of the State and its subdivisions. The Bonds will be Industrial Revenue Bonds and neither the State's general obligation pledge nor its moral obligation will provide credit backing for the Bonds. Instead, interest and principal of the Bonds will be paid solely from the revenues of the Alaskan Project. If there is a default in the payment of interest or principal, there certainly will be considerable adverse publicity and there may be an examination by purchasers of the State's general obligation securities to make sure that the State's credit is not damaged. However, within a brief period the normal purchasers of the State's G.O.'s shall be reassured.

2. The Alaskan Project as currently contemplated by the Company and its financial advisors appears to be an economically and technically viable solution to the challenge of transporting Alaskan gas to the lower forty-eight states. The managerial resources of Northwest Alaskan Pipeline Company and Fluor Engineers & Contractors, its Project Manager Contractor, appear to be sufficient to construct the Alaskan segment of the Project. Furthermore, the financial resources of the six companies forming the partnership are sufficient, in our opinion, to provide equity for the Alaskan Project; however, they are not strong enough to provide the usual guarantees of completion associated with a project of this size. Therefore, the financial advisors have structured a non-typical project financing plan. While its acceptability by banks and institutional lenders cannot be determined at this time, such plan, in our opinion, has been soundly developed.

3. If the proposed Authority is able to issue tax-exempt bonds, a large new market will be available to the Alaskan Project's securities and, thus, the chances for successful financing will be improved. Equally important, we feel that the State's support at this time will encourage the major commercial banks and institutional lenders to consider taking a leadership role in this financing. Such a leadership role is essential for the successful financing of the Alaskan Project.

4. The issuance of \$1 billion Industrial Revenue Bonds will not have a measurable effect upon rates in the tax-exempt markets nor for the rates of the State's tax-exempt securities.

5. After consultation with members of the staff of the Legislative Affairs Agency we have determined for the purposes of this study that the time period of this project would not permit us to analyze the merits of a direct investment by the State in the Alaskan Project. We feel that the contingencies suggested by the problems of Federal assurances regarding items such as wellhead prices, tariffs, arrangements for in-state off-take, etc., are matters which should not relate to the authorization for the creation of the Authority. They may or may not be appropriate with respect to consideration of the State's direct investment.

6. Review by the legislature prior to the actual issuance of the proposed revenue bonds, provided that such review is completed on a timely basis, should not interfere with the financial marketing arrangements and thus should not affect the efficacy of the proposed financial assistance package.

SENATE FINANCE COMMITTEE

May 26, 1978

8:10 a.m.

Chairman Sackett called the meeting to order at 8:10 a.m. Senators Sackett, Meland, Hohman, Butrovich and Tillion were present. Senator Orsini came in at 8:30. Also present were: Judy Crondahl, AA to Senator Sackett; Susie Fowler, AA to Senator Hohman; from U of A G. E. Bowkett, Director, Information Services, W. Russell Jones, Acting Chancellor, Juneau, Pat O'Rourke, Chancellor, Wendell Wolfe, Acting Chancellor; Lowell Swartz, Dept. of Health & Social Services; Ric Davidge, Facilitator, AK Student Lobby; Brian Emerich, Associate Director of Planning, University of Alaska, Mr. McGranath, Budget Analyst, Dept. of Public Safety; Mel Personett, Deputy Comm., Dept. of Public Safety, Ernst Mueller, Commissioner, Environmental Conservation; Fred Honsinger, State Veterinarian, Dept. of Natural Resources; Allan Linn, Dir. of Agri., Dept. of Natural Resources; Dick Eakins, Dir. Economic Enterprise, Dept. of Commerce & Economic Development and members of the press.

PRESENT

Chairman Sackett began the meeting by assigning the following bills:

CSHB 920	-	Hohman
HB 789	-	Tillion
SCR 109	-	Meland
SB 580	-	Tillion
HB 256	-	Butrovich
HJR 77	-	Butrovich
HB 691	-	Hohman
HB 820	-	Tillion
HB 842	-	Orsini
HB 896	-	Sackett
HB 897	-	Sackett
HB 898	-	Meland
HB 935	-	Meland
SB 627	-	Tillion
HB 214	-	Orsini
HB 805	-	Croft
HB 548	-	Croft
HB 683	-	Butrovich
HB 752	-	Orsini
SB 608	-	Sackett
SB 609	-	Hohman
SB 610	-	Hohman
SB 626	-	Orsini
HB 271	-	Croft
HB 395	-	Tillion
HB 560	-	Croft
SB 485	-	Sackett
SB 553	-	Sackett
SB 554	-	Sackett
SB 625	-	Sackett

BILL
ASSIGNMENTS

Chairman Sackett informed the committee that they would be going over the bond issues during the meeting. He began with SB 450 (G.O. bonds for capital improvements for U of A Activities Facilities). Dr. Wolfe from the U of A Anchorage began by going over the Performing Arts category, explaining that additional funding was needed for theater equipment and a scene shop. Some of the equipment needed: sound system, lighting equipment, chairs, etc. The original set up in the scene shop is inadequate at the present time. For example, the scene shop ceiling is too low to make scenes for the theater. Mr. Scott stated that the University indicated they need 1100.0 to complete the facility. Mr. Brian Emerich told the committee that the theater is not only for entertainment, but also for training.

SB 450

Chairman Sackett asked Mr. Emerich how much was requested for the parking site improvement project two years ago and why the amount had increased so much since then. Mr. Emerich stated that two years ago the amount was 300.0 and that now it was 1000.0. The increase was due to more parking spaces and inflation. The \$1 million figure also included landscaping. Senator Sackett questioned if the increased number of spaces needed was because the Community College teachers were taking the parking spaces? Mr. Emerich indicated that he felt that the parking was used basically by the students.

U OF A
PARKING
SITE

There was 750.0 requested for the ice rink. Mr. Emerich explained what that would include. Mr. Scott stated that he had been informed that there are 17 local organizations in the Fairbanks area who are interested in the ice rink. Senator Orsini wanted to know if the ice rink would be open to the public or would it be strictly for University use. Mr. Emerich indicated that he supposed it would be open to the public for a charge at times when the University would not be using it.

U OF A
ICE RINK

SB 451 (G.O. bonds of 9200.0 for paying cost of capital improvements for the University of Alaska) was brought up for discussion. Mr. Scott stated that this bill was projected on an annual student growth prediction of 25%. Dr. Wolfe stated that he had not been able to verify a 25% growth factor but rather a 17% increase. He stated that the University utilized 56 classrooms in various areas off-campus. He stated that the building constructed at the requested 5000.0 would be fully utilized. Chairman Sackett asked how far the Community College is from UAA. Dr. Wolfe stated it is just across the creek.

SB 451

Dr. Jones spoke briefly on the subject of trying to acquire additional land in Juneau. There is some question as to whether or not the Hortons want to sell their land as they have a personal interest in it, having lived there for 30 years.

JUNEAU
LAND
ACQUISITION

Chairman Sackett brought up for discussion SB 621 (G.O. bonds for improvements for vocational education facilities). Chancellor O'Rourke stated that the combined Community College and U of A - Juneau would make use of combined staffs and try to attain accreditation. There was a brief discussion regarding the joining of the two colleges. Mr. Emerich indicated that the new building would include shop space, offices and classrooms. The additional space in the new building would make room for the library expansion. The library must be expanded because of federal requirements that there be an easy, accessible area for the handicapped. Ric Davidge stated that with the combining of the two campuses, the current programs would be maintained, no staff fired, there would be no savings. Chairman Sackett agreed that there would be no savings in regard to staff, but rather in administration.

SB 621

To be included in a supplemental are the following: library books for Anchorage, marine science project in Seward, bargaining unit faculty offices of 100 square feet per teacher, furniture and housing in Fairbanks, and 2300.0 to purchase and remodel presently rented building at Tanana Valley CC.

Mr. Scott brought up the subject of 1400.0 in previous bond issues that had been passed and the projects will not be completed; the funds are no longer needed. Chairman Sackett requested that Mr. Scott see about having those funds transferred for existing projects.

Mr. Emerich stated that 320.0 would be needed to bring UAA up to par per the fire marshall. Mr. Scott indicated that the House had included 100.0 in their capital budget for that purpose. Senator Orsini asked how such a new building could already need "bringing up to par"? Mr. Emerich indicated that the freon in the insulating material dissipated and is now extremely flammable.

SB 622 (G.O. bonds for improvements for health facilities) was brought up for discussion. Senator Meland stated that he understood the House had taken everything out of this bill except the hospital in Sitka. Mr. Swartz indicated that API & Harborview were required by the fire marshall to have sprinklers installed.

SB 622

SB 625 (G.O. bonds for improvements for public safety facilities) was brought up for discussion. Mr. Personette indicated that the Public Safety Department in Fairbanks had occupied their present location since 1963. The facility is no longer adequate and it is extremely difficult for the troopers to find parking places. Mr. Dick Burton stated that PS should have a building containing 33,940 square feet based on the number of people working there.

SB 625

SB 625 also takes into consideration Soldotna and Fairbanks. Recently Soldotna moved into a new leased building. These premises are now too small. The Dept. has considered remodeling, but they hate to invest money of that large a scale in a leased building. Therefore, they are wanting to build. Mr. Burton indicated to the committee that there is insufficient parking space available in Fairbanks.

SB 625

SB 623 (G.O. bonds for improvements for correctional facilities) was brought up for discussion. Mr. William Huston, Division of Corrections, spoke on behalf of the various correctional facilities throughout the state. The order of priorities is as follows: three areas in Anchorage: pre-trial jail facilities, renovate Sixth Avenue Jail and renovate Third Avenue State Jail; construct correctional facility in Bethel; construct regional jail facility in Ketchikan and construct McLaughlin Youth Facility Gymnasium in Anchorage; and the first phase of a youth facility at Fairbanks. Mr. Huston stated that in January 1976 the correctional facilities averages 534 persons a day. During the first part of 1978 the average was 773 persons a day.

SB 623

SB 449 (G.O. bonds of \$18,570,000 for water and sewage systems) was brought up for discussion. Commissioner Mueller from the Division of Environmental Conservation stated that there was some concern over the last sentence in Section 2. They would like to change the amount from 18,517,000 to 32,626,000. The change would be from the 50% maximum to a 90% grant. Chairman Sackett asked Commissioner Mueller if he was familiar with the request from North Borough. Commissioner Mueller stated that they could only pay for construction. Mr. Mueller stated that they would work at a pace with the communities when they were ready; that the Dept. would try not to hold up the work. Otherwise plans would become obsolete and prices would go up. He also stated that he felt that the people who were benefitted by the program should pay the majority of the cost. In answer to a question by Senator Tillion Commissioner Mueller indicated that he was estimating by past experience that this is the amount needed. Senator Butrovich requested a list from the Dept. showing their priorities before the committee decide on their priorities.

SB 449

After a 20 minute recess while the members attended the Floor Session, the meeting reconvened at 10:42 a.m.

SB 413 (Special Appropriation to the Department of Natural Resources, Agriculture) was brought up for discussion. Mr. Allan Linn, Dir. of Agriculture, Dept. of Natural Resources stated that the concept of the bill was to provide an initial large scale farming pro-

SB 413

ject. It was originally estimated that the amount required to begin this program would be about \$12,000,000. At the present time it appears that the expenditures will be less than originally anticipated.

Mr. Linn stated that item 5 within the appropriation - a grain storage facility - will not be a state-owned facility. The State will not be in the grain buying and selling business. Funding for the project will be from the Renewable Resources fund. \$2,700,000 will provide for clearing the area before farming can begin. Mr. Linn stated that the clearing costs should be lower than usual as they will be using machinery for that type of clearing rather than what would be used on a conventional type basis.

Senator Orsini wanted to know if there was an over-all development plan for the area. Mr. Linn stated that the Delta Land Management Planning had accomplished the development plans. In answer to a question by Senator Meland, Mr. Linn stated that there will be 55,000 to 60,000 acres of land cleared and each farm will run approximately 2500 acres. Individuals will buy the property and reimburse the State for the clearing. To date there have been 182 requests for the 22 available tracts.

In answer to a question by Senator Hohman regarding the clearing cost per acre, Mr. Linn stated the figure is \$30.00 per acre to clear. In answer to another question by Senator Hohman regarding the structure of the trees after clearing, Mr. Linn stated that they will be using a V-blade program that will clear the trees in what is known as wind rows. He stated that a great portion of the trees will be burned. He doubted that they would be ready to burn this summer; probably next summer.

In answer to Senator Hohman's question concerning the test marketing operations for grain, Mr. Dick Eakins, Dir. of Economic Enterprise, Dept. of Commerce, informed the committee that the State will assume the market position; they will carry on the actual market process from farmer to market.

The question was raised concerning the price of the seed. Mr. Eakins stated that 1000 tons of rapeseed would sell for \$280.00 per ton. 5,000 tons of barley seed would sell for \$105.00 per ton.

Senator Hohman brought up the thought that as a result of this program there would probably be a great deal of activity in the agriculture loan program. He questioned as to whether or not the raise in limits the the agricultural loan program would take care of this project.

Mr. Linn discussed the new loan limits: development loans \$200,000 to \$500,000 with repayment in seven years; chattel loans are presently \$100,000, and have been increased to \$300,000; seed and fertilizer loans are currently \$25,000; it has been recommended that they be increased to \$100,000. Mr. Linn stated that limits exist to supply specific consideration to each applicant. In answer to a question by Senator Hohman concerning irrigation loans, Mr. Linn stated that that program was a disaster and they did not intend to continue with it. Senator Butrovich requested that Mr. Linn supply the committee with his idea of the limits that should be placed on SB 281.

LOAN
LIMITS

SB 281

In answer to a question raised by Senator Hohman regarding the interest rate on the revolving loan fund, Mr. Linn stated that it is 6% and that he was in favor of retaining that figure. He stated that the agriculture industry is in its infancy and until it can get going, it should be helped along. He again stated that he did not want to see the State go into the farming business.

INTEREST
RATE

Mr. Linn stated that about \$100 million in produce is imported annually into Alaska. The state produces only about 5% of what it consumes. Alaska cannot produce 100% of what it uses, but if the grain production goes, we'll see the growth of the livestock business, Mr. Linn said.

In response to a question by Senator Meland concerning background on killing frost, Mr. Linn stated that Alaska experiences a killing frost about once every 50 years. Mr. Linn stated in response to an inquiry from Senator Orsini that the yield per acre could be expected to be 55 to 60 bushels per acre. The national average is 28.6 bushels per acre; Alaska production should double that.

YIELD
PER ACRE

Chairman Sackett moved and asked unanimous consent that CSSB 413 (Resources) be passed from committee with a do pass recommendation. There being no objection, it was so ordered. All members present voted do pass.

MOTION

Chairman Sackett stated that he would like to have Jim Edenzo speak to the whole committee on the area of bottom fish. The Governor has recently created a new position - that of bottom fish coordinator - and appointed Jim Edenzo to head the program. Mr. Edenzo briefly informed the committee of the amount requested in Budget Amendment No. 42 and told the members that these funds are needed to implement the program in order to keep bottom fishing in the state rather than let it go South. Chairman Sackett requested additional information from Mr. Edenzo to be brought before the committee at a later date.

BOTTOM
FISHING

The meeting adjourned at 12:10.

ADJOURN



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

May 26, 1978

The Honorable John Sackett
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett:

As far as we can presently determine, the following list includes the total cost of starting up a bottomfish development program in Alaska, recognizing, of course, the many unknown problems to be solved.

The Governor's Office is committed to a vigorous attack on these problems, as we feel this program is crucial to the future of the Alaskan economy. We urge your favorable consideration of these items in the budget:

	<u>Federal</u>	<u>General Fund</u>
<u>FY 1978</u>		
Office of the Governor		
Bottomfish industry develop- ment plan		\$ 210.0
Total FY 78		\$ 210.0
<u>FY 1979</u>		
Office of the Governor		
Training, education, infrastructure development		\$2,000.0
Department of Fish and Game		
Bottomfish resources research program		250.1
Groundfish observer program	60.5	
Department of Commerce and Economic Development		
Pilot projects B.A. #42	152.0	315.8
Asian office expansion (75% of total request)		105.0
Western European joint fisheries council		40.0
Total FY 79	\$212.5	\$2,710.9

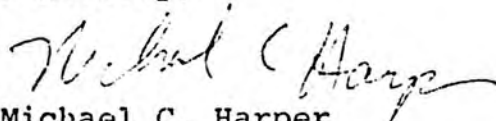
In addition, these items relating to bottomfish development

The Honorable Steve Cowper
Page -2-
May 26, 1978

have already been included in the FY 79 budget:

Office of the Governor	
Asian office expansion and move	90.2
(20% attributable to bottomfish)	
Bottomfish Special Assistant BA #42 to the Governor	54.3
	\$ 144.5

Sincerely,



Michael C. Harper
Administrative Assistant
to the Governor



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

May 22, 1978

Honorable Clem Tillion
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Tillion:

My work to establish a State plan for bottomfisheries development and to coordinate and promote a positive program of assistance to communities and industry is well underway. It has become obvious that in order to do the job properly, our strategy has to encompass a wide range of relevant factors. Under consideration are experimental and pilot programs, financing, marketing structures, resource management patterns, impact analyses, manpower training, transportation systems, and port and community development. I intend to engage the Arthur D. Little Company of San Francisco to help place these factors in perspective and determine what actions that State should take to (1) encourage the rapid expansion of our existing fishing industry, (2) promote major entry into the "off-shore" fishing industry, and (3) to develop permanent on-shore processing facilities for fish harvested in Alaskan waters.

The A. D. Little Company has agreed to concentrate a large number of qualified consultants on the project and to have it completed within 12 weeks. At that time, an oral presentation of the long-range and short-term development programs seen as necessary for Alaska to optimally utilize the bottomfish resource will be made. Four to six weeks later they will provide a written report detailing the development plans and background data which have been collected. We will be moving as fast as possible to identify specific problems and form a plan of action.

The next step is implementation. My concern at this point is finding the funds to move ahead with a significant program. It is my contention that the State of Alaska is in competition with foreign and other U.S. West Coast regions for the location of on-shore processing facilities and basing of the fishing fleets. Developments are occurring now that will set the pattern for future activity in the industry. If we are to capture the initiative, we must act at once.

Much of the work necessary to ensure a truly Alaska-based bottomfish industry is certain to be heavily involved with port and community development and the building of stronger and more efficient infrastructures of all kinds. The only way Alaska can possibly benefit from bottomfisheries expansion is in the development of healthy, vital communities that are attractive places to live. The only way that industry

May 22, 1978

can function here and be competitive in the world market is to have a stable work force, efficient transportation and communication systems, adequate utility services and so on. From the state of affairs that currently exists in the Aleutian Islands, Alaska Peninsula and Kodiak areas as a result of expansion in the crab and shrimp fisheries, it is apparent that the job is a big one. Our program must be of substantial size and scope to be effective. To devote too few resources now would be a mistake.

This letter requests the Legislature to appropriate a sum of \$2 million to the Office of the Governor to be used for the fisheries development program. Specific projects will be further defined during the next three months, but will basically entail:

1. The formation of regional industrial port authorities in all areas of the State, the prioritization of needs, the development of financing strategies for projects identified and preconstruction and engineering work required for bond sales or for presentation to the Legislature.
2. In cooperation with coastal communities and port authorities, to undertake planning and preconstruction activities related to the development of a comprehensive port complex. This project will be directed to a single community and carried out in the manner of a demonstration. Here my interest is to create, insofar as possible, a marriage between industrial efficiency and the quality of life in an Alaskan coastal community. Factors such as housing, water supply, waste disposal, land, communications, transportation will be considered as part of the package. I am not seeking a "model city," only to identify and demonstrate a methodology for coordination of basic infrastructure development which will be attractive to industry and local residents.
3. In cooperation with coastal communities, port authorities and industry (including airlines), requirements for upgrading transportation services will be identified. Needs will be prioritized and financing strategies developed. In instances where such services can best be provided through the Marine Highway System or by improvement of State airport facilities, preconstruction and engineering will be undertaken to prepare specific projects for presentation to the Legislature.
4. Other situations may develop where immediate action must be taken in order for the State to respond in a timely and effective manner. For example, there is a need for training and education of fishermen and other people involved in developing bottom fisheries. Several projects are being organized to address this need, but planning is not complete and costs are not yet known.

Honorable Clem Tillion

-3-

May 22, 1978

Experience has certainly shown that projects such as described above take years under normal circumstances to pass the torturous route from conception to conclusion. We do not have the luxury of time. We must have our priorities identified and ready for action during the next legislative session. While it has not been possible to provide the kind of full detail that the normal budgeting process requires, it is certain that the general approach to fisheries expansion through basic infrastructure development is sound.

It appears that our development program can proceed smoothly on other fronts (manpower training, gear development, resource analysis, vessel financing and so on) using federal and budgeted State funds. However, it is possible that the A. D. Little analysis will identify areas of severe and urgent need that are not obvious at this point. I would very much like to have the option of drawing on funds requested in this letter for projects other than those related to port, community and transportation development.

I am convinced that the State can influence significant developments in the fishing industry that will provide valuable and lasting benefits to Alaskans. Given the tools to work with we will accomplish the job.

Sincerely,



Jim Edenso
Bottomfish Program Coordinator

SENATE FINANCE COMMITTEE

May 30, 1978

8:10 a.m.

Chairman Sackett convened the meeting at approximately 8:10 a.m. All committee members were present with the exception of Senator Butrovich. Also in attendance were Senator Ferguson; Billy G. Berrier, Director of Legal Services for Legislative Affairs; Brigadier General William J. Sharrow and Lois Richardson from the Dept. of Military Affairs; Richard Helden from the Dept. of Transportation; Chris Roust and Steve Hole from the Dept. of Education; Bob Boys and Steve Pennoyer from the Department of Fish and Game; Lobbyist Mike Bradner; Fiscal Analyst Milt Barker; Administrative Assistant to Senator Hohman, Susan Fowler; Administrative Assistant to Senator Sackett, Judy Crondahl; and members of the press including Mike Harmon.

PRESENT

Chairman Sackett moved that SB 603 (Act creating the Alaska Gas Pipeline Financing Authority) be brought up for discussion, advising that he had prepared a committee substitute for members to review.

SB 603

Mr. Berrier appeared before the committee and presented the following review of the committee substitute and changes effected by it, advising that most of the changes were technical.

Page 2, Line 7 - it is not the responsibility of the state to attempt to get amendments to the IRS Code.

Page 6, Line 17 through Page 7, Line 9. New section providing for legislative approval of the financing plan. Allows the legislature to approve, disapprove, or approve certain sections of the financing plan. This approval needed to be spelled out.

Page 10, Line 10 - change of wording to substantial compliance rather than exact compliance.

Page 2, Line 3 - Insert language: Bring into compliance with IRS Code.

5/30/78

Page 4, Line 18 - Change in wording, original allowed funding up to 1 billion dollars.

Page 6, Lines 1 through 16 - Refunding bonds had not been spelled out, so power was given to issue refunding bonds.

Page 4, Line 3 - Payment of costs out of bonding proceeds. Bonding attorney was concerned that this was not spelled out.

Referring to the rebonding capability, Mr. Berrier advised that this authority would be utilized to issue new bonds to pay off old bonds because of a fluctuating market. Refunding bonds can be used only for this purpose.

Senator Hohman moved that CSSB 603 pass from committee with a do pass recommendation. Upon a show of hands the CS for SB 603 failed to pass with a do pass recommendation, and was passed instead with individual recommendations, Senators Croft, Sackett, and Tillion signing do pass, Senators Hohman, Meland, and Orsini signing no recommendation.

MOTION
CSSB 603

Senator Hohman moved that SCR 102 (Direct investment by the state in the Alaska natural gas pipeline project) the resolution accompanying CSSB 603, be brought up for discussion. Senator Tillion moved that it pass from committee with individual recommendations. No objection having been voiced, SCR 102 passed with individual recommendations, all members signing no recommendation with the exception of Senators Sackett and Tillion who signed do pass.

SCR 102

MOTION
SCR 102

Chairman Sackett advised that the committee would discuss Senate Bills 624 and 629 (Acts providing for the issuance of general obligation bonds for the purpose of paying the cost of highway, ferry, airport, local service roads and trails construction, constructing and equipping maintenance facilities, and planning various transportation projects), advising that the subject bills deal with like projects but contemplate bond issuances in differing amounts.

SB 624
SB 629

Mr. Hogan directed committee attention to the Governor's Capital Budget Booklet, listing all capital projects, including proposed changes to the listing commencing on page 62.

Richard Holden appeared before the committee on behalf of the Dept. of Transportation, advising that the Department has attempted to compile highways, aviation, and marine transportation into one project, and proposes appropriating each category by region, designating funding as such. This causes problems with the original Five Year Plan because some areas, in the past, have not completed all the projects they anticipated, resulting in problems with federal funding.

FUNDING
BY
REGION

In addition, the 2.6 million dollars for land acquisition in Fairbanks may not be needed. The Department has other projects to which the 2.6 million dollars could be better put, advising that such projects are set forth in the (yellow) capital project book.

FAIRBANKS
LAND
ACQUISITION

Committee members raised questions concerning specific projects such as the Anchorage seal coating, Unalaska Bridge, and highway lighting.

Mr. Holden replied that the lighting project would upgrade existing lights, adding that this project has been shifted a year ahead. Transportation funding should now be allocated on a regionwide basis rather than on a project basis. The Department has had to delay some projects in order to perform catch-up work for projects in some regions which have not gotten done. Under the appropriation proposal, the Anchorage seal coat and Seward High Way projects would be delayed one year. Funding for these projects was chewed up on facility planning and construction for several old projects.

LIGHTING,
SEAL
COATING
PROJECTS

Senator Sackett stated that it was his understanding that even if the legislature appropriated additional match, the state would not receive additional federal funding. Mr. Holder affirmed Senator Sackett's understanding.

Chairman Sackett requested that Mr. Holden furnish a rundown of what Anchorage, Fairbanks, etc. could expect to receive for the coming year, and Mr. Holden supplied the following figures:

Central Region for airports and	
Highways	90 million dollars
Region 2	49465.0
Region 3	26058.0
Region 4	2514.0
Region 5	3871.0

5/30/78

Senators Tillion and Orsini raised questions concerning the need for the new Gastineau Channel Bridge in Juneau. Mr. Holden replied that the bridge had not been properly maintained and deteriorated to the point where it could not even withstand the weight of a one-inch resurfacing coat. If the Department does not use the special bridge project funding for the Gastineau Channel Bridge, it will not get the funding.

GASTINEAU
CHANNEL
BRIDGE

Referring to delay of the Anchorage seal coating, Senator Orsini asked if the Department expected rapid deterioration of the road without the seal coat protection. Mr. Holden responded that a number of roads in the Anchorage area that were not seal coated following the first year of construction have experienced some problems.

ANCHORAGE
SEAL
COAT

Mr. Holden directed committee attention to page 67 of the project listing, advising that the projects appearing there have been approved by the Anchorage metropolitan planning group. Projects under Title 23 (federal funding) must pass through the metropolitan planning organization and the federal government before federal funding is available. The federal government has said that if the Anchorage area metropolitan group does not have a capital improvement plan for highways, it is going to be defunded. A conflict exists in the Anchorage area between environmental and development factions. Senator Orsini asked if even a project such as seal coating would have to pass through the metropolitan planning group, and Mr. Holden replied that it would.

METRO-
POLITAN
GROUP
APPROVAL

Responding to a question from Chairman Sackett concerning a request by Anchorage Mayor Sullivan, Mr. Holden advised that the traffic situation in Anchorage is getting to be pretty bad. Even with the Minnesota Bypass, there is still a problem at Diamond, Seward, and "C" Streets. The Department proposed a 5 million dollar project to the metropolitan planning group last October, but the project was turned down. It will be included within the Department's next proposal, and the Department will seek federal funding. Senator Orsini asked if the funding remained within the district for use in the event the metropolitan planning group turns a project down, and Mr. Holden replied that it did.

ANCHORAGE
TRAFFIC
PROBLEM

Chairman Sackett questioned the inequity of funding Anchorage, which has a substantial amount of roads, with 90 million dollars, versus funding the interior

FUNDING
INEQUITY

at 49 million while there are more than double the number of people in Anchorage (Fairbanks receives 1/2 share of funding with 1/4 the number of people). Mr. Holden replied that the Department had proposed double funding for Anchorage, but it has to contend with the metropolitan planning group. The Department could easily spend 100 million dollars a year in Anchorage repairing existing roads, but it has to contend with the metropolitan group. Chairman Sackett asked if the problem resulted from the fact the the Department has not requested sufficient funding, or because the metropolitan group has not approved of projects, and Mr. Holden responded that many projects requested by the Department have been substantially defunded, and in 1972 the Department had 60 million dollars to spend in interior, but it could not get a single approval through the metropolitan group.

Chairman Sackett stated that he understood that the metropolitan group has changed now, and it wants to spend 100 million dollars a year. He asked Mr. Holden if the Department intends to change its planning, and Mr. Holden replied that the Department budget currently includes projects approved by the metropolitan group.

Senator Croft inquired concerning the status of the Minnesota Bypass, and Mr. Holden replied that the State is in the process of acquiring right-of-way from private individuals. Chairman Sackett inquired concerning how much the Department pays for property through eminent domain, and Mr. Holden replied "fair market value, which is quite high in Anchorage."

MINNESOTA
BYPASS
RIGHT-OF-
WAY

Senator Orsini questioned funding designated for use concerning abandoned vehicles, and Mr. Holden replied that it represents a one-time project to clean up derelict vehicles.

DERELICT
VEHICLES

Referring to SB 624, Senator Orsini questioned the 5-1/2 million dollar request while the project is 60 million dollars. Mr. Holden replied that the federal government will not provide money for planning unless it is project oriented. For this reason, the Department is not able to do much investigative planning. All planning so far has been project oriented.

Mr. Holden alluded to the problem resulting when federal funding comes to the state as a one year appropriation, while state funding is appropriated and remains available until the project is completed. Senator Ferguson advised that he was aware of the funding problem and understands

FEDERAL
AND STATE
FUNDING
PROBLEMS

5/30/78

what the Department is attempting to do, but the Department is setting a dangerous precedent three weeks before the legislature is scheduled to end. The problem with bond projects and capital projects are project cuts. He added that he felt it would be better to pass the bond bill in the form the Department originally presented. Mr. Holden replied that this budget approach within the Department was requested for consideration in April. In November the engineers had a chance to set project priorities. In February they came in with substantially different priorities than given to Budget and Management. Mr. Holden stated that he could only apologize for the lack of organization. The new budget approach is an attempt to impose some discipline on project spending. This year is the first time the Department has presented a book which includes G.O. bonding, state funding, and federal funding. Senator Ferguson advised that he would prefer to see the bonds presented to the voters and decisions made on what to accept and what to delete, rather than the Department coming in with a list of deleted projects.

Chairman Sackett referred to the State Affairs version of the bond bills relating to airports, questioning the difference between request, Governor's, and recommended figures. Mr. Holden replied that the request figure is 30 million dollars, 6 million dollars was requested by the Governor, with 25 million dollars added to it. This funding is appropriated by election district. The Department will be doing a need survey in Western Alaska to ascertain area need.

Chairman Sackett next directed committee attention to a review of marine transportation, and Mr. Holden read a list of proposed projects. Chairman Sackett asked if committee members had questions on docks, highways, or airports, eliciting no response from committee members.

Chairman Sackett next directed committee attention to Senate Bills 445 and 448 (Act providing for the issuance of general obligation bonds for flood control, port facilities, and small boat harbor projects), advising that the Governor has requested 10 million dollars, but the Resources Committee increased it, and State Affairs has prepared a Committee Substitute. Chairman Sackett questioned where the increases have come from (10 million dollars to 34 million dollars).

SB 445
SB 448

5/30/78

Mr. Holden replied that the projects causing the increases are basically redoes of bills passed by the legislature and vetoed by the governor. Mr. Holden referred to a list of projects, advising that projects not included within the bills are Hoonah, Metlakatla, and Whittier. Chairman Sackett asked if the list represents the Department's priorities, and Mr. Holden replied "yes." Chairman Sackett asked if there were any exceptions within the list, and Mr. Holden replied "no," this is what the Department recommended to the Governor, when the Department was asked to prepare a list of priorities, it totaled approximately 30 million dollars, but it was cut back to 10 million by the Governor's Office. All of the projects are tied to the Corps of Engineers. Most of the projects are 4 or 5 times as large. Funding shown on the list is just the state's share.

REASON
FOR
BOND
INCREASES

Senator Orsini raised a question concerning bike paths located on both sides of the road in the Mendenhall Valley, asking if the Department has a bike path plan. Mr. Holden replied that requests for bike paths are submitted from individual areas to a review committee which establishes priorities. Concerning the Mendenhall Valley, Mr. Holden advised that the existing bike paths represent an FHA requirement due to the heavy traffic and amount of school children in such a confined area.

BIKE
PATHS
MENDENHALL
VALLEY

Senator Ferguson inquired concerning the percentage of highway funding which must be designated for bike paths, and Senator Croft, reading the statutes, replied that from 3/8 of 1% up to 1% of such funding shall be used for bike paths. Chairman Sackett asked if such funding is being effected by the Department, and Mr. Holden responded that it is, as far as federal funding will allow. Chairman Sackett asked how much the Department is appropriating, and Mr. Holden replied "about 2-1/2 million dollars."

Chairman Sackett next turned committee attention to SB 620 (Act providing for issuance of general obligation bonds for the purpose of paying the cost of capital improvements for armories). General William J. Sharrow appeared to testify on behalf of Military Affairs, attesting to armory requirements in Anchorage and Kotzebue.

SB 620
ARMORIES

Needs in the Anchorage area have increased since the armory was constructed in 1960. The armory was

GENERAL
SHARROW

built to house a one unit organization, and the organization has increased to 7 units. Funding would be matched by 3 million dollars in federal money.

ANCHORAGE
ARMORY

The Kotzebue need was brought about by reorganization in 1976 which added Scout Battalions in Kotzebue. They are currently occupying a rented facility and an armory which is too small. Funding would be matched by 1-1/2 million dollars.

KOTZEBUE
ARMORY

Chairman Sackett inquired concerning needs in Juneau, Nome, and Sitka, requested of the Governor but not accepted. General Sharrow replied that Military Affairs did not originally request the armory for Sitka, but it has experienced a priority change, referring to a survey indicating that the facility at Sitka is of WW II vintage, unfit for use and plagued by dry and wet rot. The only thing salvageable is the foundation. General Sharrow stated that he did not know whether or not the Sitka request meets with the approval of the Governor.

SITKA
ARMORY

Chairman Sackett next directed committee attention to SB 447 (Act providing for the issuance of general obligation bonds for the purpose of paying the cost of capital improvements for constructing, repairing, equipping and upgrading school facilities), and Chris Roust and Steve Hole appeared to testify on the bonds on behalf of the Department of Education.

SB 447

Chairman Sackett asked if the Department's original request was for 72 million dollars, and Mr. Roust replied that it was, adding that the major theme behind the bond issue is financial settlement of the Hootch consent decree. Of the 59 million dollar bond issued in 1976, about 29 million dollars went toward this settlement. Using consultant and task force guidelines, the Department estimates it will take about 65 million dollars to settle the remainder of the consent decree requirements, necessitating modern, adequate high school facilities in all the communities named in the decree, plus some remodeling and additions to elementary schools.

ROUST

HOOTCH
CONSENT
DECREE

Responding to a question from Senator Orsini concerning the difference between the original bill and the committee substitute, Mr. Roust responded that the committee substitute cut approximately 30 million dollars off the Governor's proposal, using a reduced standard of square feet per number of high school students.

CS
SQUARE
FOOTAGE

Senator Orsini stated his understanding of the committee substitute to be that the Department should construct the same school in the intended area, but the school should be smaller. Mr. Roust advised that Senator Orsini's understanding was basically correct, but the committee substitute also cut out some of the high schools in smaller areas. The Department is now building down to a total of 11 high school students in a community, while the committee substitute contemplated a higher number.

Chairman Sackett inquired concerning what the square footage had been reduced to, and Mr. Roust replied that Department standards are based on a sliding scale depending upon the number of students in a school. When asked how Department figures compare with urban schools, Mr. Roust responded that schools to which the Department's square foot ratio is applied have very small enrollments, and it would be difficult to find an urban school small enough to compare. High schools with over 100 students usually have 150 square feet per student. In a smaller category of 11 to 20 students, the ratio would be 400 to 200 square feet. Above figures represent the gross building footage, including design, for the whole package.

Dave Scott advised that the committee substitute also lumps the funding by district, while the original bill specifies each school.

Chairman Sackett moved that SB 618 (Act providing for the issuance of general obligation bonds for the purpose of paying the cost of capital improvements for fisheries management and development facilities) be brought up for discussion, asking department representatives how the department had come up with its priorities.

Mr. Steve Pennoyer appeared on behalf of the department, stating that he wasn't aware that the projects represented priorities, but the three projects of interest to his district are the Bristol Bay markers, Dutch Harbor field station, and Chignik field station.

The markers in Bristol Bay are old and weather conditions make it difficult to see them and determine boundaries. The department is requesting installation of steel towers and strobe markers in addition to 31 buoys.

The Dutch Harbor field station has experienced a substantial increase in the past few years, particularly in relation to crab fishing. The present site is a WW II warehouse

and office building. The appropriation would construct two buildings (office building and bunk house).

The Chignik Weir is most important to the management of these fisheries. The present structure is pile driven and must be redriven every year. It was originally constructed in the 1930's and sits on a site which is inadequate and threatened by flooding and land slide problems. The department proposes relocating it to the other side of the river.

CHIGNIK
WEIR

Bob Roys next appeared before the committee to testify to the FRED portion of the bond issue. He distributed a booklet containing an up-to-date review of FRED projects and specific details on each facility

FRED
BOB ROYS

The provisional salmon plan has been used by the department as a basis for planning hatcheries, contemplating the following projects: 3 in Southeast, 1 in Kodiak, 2 in Cook Inlet, 1 on the Alaska Peninsula, and 1 in Bristol Bay. With the funding set forth in the current bond issue, there will be one less in Cook Inlet, none on the Alaska Peninsula, none in Bristol Bay, and two less in Southeast.

HATCHERIES

Revised cost estimates transmitted to the legislature in April 1978 are as follows:

Snettisham	5.462
Main Bay	
Prince William	
Sound	8.341
Anchorage	6.432

The Snettisham hatchery would develop in conjunction with an existing hydroelectric project. Snettisham is an excellent site, capable of producing:

SNETTISHAM

71 million	Chum eggs
800,000	Kings
1.2 million	Coho

Average adult return at full capacity would be 990,000 adults, 15,000 Kings and 70,000 Coho. The Department was requested by House Resources to double the Smolt capacity, and the Department provided Resources with an estimate of another 550.0 to do so, bringing the total for Snettisham up to 6 million 20 thousand.

5/30/78

Main Bay on Prince William Sound would have a capacity of 65 million eggs, producing 1 million Pink Chum annually when operating at full capacity. MAIN BAY

Anchorage Phase III, Ship Creek is one of the major facilities which also produces trout for sport fisheries. It is part of the Ft. Richardson and Fire Lake Complex. A high percentage of the funding will be aimed at Ft. Richardson where the Department has been conducting water studies. The Department stocks lacks with trout throughout the state and there is now an approximate need for trout ranging between 2-1/2 to 4 million dollars. The system is interchangeable between trout and salmon. SHIP CREEK

Senator Orsini raised a question concerning the percentage of fish produced which are caught by commercial fishermen versus sport fishermen on a statewide basis. Mr. Roys replied that it is difficult to come up with percentage figures without adequate data. Only recently has the department begun to tag Kings and Cohos. What the department now has in the way of figures represent only educated guesses. Of the 34 million fry produced for 1976, sport fishermen caught perhaps 4.0939 million; commercial fishermen 11.5 million; sport/commercial .472 million; commercial/sport 18.7 million. Mr. Roys cautioned that, again, the above figures are only educated guesses. % OF CATCH SPORT V. COMMERCIAL

Senator Orsini inquired concerning how private hatcheries affect the state program, and Mr. Roys replied that the Department's policy has been an attempt to dovetail the two programs, advising that the state program tends to concentrate on the more difficult to produce species. PRIVATE HATCHERIES

There being no further matters to come before the committee at this time, the meeting adjourned for attendance at the Senate Floor Session at approximately 10:20 a.m. ADJOURN

SENATE FINANCE COMMITTEE

May 31, 1978

8:13 a.m.

Chairman Sackett called the meeting to order at 8:13 a.m. All members were present. Also present were: Judy Crondahl, AA to Senator Sackett; Susie Fowler, AA to Senator Hohman, fiscal analysts Scott, Grogan, and Schroeder; Jay Hogan, Director of Legislative Finance; and Elaine Mitchell of the press.

PRESENT

Chairman Sackett informed the committee that the purpose of the meeting was to pass out of committee as many General Obligation bond bills as possible.

SB 620 (bonds for improvements for armories) was brought up for discussion. Chairman Sackett stated that a Committee Substitute had been prepared for the bill to incorporate into the Governor's bill Sitka, Nome and Juneau.

SB 620

Senator Hohman moved that CSSB 620 be passed from committee with individual recommendations. It was so ordered. Senators Sackett, Hohman, Meland and Orsini voted do pass. Senators Croft, Tillion and Butrovich voted no recommendation.

MOTION

SB 623 (G.O. bonds for improvements for correctional facilities) was brought up for discussion. Chairman Sackett stated that a Committee Substitute had been prepared for the bill. The CS deleted Palmer and Eagle River from the Governor's bill and added Juneau, Barrow, Nome and Kotzebue.

SB 623

Senator Hohman moved that CSSB 623 be passed from committee with a do pass recommendation. There were objections from Senators Croft, Tillion and Orsini. The motion failed. Senator Hohman moved that CSSB 623 be passed from committee with individual recommendations. It was so ordered. Senators Sackett and Hohman voted do pass. Senators Croft and Butrovich voted no recommendation. Senators Tillion and Orsini voted do not pass committee substitute.

MOTION

SB 448 (G.O. bonds for capital improvements for flood control and harbor projects) was brought up for discussion. SB 448 Chairman Sackett indicated that the committee would be considering the Committee Substitute offered by the Finance Committee (which is the same CS offered by the State Affairs Committee with the addition of \$1,000,000 for the Dillingham Dock and \$3,000,000 for flood control for Hooper Bay, Huslia, Selawik, Emmonak, Galena, Anderson, Quinhagak, Kobuk, Noatak, and Goodnews Bay.

Senator Hohman moved that CSSB 448 be passed from Committee with a do pass recommendation. Senators Tillion and Orsini objected. Motion failed. Senator Hohman moved that CSSB 448 pass from committee with individual recommendations. It was so ordered. Senators Sackett, Hohman, Croft, Meland and Butrovich voted do pass. Senator Tillion voted do not pass Finance Substitute. Senator Orsini voted do pass original bill.

MOTION

SB 624 (G. O. bonds for highway, ferry, airport, local service roads & trails construction, constructing & equipping maintenance facilities, etc.) was brought up for discussion. Senator Croft said he would like to include \$1,000,000 for sealing the existing roads around Anchorage.

SB 624

Senator Hohman moved that CSSB 624 be passed from committee with a do pass recommendation. Senator Tillion objected. CSSB 624 passed with individual recommendations as follows: Senators Sackett, Hohman, Croft, Meland and Butrovich voted do pass. Senator Orsini voted no recommendation. Senator Tillion voted do not pass as amended.

MOTION

SB 622 (G. O. bonds for improvements for health facilities) was brought up for discussion. Senator Hohman moved that CSSB 622 be passed from committee with a do pass recommendation. Senator Croft stated that he had a request for 800.0 for a senior citizens multi-purpose center in Anchorage. Senator Hohman withdrew his motion.

SB 622

Senator Hohman then moved that CSSB 622 including the 800.0 for a senior citizens center in Anchorage be passed from committee with a do pass recommendation. CSSB 622 passed as follows: Senators Sackett, Hohman, Croft, Meland and Butrovich voted do pass. Senator Tillion voted no recommendation. Senator Orsini voted do not pass.

MOTION

SB 449 (G. O. bonds in the amount of \$18,570,000 for capital improvements for water supply and Sewerage system) was brought up for discussion. The Committee Substitute by State Affairs increased the amount of the Governor's bill by \$2,430,000 for the urban centers and changed the grant in Sec. 2 to 90% grants to the urban centers. The CS prepared by the Finance Committee replaced the language in the Governor's original bill for Grants to Municipalities, indicating 50% of the eligible cost under A.S. 46.03.030. And there were additions to the bill.

SB 449

Senator Hohman moved that Finance CSSB 449 be passed from committee with a do pass recommendation. Senator Tillion stated that he would be a no rec. CSSB 449 (Finance) passed as follows: Senators Sackett, Hohman, Croft, Meland and Butrovich voted do pass. Senator Tillion voted no recommendation. Senator Orsini voted do pass original bill.

MOTION

SB 625 (G. O. bonds for improvements for public safety facilities) was brought up for discussion.

SB 625

Senator Hohman moved that CSSB 625 be passed from committee with a do pass recommendation. There was no objection. CSSB 625 passed as follows: Senators Sackett, Hohman, Croft, Meland, Orsini and Butrovich voted do pass. Senator Tillion voted no recommendation.

MOTION

SB 619 (G. O. bonds for improvements to parks, waysides, trails, footpaths & other recreational facilities) was brought up for discussion. Senator Croft said he would like to add 500.0 for bike trails in Anchorage. Chairman Sackett stated tht he felt Statewide bike trails should be increased to 500.0. Senator Hohman requested 87.5 for a wayside park in Bethel.

SB 619

Chairman Sackett moved that CSSB 619 including the above requests be passed from committee with a do pass recommendation. Without objection it was so ordered. CSSB 619 passed as follows: Senators Sackett, Hohman, Croft, Meland, Orsini, Butrovich voted do pass. Senator Tillion voted no recommendation.

MOTION

SB 618 (G. O. bonds for improvements for fisheries management and development facilities) was brought up for discussion. Senator Ferguson stated that the Dept. of NR stated in the House that they haven't done anything in the NW area of the State for hatcheries because their money is tied up in other areas. He felt that if the voters in the State would pass the bill the FRED Division would go into the area and look things over to see if a hatchery would be feasible there. Senator Ferguson requested that \$5,000,000 be added to the bill for a hatchery in Kotzebue.

SB 618

Senator Hohman moved that CSSB 618 be passed from committee with a do pass recommendation. Senator Tillion objected. CSSB 618 passed as follows: Senators Sackett, Hohman, and Meland signed do pass. Senator Croft signed no recommendation. Senators Tillion and Orsini signed do not pass.

MOTION

The meeting adjourned at 9:40 a.m.

ADJOURN

78-54

SENATE FINANCE COMMITTEE

June 1, 1978

8:08 a.m.

Chairman Sackett called the meeting to order at 8:08 a.m. All members were present. Also present were: Judy Crondahl, AA to Senator Sackett; Susie Fowler, AA to Senator Hohman; fiscal analysts Schroeder and Scott; Senators Kerttula, Hackney and Ferguson; Elaine Mitchell and other members of the press, Ric Davidge, Richard B. Barrier, Manager, Fiscal Operations & Dep. Admin, for the Judicial Branch of the State.

PRESENT

The meeting began with discussion of SB 533 (Planning for public facilities of municipalities) Mr. Dick Holden, Deputy Commissioner, Dept. of Transportation began by stating that this bill had been in CRA and had been reduced there. He stated that he had suggested some amendments to the bill for coordination between departments for a capital improvements program. The bill would also provide for coordination between municipalities. At the current time there is no inventory of what the State owns. The proposed fiscal note is for a one time effort to bring the inventory current.

SB 533

Senator Croft suggested that this inventory could be accomplished simply by having the Governor tell the different agencies to send the information to a central location. Mr. Holden agreed that it could be done that way, but it hasn't worked so far.

Senator Croft indicated that the most recent fiscal note showed no appropriation until 1981. Mr. Holden said the current fiscal note was in error and he would provide a more current one. Senator Butrovich stated that he felt \$2435.0 was a lot of money to spend on the program when the State already has people in those departments who could get the information.

Senator Orsini moved that SB 533 be passed from committee with individual recommendations. There was no objection. SB 533 passed as follows: Senators Sackett, Tillion and Orsini voted do pass. Senator Croft voted do not pass. Senator Butrovich voted no recommendation.

MOTION

SB 451 (G. O. bonds for capital improvements for U of A) was brought up for discussion. Chairman Sackett stated that there was a Committee Substitute that had been prepared for this bill. The Committee Substitute included many of the items in SB 450 and SB 9. Items 1 through 14 (except 1500.0 in number 13 - which is for library books at Anchorage) are items contained in the original bill SB 451. Items 15 through 18 are those taken from SB 450. Items 19 through 33 are request from various people. Items 34 through 37 are University requests.

SB 451

Senator Kerittula spoke regarding the Matanuska-Susitna Community College. He stated that because of a bond failure in 1974, this appropriation is greatly needed. He also stated that in the last four years over 5000 new homes had been built in that area. The new facility would house classrooms for adult education and vocational education. He stated that he would like to have the facility situated between Palmer and Wasilla.

Mr. Scott indicated that HB 937 originally asked for \$100,000 for fire hazard removal. The amount then had been increased to \$320,000. That explains the request for \$220,000 in item 37.

Senator Hohman moved and asked unanimous consent that CSSB 451 be passed from committee with a do pass recommendation. CSSB 451 passed as follows: Senators Sackett, Hohman, Croft, Meland and Orsini signed do pass. Senator Tillion Voted do not pass. Senator Butrovich voted no recommendation.

MOTION

SB 621 (G. O. bonds for improvements for vocational education facilities) was brought up for discussion. Chairman Sackett informed the committee that a Committee Substitute had been prepared for the bill. Senator Croft stated that he thought the bill had some great projects, but he felt that since there was nothing included for Anchorage, it would probably fail the bond issue. He requested that \$5,000,000 be included for an Aircraft - Airframe Vocational Education Building in Anchorage.

SB 621

Senator Hohman moved that CSSB 621 with Senator Croft's amendment be passed from committee. CSSB 621 passed as follows: Senators Sackett, Hohman, Croft and Meland voted do pass. Senators Tillion, Orsini and Butrovich voted no recommendation.

MOTION

SB 305 (Act providing for a geographic cost-of-living differentials for judicial officers) was brought up for discussion. Mr. Rick Barrier spoke on behalf of the bill. He stated that in some areas of the State some judicial officers are making up to \$10,000 more in salary than some of the other officers.

SB 305

Senator Croft moved that SB 305 be passed from committee with a do pass recommendation. There was no objection. It was so ordered. All members voted do pass.

MOTION

SSSB 485 (Construction, repair, & improvement of education facilities by regional attendance boards) was brought up for discussion. Mr. Dick Holden explained to the committee the function of the bill, in that it would allow regional school boards to apply to the Dept. of Transportation and Public Facilities for a grant for all or part of the funds for construction, repair or improvement of school buildings.

SSSB 485

Senator Hohman moved and asked unanimous consent that CSSSSB 485 (Finance) be passed from committee with a do pass recommendation. There was no objection. CSSSSB 485 (Finance) passed as follows: Senators Sackett, Hohman, Croft, Meland, Tillion and Butrovich voted do pass. Senator Orsini voted no recommendation.

MOTION

SB 447 (G. O. bonds for capital improvements to school facilities) was brought up for discussion. Chairman Sackett indicated that there had been a Committee Substitute prepared for the bill. Senator Tillion stated that he felt there were four areas that should be deleted from the Finance CS, those being Bristol Bay, Nome, Dillingham and Metlakatla.

SB 447

Senator Croft moved that CSSB 447 (Finance) be passed from committee with a do pass recommendation. Senators Tillion and Orsini objected. CSSB 447 (Finance) passed as follows: Senators Sackett, Hohman, Croft and Meland voted do pass. Senator Tillion voted no recommendation. Senator Orsini voted do pass HESS CS.

MOTION

HB 610 (Supplemental appropriation to Dept. of Health & Social Services, miscellaneous) was brought up for discussion. Fiscal analyst, Milt Barker explained to the committee the changes provided for in the Committee Substitute for the bill. He also explained that there had been a request for an amendment for \$124,000 for Aid to the Disabled program.

HB 610

Senator Tillion moved that CSHB 610 amended be passed from committee with a do pass recommendation. CSHB 610 amended passed as follows: Senators Sackett, Hohman, Croft, Meland, Tillion and Orsini voted do pass.

MOTION

Senator Orsini requested that SB 626 (Supplemental appropriation to Office of the Governor) be brought up for discussion. This appropriation is to cover the contract for the Public Safety Employees Association.

SB 626

Senator Orsini moved that SB 626 be passed from committee with individual recommendations. It was so ordered. SB 626 passed as follows: Senators Sackett, Hohman, Meland and Orsini voted do pass. Senator Croft voted no recommendation.

MOTION

SCR 109 (Feasibility of state acquisition of Haines tank farm by Alaska Marine Highway) was brought up for discussion. Chairman Sackett indicated that the bill is for beginning the process of getting rid of the tank farm at Haines; to determine whether or not the Marine Highway System can use it. Senator Croft suggested that the State should explore the possibility of a right-of-way for bringing oil down to that point.

SCR 109

Senator Meland moved that SCR 109 be passed from committee with individual recommendations. It was so ordered. SCR 109 passed as follows: Senators Sackett, Hohman, Meland and Orsini voted do pass. Senator Croft voted no recommendation.

MOTION

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

ADJOURN

SENATE FINANCE COMMITTEE

June 2, 1978

8:15 a.m.

Chairman Sackett convened the meeting at approximately 8:15 a.m. All committee members were present with the exception of Senator Butrovich who arrived shortly after the meeting began. Also in attendance for various portions of the meeting were Senators Kerttula, Ferguson, and Bradley; Representatives Buchholdt and Rudd; Commissioner of Revenue, Sterling Gallagher; Marilyn Miller from the Alaska Municipal League; David M. Davidson from the Division of Public Assistance; Dr. David Spence; Barbara Bowns and John George from the Catastrophic Illness Committee; Bob Stickles from the Dept. of Public Safety; Tom Scott from HESS, Emergency Medical Services Coordinator; Pat Senner from the Governor's Council for Handicapped & Gifted; Peter Bushre from the Dept. of Revenue; Bob Sullivan from Alaska Housing Finance Corp.; Bob Cooksey, Deputy Executive Secretary, NEA-Alaska; Paul B. Arnoldt, Director Retirement Benefits; Ben Marsh, Whittier Road Development Assoc.; Vern Metcalf from Dept. of Transportation; Fiscal Analyst, Alison Farnan; Administrative Assistant, Judy Crondahl; and members of the press including Joe LaRocca. PRESENT

Chairman Sackett moved that HB 409 (Act relating to catastrophic illness) be brought up for discussion, advising that Mrs. Buchholdt was present to testify concerning the bill. She stated that the bill encompasses an idea originally proposed by Helen Beirne when Mrs. Beirne was a member of the legislature. The idea was incorporated in legislation which passed the legislature and became law, but the statute was not very clear and did not allow the Department to effect an efficient program. The intent of the bill is to clarify the issue for inclusion within department regulations. The Senate Committee Substitute for CSHB 409 incorporates the necessary items for statute clarification, and results from agreements worked out between legislative staff and the Department of Health and Social Services. HB 409

Barbara Bowns and John George next appeared before the committee, Ms. Bowns advising that the Catastrophic Illness Committee does not determine need based on medical difficulties encountered by the patient, but rather based on financial difficulties suffered as a result of medical problems, viewing these difficulties

6/2/78

as financial catastrophies. Evaluating the financial income of the recipient, the Committee computes the applicant's share, which he is expected to pay over a 3 year period.

Chairman Sackett inquired concerning how close the language in the bill comes to proposed regulations, and Ms. Bowns replied that the two are about verbatim. She referred to two areas where the intent differs, allowance of living expenses when a patient is outside his own community for medical purposes, and application of health insurance payments toward an applicant's share of the expenses.

Mrs. Buchholdt advised that the purpose of the program was to prevent instances such as one in which an individual might be forced to sell his home or the tools of his trade to pay the cost of substantial illness, thereafter finding himself with no means of making a living or a place to live.

Senator Orsini inquired concerning what kind of philosophy was behind the bonus, and Mrs. Buchholdt replied that the committee would not include the longevity bonus as part of an individual's income when evaluating applications for assistance.

Senator Sackett inquired concerning the age of most applicants, and Ms. Bowns replied that it varies tremendously from infants suffering from birth defects to elderly people in rest homes.

Ms. Bowns further advised that the most important function of the bill is the fiscal note and staffing. She stated that the committee has no staff but has been borrowing people from other departments. The committee meets once every two weeks to evaluate applications (cases) presented to it, but the committee has no permanent staff person. The committee needs the administrative assistant position in order to function at all.

Senator Meland moved that SCS for CSHB 409 pass from committee with individual recommendations. No objection having been voiced, SCS for CSHB 409 passed from committee, CSHB 409 Senators Sackett, Hohman, Croft, Tillion, and Orsini signing do pass, Senators Meland and Butrovich signing no recommendation. MOTION

6/2/78

Chairman Sackett next moved that SB 358 (Act relating to the Alaska Longevity Bonus) be brought up for discussion. Senator Bradley appeared in support of the bill, advising that in the past few years he has personally helped approximately 18 people obtain longevity bonuses in such "enlightened" areas as Anchorage, Eagle River, and Palmer.

SB 358

SENATOR
BRADLEY

Some people have been anywhere from six months to twelve years in obtaining benefits after they are eligible. Some of these people have difficulty proving how long they have been in the state; others have problems proving they were born and when.

Senator Bradley further advised that the bill effects a change of wording regarding disqualification notice by mail, changing the word "may" to "shall." It also includes appeal procedures, plus per diem and travel. The bill requires no additional personnel, but requests funding for travel and per diem.

Chairman Sackett advised of a problem concerning passage of the bill because it contains no fiscal note. Senator Bradley advised that he had estimated cost figures, but would furnish a fiscal note for committee review. Chairman Sackett suggested Senator Bradley work with Senator Tillion on the bill, and committee action was thus delayed.

Chairman Sackett moved that CSHB 548 (Act relating to the education of exceptional children) be brought up for discussion, advising that Representative Rudd was present to testify concerning the bill. Mrs. Rudd stated that several years ago she became aware there were new techniques available to help handicapped children during the first few years of their lives. This bill seeks to expand such programs and make them available to all children, statewide, allowing them to reach their full potential.

CSHB 548

REP. RUDD

Mrs. Rudd advised that Dr. Spence was present to answer questions concerning the program, adding that the fiscal note attached to the bill requests appropriation of \$325.0, and the program includes federal funding for FY 79. Senator Croft questioned the presence of three fiscal notes prepared by the Dept. of Education and the most recent note prepared by Health & Social Services. Mrs. Rudd stated that her original thought was to place the program within the Dept. of Education, but she later decided to put it in Health & Social Services.

Therefore, the note from Health & Social Services is the one which should attach to the bill.

Senator Croft moved that CSHB 548 (Fin) pass from committee with individual recommendations. No objection having been voiced, CSHB 548 (Fin) passed from committee, all members present signing do pass.

MOTION
CSHB 548
(Fin)

Senator Tillion moved that CSHB 25 (Act relating to accrued medical and annual leave of state employees) be brought up for discussion, advising that he had taken enough out of the retirement bills that they all overlap. He further stated that the bill would allow individuals who do not use their medical leave to apply it toward retirement. The bill would include teachers and should cut down on the need for substitutes. Under the bill, an individual would have to have 14 years of unused sick leave to acquire one year toward retirement..

CSHB 25

Senator Tillion advised that a portion of the fiscal note still applies to Sec. 2 of the bill, while a portion of it applies to HB 828. Bob Cooksey stated that figures on the fiscal note obtained by Senator Tillion differ from those on the note prepared by Paul Arnoldt.

Chairman Sackett inquired concerning the applicability of HB 828, and Senator Tillion replied that it made good sense to include teachers within the bill since other state employees are included, so he chose HB 828 and adopted a portion of its wording. He concluded by stating that he felt the wisest thing to do would be to accept the most expensive fiscal note.

Paul Arnoldt testified regarding department inability to identify a dollar cost for a day of sick leave, advising that the bill should serve as an incentive, but most employees in the first part of their careers don't look toward retirement. Also, for every 10 employees starting out on the retirement program, only 3 will actually retire. Abuses of sick leave are not by older employees, but by the young. Mr. Arnoldt advised that at the present time, state divisions have the ability to negotiate a program of compensation or annual leave for sick leave, and he believes this ability should remain, and sick leave should be negotiated on a personal basis.

PAUL
ARNOLDT

RECESS 9:10 a.m.

RECESS

6/2/78

RECONVENE 9:20 a.m.

Upon reconvening, Senator Ferguson advised that his concern regarding the bill centered not on the 7 of the 10 employees who did not partake of the retirement program, but upon the 3 who did.

Chairman Sackett advised that the committee would resume discussion of CSHB 25 and HB 10 at a later time, since a number of individuals attending the meeting had traveled from out of town to testify on other legislation.

Chairman Sackett moved that CSHB 861 (Act making special appropriations to the Alaska Housing Finance Corporation) be brought up for discussion, advising that Mr. Bushre and Mr. Bob Sullivan were present to testify concerning the bill.

CSHB 861

Mr. Sullivan stated that the bill consists of a three-part appropriation:

MR.
SULLIVAN

- (1) Request for 2880.0 to the state mortgage insurance fund which the Corporation is obligated to furnish at 2% of the outstanding mortgages. Passage of the bill will allow AHF to generate 144 million dollars worth of loans for the state between July 1 and December 31, 1979.
- (2) Appropriation in the amount of 1 million dollars which would be used to establish a similar mortgage insurance fund to be used for a new lending program AHF intends to implement to benefit rural housing.
- (3) Appropriation in the amount of 100.0 to help AHF meet necessary personnel and training costs in order to implement the new program and provide services to Alaskans in regional housing, including closing loans, recommendations for acceptance of loans, and subsequent servicing.

AHF hopes to have the rural program functioning three to four months after the legislation is signed into law.

Senator Orsini inquired concerning the amount to be placed in bush loan insurance funds under Sec. 2 of the bill, and Mr. Sullivan replied that AHF would set up a 10% mortgage insurance fund, since the Corporation has had no prior experience in the bush. He added that the Corporation is, of course, hoping that the fund will never have to be used, acknowledging that such a hope is probably optimistic, but representative of the Corporation's expectations at this time.

Replying to a question from Chairman Sackett concerning funding, Mr. Bushre advised that a possible source may be sale of Veterans' loans to AHF. He added that there is currently a service fee of 1% through AHF for mortgages. In order to bring AHF into line with the private sector, and make its bonds more attractive, the Dept. of Revenue proposes to amend AS 26.15.070, reducing the interest rate. Chairman Sackett advised that such amendment could not be effected within CSHB 861, stating that the bill is an appropriation bill, and Revenue must find an authorization bill through which to effect the amendment.

Responding to a question from Senator Hohman concerning sale of the proposed bonds, Mr. Sullivan stated AHF would probably sell the bonds within the next 60 days, at an interest rate somewhere between 6-1/2% and 6-3/4%.

Responding to a further question from Senator Hohman regarding the effect of AHF handling of Veterans' loans upon the Veterans' interest rate, Mr. Sullivan advised that when AHF sells bonds, it is allowed to add no greater than a 1-1/2% charge over the bonds (due to AHF tax exempt status on bonds). AHF pays 3/4% to local banks to service loans, and the remaining 1/8 is used to allow AHF to function. Any balance existing after subtraction of the above percentages goes into a reserve account. In terms of benefits to the veteran, there may be a small reduction of about 1/8 of 1%, but the amount will depend on the interest rate.

Senator Tillion moved that the bill pass from committee with a do pass recommendation. Senator Hohman amended the motion to include adoption of the House Letter of Intent. No objection having been voiced, CSHB 861 passed from committee with the House Letter of Intent, all members present signing do pass.

MOTION
CSHB 861

W/LETTER
OF INTENT

Chairman Sackett moved that SB 585 (Act appropriating \$250,000 for the state share of the project cost of the Portage to Bear Valley Road) and SCR 100 (Relating to the Federal Aid Highway System) be brought up for discussion. Senator Orsini advised that the bill would open Bear Valley to use for recreation, and would shorten the trip to Whittier

SB 585

Chairman Sackett asked if the \$250,000 would be used to purchase right-of-way, and Senator Orsini replied that he believed the \$250,000 represented the state's 5% share to be matched by federal funds. Mr. Ben Marsh affirmed Senator Orsini's statement, advising that the state's 5% would be matched by federal money for road construction and survey costs.

Senator Tillion objected to the proposed project contemplated by the bill, advising that he did not believe in funding costs for road construction which may eventually lead nowhere because of tunnel problems. He further stated that he did not believe sufficient investigation and planning had been conducted to make the project viable. Mr. Marsh replied that there are three alternatives available for getting through to Whittier, but the important thing is that the Legislature provide funding for putting in process a project which will take approximately 4 years to complete.

Mr. Vern Metcalf testified on behalf of the Dept. of Transportation, advising that the \$250,000 represents state matching fund for the 5 million dollars in federal money to build the one and one-half miles of road.

Senator Croft moved that SB 585 pass from committee with individual recommendations. Senator Tillion objected, but upon a show of hands the bill passed with individual recommendations, Senators Hohman, Croft, and Orsini signing do pass, Senators Meland and Butrovich signing no recommendation, and Senator Tillion signing do not pass.

MOTION 585

Senator Croft moved that SCR 100 pass from committee with a do pass recommendation. Mr. Marsh advised that while there is no engineering study stating that a road could traverse the pass, an Anchorage engineer believes it could be done. Senator Orsini moved to amend page 1, line 26, changing the word "and" to "or."

SCR 100

6/2/78

No objection to passage of the bill nor Senator Orsini's motion having been voiced, SCR 100, as amended, passed from committee with a do pass recommendation, all members present signing do pass.

There being no further matters to come before the committee, the meeting adjourned at approximately 9:50 a.m.

ADJOURN

SF-78 #54 (1662 - end)
#55 (start - 1001)

SENATE FINANCE COMMITTEE

June 3, 1978

8:07 a.m.

Chairman Sackett called the meeting to order at 8:07 a.m. Those members present were: Senators Sackett, Meland, Tillion, Orsini and Butrovich. Also present were: Judy Crondahl, AA to Senator Sackett; Susie Fowler, AA to Senator Housman; Eric Yould, Exec. Dir. of Alaska Power Authority; Rep. Merle Snider; Bob Sickles, Public Safety Dept.; Rep. Hugh Malone; and Tom Scott, Emergency Medical Coordinator, Dept. HESS.

PRESENT

Chairman Sackett informed the committee that they would begin work with HJR 77 (Authorizing Alaska Power Authority). He introduced Eric Yould, The Exec. Dir. of the Alaska Power Authority to give testimony on the bill. Mr. Yould told the committee that the Alaska Power Authority must have approval by the Legislature before any new project would be approved - such as the Healy Steam Plant which would provide energy for Fairbanks. The plant would be owned and operated by two utilities in the area. The financing would be done through the State Power Authority.

HJR 77

Chairman Sackett requested information on what the interest rate would be at which they would be selling bonds. Mr. Yould said the interest rate would be 8.4% through REA and either 6% or 6 1/2% through the Power Authority.

Senator Butrovich moved that HJR 77 be passed from committee with a do pass recommendation. There being no objection, it was so ordered. Senators Sackett, Meland, Tillion and Butrovich voted do pass. Senator Orsini voted no recommendation.

MOTION

At this time CSHB 442 (2d Fin) (Act relating to the Alaska Power Authority) was brought up for discussion. Mr. Eric Yould again gave testimony. Mr. Yould stated that the APA was created in June 1976. When it was signed into law by Governor Hammond, the governor had reservations about it. He said he would come back with recommendations. There are five voting members in the Authority. Mr. Yould stated that in the beginning there were technical problems with the Authority in that they felt they would have problems in obtaining financing. It was at that time that the members of the Authority came up with amendments for their organization that were conducive to both the Governor and the Authority. They used a language to make the Authority responsive to State Government. There were amendments that clarified the tax exempt status. The Authority required legislative approval for projects in excess of \$50 million.

CSHB 442
(2d Fin)

Mr. Yould explained some of the changes in the CS.

Sec. 1, line 2 - technical requirements. It would provide power projects with the lowest cost.

Page 1, line 20 clarifies the Authority's ability to finance with exclusive ownership.

Sec. 2 provides for additional members to the Board of the APA although they will not be voting members and they cannot help to make a quorum.

Sec. 5, page 3 - purpose of the Authority - to allow to develop power projects not specifically limited to fossil and hydroelectric - would also include wind, tidal and geothermal.

Senator Orsini asked if the Authority is doing anything at the present time with tidal power. Mr. Yould stated they are not doing anything with it at present because they have not been requested to work with it, nor has there been any funding for that project.

Sec. 7, page 3 - clean-up language.

Page 4, line 5 - clarifies financing.

Page 4, line 22 - indicates relationship with the APUC - what the basis of power contracts is.

Page 6, Sec. 14 - clarification language.

Page 6, line 29 - tax exempt status of the Authority. Administration wanted to be able to pay money in equal amounts to local communities in lieu of taxes. Language was inserted to read "may make payments" rather than "shall make payments".

At this point Chairman Sackett made the remark that there has been very little review by either the Legislature or the public on this bill.

Sec. 16, line 14, page 7 - restructures loan program.

Page 8, line 21 - repayments may be deferred.

Senator Orsini raised a question concerning the language at the top of page 8. Mr. Yould stated that the Power Authority would be able and would be allowed to receive monies and to loan funds for the Anchorage Municipal Utilities.

Page 9, Sec. 18 - indicates financing available. The Authority will submit to the Legislature and the Governor their outline of financing for the various projects. In essence it gives the PA the ability to tell the Legislature how projects will be made most economically feasible. The Legislature can provide funds or make recommendations.

Page 9, line 26 - Legislative approval is required for projects in excess of \$50 million.

Page 10 - clean-up language. The PA is required to submit reports to the Governor and the Legislature.

Page 11, Sec. 18 - allows the Governor to make recommendations to the Legislature based on report issued by PA.

Sec. 19 - requires that the PA submit to the Legislature present project, costs, etc.

Page 11, line 24 - long term power development plan.

Sec. 24 - indicates any project that is approved by both houses of the legislature will be legally binding in the future, including the Healy project.

SJR 50 will require the PA to submit to the Legislature and have adopted courses of action on projects to develop. The resolution will allow the PA to proceed with the first phase of the Susitna project. The method of financing that project - backed up by the federal government. For this project, Senator Gravel has submitted amendments in Congress which have already passed the Senate and need to pass the House, before the PA can proceed with the Susitna project.

Senator Butrovich moved that SJR 50 be passed from committee with a do pass recommendation. Senators Sackett, Meland, Tillion and Butrovich voted do pass. Senator Orsini voted no recommendation.

MOTION

At this time Representative Merle Snider gave testimony on CSHB 750 (Fin) (special appropriation to the University of Alaska Geophysical Institute). Rep. Snider stated that this bill will provide to set up a demonstration system for Quick Look Satellite system. With the Quick Look capabilities they would be able to receive information within five hours. The Quick Look System will take pictures of 40% of the ocean area and get images of forest fires, sea ice, flooding, oil spills from the pipeline, also pictures of oceans and rivers.

CSHB 750
(Fin)

In answer to a question regarding who would receive the data received from the Quick Look System, Rep. Snider said a geophysicist would gather the information. Current staff with the Geophysical Institute will man the System.

Senator Butrovich moved that CSHB 750 (Fin) be passed from committee with individual recommendations. Senators Sackett, Meland, Tillion and Butrovich voted do pass. Senator Orsini voted no recommendation.

MOTION

SB 608 (Act relating to chemical tests of the breath adm. to person arrested for driving while intoxicated) was brought up for discussion. Chairman Sackett introduced Bob Sickles from the Dept. of Public Safety to give testimony on the bill. Mr. Sickles informed the committee that SB 608 would require law enforcement officers to assist in obtaining another test for intoxicated drivers other than the breathalyzer test if the offender so desired.

SB 608

Senator Tillion moved that SB 608 be passed from committee with individual recommendations. Senator Sackett voted do pass. Senators Butrovich, Orsini, Tillion and Meland voted no recommendation.

MOTION

SB 609 (Act relating to alcohol) was brought up for discussion. Mr. Sickles defined a drunk - .01% alcohol in the blood. He stated that less than 10% of mandatory sentences are carried out. He suggested two amendments: Page 1, lines 19 & 20, change five (THREE) days to 72 consecutive hours; and page 2, line 16, delete "The highway safety planning agency,".

SB 609

Senator Orsini moved the two amendments and made a motion that SB 609 be passed from committee with a do pass recommendation. The motion failed. Senator Orsini then made a motion that SB 609 as amended be passed from committee with individual recommendations. It was so ordered. Senators Orsini and Tillion voted do pass. Senators Sackett, Butrovich and Meland voted no recommendation.

MOTION

SB 610 (Act relating to admissibility of refusal to take breathalyzer tests) was brought up for discussion. Mr. Sickles stated that at the present time if a person is stopped for drunk driving he does not have to take the breathalyzer test. If he does take the test the results cannot be used as evidence in court. The drunk driver can be offered a chemical test, however, it cannot be forced on him. If he refuses the chemical test his license will automatically be taken away from him for 90 days. The Supreme Court has recently passed a ruling stating you cannot take a drunk to the hospital for a blood test. Mr. Sickles proposed that the words "or privilege to drive in this state" be added after the word "cense" in line 14.

SB 610

Senator Orsini made a motion to accept the amendment and moved that SB 610 as amended be passed from committee with individual recommendations. It was so ordered. Senators Orsini and Tillion voted do pass. Senators Sackett, Butrovich and Meland voted no recommendation.

MOTION

SB 594 (extending effective period for persons holding industrial incentive tax credit) was brought for discussion. Chairman Sackett noted that the bill would mainly affect the Oetker Brewing Company in Anchorage.

SB 594

Senator Tillion moved and asked unanimous consent that SB 594 be passed from committee with a do pass recommendation. It was so ordered. All members present voted do pass.

MOTION

HB 896 (Act relating to emergency medical services) was brought up for discussion. Representative Hugh Malone gave testimony. Mr. Malone stated that the bill would expand the present State authority for emergency medical services in Alaska. It sets up a system of regulations for certification of qualified people involved in medical programs and ambulance service. It would expand the community liability to the Good Samaritan concept.

CSHB 896
(Fin)

In answer to a question by Senator Orsini regarding the boundaries for the various regions, Senator Sackett stated that they are mostly just common geographical boundaries.

Mr. Malone stated that the bill would establish a system of certification for emergency medical technicians who are either doctors or nurses, would establish minimum qualifications, and would provide immunity from liability.

Tom Scott, Emergency Medical Coordinator, Dept. of HESS, stated that he supports HB 896 and HB 897. However, he cannot support the fiscal note as it is above the Governor's budget. In answer to Senator Butrovich's question concerning liability, Mr. Scott said the Good Samaritan Law states any person in a hospital is not liable. Senator Butrovich said he was interested in places other than a hospital. Mr. Scott stated this bill would extend coverage to the employer of a person helping.

Chairman Sackett moved that CSHB 896 (Fin) be passed from committee with a do pass recommendation. It was so ordered. All members present voted do pass.

MOTION

HB 897 (Special Appropriation to HESS, Div. of Public Health) was brought up for discussion. This bill provides the fiscal impact for CSHB 896 (Fin).

HB 897

Chairman Sackett moved that HB 897 be passed from committee with individual recommendations. HB 897 passed as follows: Senators Sackett and Meland voted do pass. Senators Butrovich and Tillion voted no recommendation. Senator Orsini voted do not pass.

MOTION

The meeting adjourned at 10:00 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

June 5, 1978

8:10 a.m.

Chairman Sackett convened the meeting at approximately 8:10 a.m. All committee members were present. Also in attendance were Clifford Groh, Lobbyist for Northwest Alaskan Pipeline Company; Cherie Shelley, Lobbyist for APEA; Fiscal Analysts Dave Scott, Bob Schroeder, and Bob Grogan; Administrative Assistant to Senator Sackett, Judy Crondahl; and members of the press including Joe LaRocca, Mike Harmon, and Elaine Mitchell.

PRESENT

Senator Orsini moved that House Bills 214 and 424 (Act forgiving amounts owed by political subdivisions for judicial services; Act making a special appropriation to political subdivisions of the state for reimbursement of payments after July 1, 1975, for judicial services) be brought on for discussion. He advised that the two bills represent companion pieces of legislation in that HB 214 authorizes forgiveness for judicial services while HB 424 contains the appropriation.

HB 214

HB 424

Senator Orsini advised that in 1976 the Legislature passed a law saying that municipal court costs would be paid by the state. Some municipalities have paid these court costs, and HB 424 would reimburse them for what is now a state obligation. HB 214 forgives municipalities which have not paid, since the 1976 law states that this cost is a state responsibility.

Chairman Sackett inquired concerning what had been done concerning this matter three years ago, and Senator Orsini replied that apparently nothing was done in this regard.

Senator Tillion questioned whether or not the committee really wished to pass the bills with their \$600,000 in fiscal notes. Senator Orsini stated that the fiscal note for HB 424 amounts to \$200,000, while the forgiveness portion, which would not require an appropriation, represents approximately \$300,000. He further moved that the bills pass from committee with individual recommendation. No objection having been voiced, House Bills 214 and 424 passed from committee, all committee members signing do pass with the exception of Senator Butrovich who signed no recommendation.

MOTION

HB 214

424

6/5/78

Senator Meland moved that HB 24am (Compensation of election HB 24am officers) be brought up for discussion, advising that the bill would increase by \$0.50 per hour, the pay received by chairmen and election board officials. It would also increase related costs such as travel, etc.

Senator Tillion questioned whether the increase was really necessary, especially in rural areas where he felt election board service is considered to be one's civic duty.

Senator Meland moved that the bill pass from committee with a do pass recommendation. No objection having been voiced, MOTION HB 24am passed from committee, all members present signing HB 24am do pass.

Senator Meland next moved that CSHB 608 (Act making supplemental appropriation to Dept. of Education, pupil transportation and student loan computer) be brought up for discussion. He reviewed sections of the committee substitute, advising CSHB 608 that the reason for the 14% increase in costs is related to enrollment increases, education program increases, increased pupil transportation, and extended route miles. In addition, the department needs to develop a state computer system for the handling of student loans (Sec. 3).

Chairman Sackett added that Sec. 4 contains wording from two senate bills for a geothermal study (\$150,000) on the Seward Peninsula, requested by Senators Kerttula and Ferguson. SEWARD
PENINSULA
STUDY

Senator Tillion moved that Sec. 2 be stricken from the bill, advising that it is a violation of the constitution to provide transportation for children attending private schools. Senator Meland raised a question concerning what would happen should the legislation removed Sec. 2, and Senator Tillion replied that there is nothing which says the legislature has to pay these costs. Dave Scott stated that the bill represents a supplemental to the existing budget. If the legislature does not appropriate funding, the department will simply pro rate the funding it does receive. STUDENT
TRANS.
TO PRIVATE
SCHOOLS

Chairman Sackett turned to the statutes for a reading of Chapter 157, SLA 1972. Senator Croft requested that the Attorney General render an opinion on the matter. Chairman Sackett advised that request for an opinion would be made of the Attorney General, and the bill will be held in committee pending further research of the law.

6/5/78

Senator Tillion moved that HB 395 (Act relating to capital expenditures under the Community Mental Health Service Act) be brought up for discussion, advising that he had made no changes to the original House legislation, and that the appropriation to the Tanana Chiefs and Tok is included. He stated that the amendments effect the same purpose as indicated in the backup, but the law needs to be changed to allow funding to be used in the intended manner. HB 395

Senator Orsini directed questions to Senator Croft concerning mental health lands and establishment of trusts governing them, asking if there was a method for making the lands and their use productive, aside from placing them in the general grant category. Senator Croft replied that the problem is such that if one attempts to make the land generate money for mental health programs, the state is already spending more for the programs than income from the lands would produce. Senator Tillion advised that he had spoken with the mental health people and found there is no incentive to make the land productive since proceeds would go into the general fund rather than toward mental health programs. The mental health people want control over use of the land and use of income for directing mental health programs. He concluded that establishment of a trust is the best method for accomplishing this function so long as the mental health people retain control and handle the money.

MENTAL
HEALTH
LANDS

Senator Orsini questioned whether or not it would be wise to pass HB 395 from committee without adjacent legislation. Senator Tillion advised that he would be willing to hold the bill pending accompanying trust legislation. Senator Orsini further stated that mental health lands are not "chance" lands but were selected because of their proximity to cities. These are valuable lands needed for municipal expansion in many areas. He advised that HB 133 (Act relating to selection and transfer of state land to municipalities) would allow municipalities to select mental health lands in exchange for land of equal value. Senator Tillion advised that Former Commissioner Holdsworth had selected the best federal land for mental health use at a time when the state did not know what it would received from the federal government in the way of land. HB 133

Senator Hohman asked if the income to be derived from mental health lands would come in the form of rent from another state agency, and Senator Tillion replied "no," nothing has been done with these lands because

6/5/78

present statutes say that income shall go into the general fund. There is no incentive by the mental health people to use the land. The law should be changed to provide income from the land to be used for mental health programs. As soon as the authority to use the income is passed, the lands will become available for lease or use for income production.

Senator Hohman moved that SB 281 (Relating to agricultural loans under the Alaska Agricultural Loan Act) be brought up for discussion, advising that he had prepared a proposed committee substitute. He stated that the committee substitute would raise chattel loans from 100.0 to 300.0 and short-term loans from 25.0 to 100.0. SB 281

Senator Tillion if there wasn't a request included at line 23 increasing the fund balance from 5 million to 20 million dollars. He further stated that it was his understanding that even Senator Kerttula has "backed off" the original bill, adding that the committee substitute represents one of the safer loan programs, because it is connected directly to land.

Senator Hohman advised that the fund balance would increase from 5 million to 10 million, adding that the committee substitute also includes creation of the necessary authority. Senator Butrovich stated that he agreed with the total of the original bill, believing that the fund total should be 20 million dollars. Chairman Sackett stated that he didn't object to increasing the fund to 10 million dollars, but should it increase to 20 million, he believed the committee would need further information. Senator Tillion advised that the increase to 10 million would carry the program for now.

Senator Hohman moved that the Committee Substitute for SB 281 pass from committee with a do pass recommendation. No objection having been voiced, CSSB 281 passed from committee, all members signing do pass. MOTION CSSB 281

Senator Croft moved that HB 805 (Act making a special appropriation to the Department of Health and Social Services for the prevention and treatment of otitis media) be brought up for discussion, advising that the funding is necessary to continued control of the disease. Chairman Sackett stated that in rural Alaska particularly HB 805

6/5/78

the Kuskokwim River area, every fourth child is affected by the disease. Senator Croft moved that the bill pass from committee with a do pass recommendation. No objection having been voiced, HB 805 passed from committee, all members present signing do pass.

MOTION
HB 805

Senator Tillion moved that HB 618am (Act relating to annual report of State Commission for Human Rights) be brought up for discussion. Chairman Sackett advised that the bill contained an amendment by the HESS Committee. Senator Tillion advised that the bill provides funding for the annual assessment of the program, adding that he believed it to be a complete waste of money for the printing because no one reads the report, but the request is only for one hundred dollars. Senator Croft moved that the bill pass from committee with individual recommendations. No objection having been voiced, HB 618 passed from committee with individual recommendations, all members signing do pass with the exception of Senators Orsini and Butrovich who signed no recommendation. Chairman Sackett asked if the committee wished to adopt Senator Ziegler's proposed amendment, and the committee decided not to adopt it.

HB 618am

MOTION
HB 618

Chairman Sackett made the following bill assignments:

HCR 112 - Sackett
HCR 130 - Butrovich

SB 7 - Tillion
SB 454 - Butrovich
SB 632 - Hohman
SB 634 - Meland

BILL
ASSIGNMENT

HB 133 - Sackett
HB 763 - Tillion
HB 804 - Tillion
HB 830 - Croft
HB 857 - Sackett
HB 926 - Butrovich
HB 965 - Sackett

There being no further matters to come before the committee at this time, the meeting adjourned at approximately 9:30 a.m.

SENATE FINANCE COMMITTEE

June 6, 1978

8:05 a.m.

Chairman Sackett called the meeting to order at 8:05 a.m. All members of the committee were present. Also present were: Judy Crondahl, AA to Senator Sackett; Kay Brown, AA to Senator Rader; John Messenger, Deputy Commissioner, Dept. of Revenue; Bob Cooksey, Dept. Exec. Sec., NEA Alaska; Cheri Shelley, General Counsel, APEA; Greg Erickson, Director of Research, Legislature; Paul Arnoldt, Director of Retirement, Administration; and members of the press.

PRESENT

Senator Tillion moved that SB 627 (participation by employees of Alaska State Office in Tokyo in public retirement system) be brought for discussion. Senator Tillion informed the committee that these employees can't be covered under the PERS retirement system and that it would be to the state's advantage to pass this piece of legislation for these specific individuals. Chairman Sackett stated that he was under the impression that Mr. Yoshio Catsuyama was under contract and that he paid the people who he obtained to work for him. Senator Tillion said that Mr. Catsuyama wasn't a "legal" employee because the state couldn't hire foreign employees. Mr. Catsuyama is a Canadian of Japanese descent.

SB 627

Senator Tillion moved that SB 627 be passed from committee with a do pass recommendation. There being no objection it was so ordered. SB 627 passed with Senators Sackett, Butrovich, Orsini, Tillion, Meland and Hohman voting do pass.

MOTION

Senator Tillion brought CSHB 10 (retirement under the public employees retirement system) up for discussion. Senator Tillion informed the committee that a Senate CS had been prepared for this bill. This bill would pick up some territorial employees who switched over at statehood. It includes teachers who moved from teaching to state employees and visa versa. The total fiscal impact would be 211.8.

CSHB 10

Chairman Sackett indicated that there is the possibility that the bill would be amended on the Senate floor and asked who the bill did not include. Senator Tillion stated that the bill did not include temporary employees. Senator Tillion also stated that those public employees who come in from outside may not count their outside experience on PERS. They may only count those years worked in Alaska.

Senator Tillion moved that SCSCSHB 10 be passed from committee with a do pass recommendation. It was so ordered. SCSCSHB 10 passed as follows: Senators Hohman, Meland, Tillion and Orsini voted do pass. Senators Sackett and Butrovich voted no recommendation.

MOTION

Senator Sackett brought up SB 105 (relating to Alaska net income tax) for discussion. Chairman Sackett explained to the committee that a Committee Substitute had been prepared for the bill and stated that he would like to go over the bill and look at the proposed CS.

SB 105

Mr. John Messenger from the Dept. of Revenue gave his views on the bill. Mr. Messenger stated that on page 2 is the new set up structure on the corporation oil and gas income tax. If the company falls into the category of production and transportation, he stated, they would fall in the tax structure. He stated there are three categories of income: 1). production income, 2). pipeline income and 3). income from other activities of the oil and gas production.

Page 3 of the bill deals with the gross income from production. The last sentence, Subsection B, lines 3 thru 8 - if a tariff had been filed and ultimately changed by the courts the income would be redetermined. Individuals would pay only on the interest they owned.

Mr. Messenger noted one other change in the Finance CS from the Resources CS. There appeared to be an error in the wording done in drafting on the Resources CS. The Finance CS changed this wording in lines 19 and 20.

Mr. Messenger again stated that production income and pipeline income would be treated differently. Mr. Messenger stated that this bill will eliminate possible double taxation in that it will take the world wide income and subtract the income relating to production and pipeline transportation.

Mr. Messenger said the bill would provide that the Dept. of Revenue would be able to assess the tax directly under this Chapter. It seemed that there has been an avoidance of paying tax by shifting income from one entity to another outside the state. Under this bill the Department would be able to disallow this.

Chairman Sackett asked what the proposed revenue projections under the CS would be. Mr. Messenger stated that the first year the revenue would be somewhere between \$150 million and \$200 million, probably most likely at \$185 million. These projections were based on wellhead value and filings the companies have made with FERC. The above is the gross increase. The net increase would be the above less 23%.

Senator Orsini wondered whether this same taxation would apply to resources like timber and fish. Mr. Messenger stated it would not apply to them. The reason it applies to gas and oil is because the most serious skewing is in the oil and gas industry.

Chairman Sackett assigned the following bills:

SCR 108 - Butrovich
HB 919 - Orsini
CSHB 969 - Hohman
HB 980 - Tillion
HB 934 am - Tillion

BILL
ASSIGN-
MENTS

The meeting adjourned at 9:15 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

June 7, 1978

8:40 a.m.

Chairman Sackett convened the meeting at approximately 8:40 a.m. All committee members were present with the exception of Senators Butrovich and Orsini who arrived after the meeting commenced. Also in attendance for various portions of the meeting were Senator Ferguson; Julius Brecht, Director of Banking and Securities; Assistant Attorney General, Ron Lorensen; Ken Grieser from the Dept. of Education; Greg Thies from the Dept. of Education; Representative Cowper; Dale Cheek from the Dept. of Labor; Mike Thomas, Joe McLean, and Roger Grummett, representing various insurance companies; Fiscal Analysts Alison Farnan, Dave Scott, and Bob Schroeder; Don Dickey from the Alaska State Chamber of Commerce; Administrative Assistant to Senator Sackett, Judy Crondahl; and members of the press including Elaine Mitchell and Mike Harmon.

PRESENT

Chairman Sackett moved that HB 251 (Act making a special appropriation to the Department of Public Works for reconstruction of Twin Hills School) be brought up for discussion, advising that it is essentially a bill sponsored by Representative Seversen while he was a member of the legislature. Chairman Sackett presented a committee substitute for review, and Senator Hohman stated that if there was no objection to the committee substitute, he would move that it pass from committee with a do pass recommendation. No objection having been voiced, Senate CS for HB 251 passed from committee with a do pass recommendation, all members present signing do pass.

HB 251

MOTION
SCSHB 251

Senator Meland moved that CSHB 935 (Act making supplemental appropriation to the University of Alaska) be brought up for discussion, advising that Dave Scott would speak concerning the bill.

CSHB 935

Dave advised that during consideration of the bill by the House, it was felt funding should be provided for the offset which could be definitely defined. The bill would relieve the University of a 1.2 million dollar debt to the state. Chairman Sackett asked Mr. Scott if he saw any problems with the bill, and Mr. Scott replied "no." Chairman Sackett inquired concerning whether any backup had been furnished, and Mr. Scott replied "not really, only the audited balance sheet identifying the 1.2 million dollars as a liability."

6/7/78

Senator Meland moved that CSHB 935 pass from committee with individual recommendations. No objection having been voiced, CSHB 935 passed from committee with individual recommendations, Senators Sackett, Hohman, Meland, and Butrovich signing do pass, Senators Croft and Tillion signing no recommendation.

MOTION
CSHB 935

Senator Croft moved that HB 953 (Act authorizing the Department of Administration to make advances to the University of Alaska) be brought up for discussion. Chairman Sackett asked if a committee substitute had been prepared, and it was presented and distributed for committee review.

HB 953

Senator Croft advised that at the present time, the state makes cash advances to the University, and does so under current limitations. The CS changes the limitation to 20% and changes the number of days (time period). It would allow the 20% increase only for the next two years rather than permanently.

Senator Croft moved that SCSHB 953 pass from committee with a do pass recommendation. No objection having been voiced, SCSHB 953 passed with a do pass recommendation, all members present signing do pass.

MOTION
SCSHB 953

[Senator Butrovich arrived at the meeting at this time 8:45 a.m.]

Senator Meland moved that HB 608 (Act making supplemental appropriations to the Dept. of Education, pupil transportation and student loan computer) be brought up for discussion. Senator Tillion raised a question concerning the use of state funds to transport students attending private schools, and a staff member was dispatched to request an opinion from the Attorney General's Office.

HB 606

Mr. Ron Lorensen appeared before the committee, advising that, basically, the use of state funding in such a manner is unconstitutional. He further stated that there is an Alaska Supreme Court decision addressing a territorial statute concerning this matter. In effecting its decision, the Supreme Court interpreted the Alaska Constitution in a more stringent manner than has the U.S. Supreme Court in its rulings on private busing. The legislature, subsequently adopted a new piece of legislation quite similar to the territorial statute.

RON
LORENSON

Senator Butrovich moved to strike the \$234,440 appropriated for private student transportation from the bill (Sec. 2).

6/7/78

Mr. Ken Grieser spoke on behalf of the Dept. of Education, advising that there are several districts providing such transportation, and these districts are expecting to be reimbursed for costs through the Dept. of Education. Striking that portion of the bill would eliminate funding for reimbursement. GRIESER

Senator Hohman raised an objection to striking the funding, advising that he understood the service had been provided since 1972.. Senator Tillion advised that in the past the state did not have any choice since no one raised the issue. Senator Hohman advised that he understood the situation, but he hated to deny reimbursement funding to a district which has been providing the service.

Mr. Greg Thies from the Department of Education advised that the Department has reimbursement agreements for the 1977-78 school year for these transportation costs, and while the agreements are dependent upon legislative appropriation, there is an obligation for the Department to pay such costs. He added that there are presently only three districts in the state providing such transportation: Fairbanks, Kodiak, and Ketchikan. GREG THIES

Dave Scott advised that he believed the original understanding in the Fairbanks area to be that private school students would be picked up if they happened to be standing along the existing public school bus route, but transportation would not be provided should additional out-of-the-way pick up be needed. Senator Butrovich concurred in Dave's understanding of the original agreement.

Senator Hohman removed his objection to striking Sec. 2, from the bill, and SCS CSHB 608 passed from committee with a do pass recommendation, all members present signing do pass. SCSCSHB 608

Chairman Sackett moved that HB 980 (Act making a supplemental appropriation to the Legislative Affairs Agency) be brought up for discussion, advising he had prepared a Senate Committee Substitute for the bill. He stated that the funding takes the legislature through June 15, 1978. He further stated that original funding information supplied by Mr. Charney had been incorrect, and the new figure for operating cost of the legislature per day is 50.0. In addition, the Chairman directed committee attention to the June 6, 1978, memo from J.H. Hogan, advising of Legislative Finance need for a 25.0 supplemental through the end of the fiscal year. Additionally, the House added 11.0 to purchase tubes for the camera, and 9.0 for the purchase of a new camera. HB 980

6/7/78

Senator Hohman moved that SCS CSHB 980 pass from committee with a do pass recommendation. No objection having been voiced, SCS CSHB980 passed from committee with a do pass recommendation, Senators Sackett, Hohman, Meland, and Butrovich signing do pass, Senators Croft and Orsini signing no recommendation, Senator Tillion signing do not pass.

MOTION
SCS
CSHB 980

Chairman Sackett moved that HB 667 (Act relating to insurance premium financing) be brought up for discussion. Mr. Julius Brecht testified concerning the bill, advising that the bill establishes a new procedure for insurance companies, and it deals with individuals who are faced with having to pay a substantial insurance premium within a short period of time. Approximately 29 states and the District of Columbia currently have similar legislation. It provides specifics which must be contained in the financing agreement and establishes a financing ceiling.

HB 667

Senator Orsini advised that he believed the bill to be needed within the state as a method of enabling Alaskan consumers a means of paying high insurance premiums.

Chairman Sackett referred to the Commerce Committee Amendment for page 7, line 20, increasing the rate from 8% to 20%, and asked why Commerce had compromised at 15%. Mr. Brecht responded that the original bill established the rate at 18%. The House dropped it to 12%, which is a low figure, assuming that financing has to operate on the same basis as a bank. Fifteen percent is a more equitable amount.

Senator Croft raised a question concerning the volume of premium financing done within the State of Alaska, and Mr. Brecht replied that he did not have that information, but he was aware of approximately half a dozen insurance companies currently providing such service.

Senator Orsini moved that CSHB 667 as amended by the Commerce Committee pass from committee with individual recommendations. No objection having been voiced, it so passed, Senators Hohman and Burrovich signing do pass, Senators Sackett, Croft, Meland, Tillion, and Orsini signing no recommendation.

MOTION
CSHB 667

Senator Orsini moved that HB 104 (Act relating to certificates of residency) be brought up for discussion.

HB 104

6/7/78

He advised he had prepared a Senate Committee Substitute and distributed copies to members for review, advising that it differs from the House version in several respects.

It restores certification to Title 36 (Contracts section of the Statutes). This provision was in the original governor's bill but was taken out pending completion of several court suits. The \$5.00 fee is retained (the original fee was \$10.00). Other changes involve the forgery provision, and elimination of the waiver for hardship cases.

Senator Orsini moved that SCS for CSHB 104 pass from committee with a do pass recommendation. No objection having been voiced, SCS for CSHB 140 passed from committee with a do pass recommendation, all members present signing do pass.

MOTION
SCSHB 104

Chairman Sackett moved to bring HB 804 (Act relating to the legislative board of retirement) on for discussion. Representative Cowper appeared to testify on the bill, advising that last year the legislature established a board of retirement. One of the requirements for the board entails review of every piece of legislation filed for consideration by the Legislature. HB 804 would provide that the board be required to review only legislation directed to it for review by a committee chairman (including President of the Senate, Speaker of the House, or a Free Conference Committee Chairman).

HB 804
MR. COWPER

Representative Cowper stated that he wished to delete Section 5 of the bill in order to leave existing law as it stands rather than repeal it, advising that this feature should be retained in the law. In addition, the bill would provide authority for an executive secretary, but would not create the position.

Senator Croft advised that he objected to the portion of the bill providing for board review only upon request of a committee chairman, feeling that all legislators should have equal opportunity to submit legislation for review. Senator Tillion advised that he believed referral should be through a committee chairman, adding that if a legislator could not find a chairman who would refer the legislation, the legislation is probably nuisance in nature.

CROFT
OBJECTION

Senator Tillion moved that Section 5 of the bill be stricken, and HB 804 pass from committee. Senator Croft

6/7/78

objected to passage of the bill, proposing an amendment which would strike the word "chairman" and insert "legislator." Senator Tillion objected to the amendment proposed by Senator Croft. Upon a show of hands the committee failed to adopt Senator Croft's motion, and upon motion by Senator Tillion, HB 804 passed from committee with individual recommendations, all members present signing no recommendation, with the exception of Senator Tillion who signed do pass.

MOTION
HB 804

Chairman Sackett advised that a new fiscal note should be prepared to cover HB 804, and the new note should contain a zero figure.

HB 804
NEW
FISCAL
NOTE

There being no further matters to come before the committee at this time, the meeting adjourned at approximately 9:45 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

June 8, 1978

8:40 a.m.

Chairman Sackett called the meeting to order at 8:40 a.m. All members were present. Also present were: Judy Crondahl, AA to Senator Sackett; Kay Brown, AA to President Rader; Elaine Mitchell and Joe La Rocca of the press; Ken Cates, Research Manager, Administration; Bruce Cummings, Deputy Director, and Paul Arnoldt, Director, Retirement/Administration; Pat Murphy, Exec. Dir., Alaska Public Employees; Cherie Shelley, General Counsel APEA; and Virginia dal Plaz, Alaska Conservation Society.

PRESENT

Chairman Sackett began the meeting by bringing CSHB 25 (Act relating to accrued medical and annual leave of state employees) up for discussion.

CSHB 25

Senator Tillion stated that the bill combines both the teachers and State employees with the bill effecting a personal leave which is a combination of sick leave and annual leave. Unused sick leave may be applied toward retirement.

Paul Arnoldt, Ken Cates and Bruce Cummings from the Retirement Division of Administration appeared before the committee to discuss the various aspects of the bill and answer questions. Mr. Arnoldt stated that the law now permits an employee to accumulate a total of 60 days sick leave. The new bill would permit an accumulation of an untold number of days sick leave prior to retirement.

Senator Butrovich questioned as to what the State is getting into in the way of accrued liability. Mr. Arnoldt explained that the fiscal impact will be minimal. The teachers portion of the bill would be approximately 430.0. The figure could be less, but not more. The total for State employees in all probability will go higher, but not lower than the teachers portion. Only service rendered in the State of Alaska can be applied toward personal leave.

Chairman Sackett asked the committee's permission to hold the bill one day and resume discussion at that time.

SSSB 59 (Forest resources and practices) was brought up for discussion. Senator Croft informed the committee that there had been a CS prepared for the bill by representatives from the Dpet. of Natural Resources, the Attorney General's Office, and from the native corporations. The CS had been approved by all the representatives that were present at that meeting.

SSSB 59

Jeff Haynes from the Attorney General's office explained to the Committee the changes that had been effected by the Committee Substitute. Most of the changes were technical. However, one specific change was from the permit to the notification system. Another change was that the Board of Foresters is to submit a list of names from which a State Forester is to be selected.

Senator Orsini argued that this bill is much broader than just forestry and that the State Forester should be someone who is well versed in land and water management.

Senator Croft made a motion to move CSSSSB 59 out of committee with individual recommendations. There was no objection. CSSSSB 59 passed as follows: Senators Sackett, Croft, Meland and Tillion voted do pass. Senator Hohman voted no recommendation. Senators Orsini and Butrovich voted pass Resources bill.

MOTION

The meeting adjourned at 9:50 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

June 9, 1978

8:10 a.m.

Chairman Sackett convened the meeting at approximately 8:10 a.m. All committee members were present with the exception of Senators Croft and Butrovich. Senator Tillion arrived shortly after the meeting commenced. Also in attendance were Dr. Marshall L. Lind, Commissioner of Education; Steve Hole, Special Assistant to the Commissioner of Education; Bob Van Houte, Executive Secretary NEA-Alaska; Bob Cooksey, Deputy Executive Secretary, NEA-Alaska; Lee Cline, Director, Fairbanks School District; Marilou Madden, Dept. of Education; Heather Flynn, Anchorage School Board; Cherie Shelley, General Counsel, APEA; Ron Larson, Mayor, Matanuska-Susitna Borough; Jim Rolle, Alaska Municipal Leagus; Phil Holdsworth, S. E. Conference; Don Magnuson, Executive Director, Alaska Retail Association; Robert J. Walker, Exxon; C. H. Brown, Texaco; Larry Vavra, Union Oil; Kay Brown, Administrative Assistant to Senator Rader; Judy Crondahl, Administrative Assistant to Senator Sackett; Fiscal Analysts Dave Scott and Alison Farnan; Bob Reed, Representing the Association of Alaska School Bcards; Commissioner of Revenue, Sterling Gallagher; and members of the press including Joe LaRocca.

PRESENT

Chairman Sackett moved that CSHB 719 am (Act relating to state aid for schools) be brought up for discussion, and Mr. Reed appeared before the committee to testify concerning the bill. He stated that the bill contains three components:

CSHB 719am

- (1) This area would change the differentials for two districts, the Southeast Islands and Kodiak. Legislation passed last year made significant adjustments to differential components. A lot of the Southeast Island schools are located at logging camps. The Association would recommend a change for these schools from the Ketchikan differential to 108.

Kodiak has an isolation factor which should be considered. The bill passed last year eliminated this factor. The bill presently being considered would return the factor of 116%.

6/9/78

- (2) A portion of the bill deals with basic foundation support, and the committee substitute effects a 6% increase. The original bill set the increase at 10%, and the Association asks that the 10% figure be reinstated. Due to mandates of the federal government and other considerations, districts are not able to operate at 6%.

FOUNDA-
TION
SUPPORT

- (3) This portion of the bill speaks to bilingual education. The Association requests that the committee fund this portion at the original 5.2 million dollar level. The bilingual education program includes two basic areas:

BILINGUAL
EDUCATION

- (a) Rural, primarily Western Alaska, which has a great number of non-English speaking students enrolled in school. The federal Office of Civil Rights has mandated that districts come up with programs to assist these students.
- (b) Urbancenters - It is not generally known that Alaska has a problem with citizens speaking other than English or one of the Native languages, but Anchorage and Fairbanks have experienced substantial increases in Spanish and other foreign language residents.

Senator Orsini raised a question concerning where the line was drawn concerning the teacher/pupil ratio, assuming that tutors for children speaking foreign languages are not furnished on a one-to-one basis. Mr. Reed replied that he believed the district would furnish a teacher when it had accumulated at least 8 monolanguage children speaking other than English.

Chairman Sackett raised a question concerning the fiscal note, and Dr. Lind replied that if the instructional unit is increased to 10%, it would represent 20 million dollars, approximately 2 million dollars for each percentage increase. Chairman Sackett inquired concerning the Administration's position on the bill, and Dr. Lind replied that while the Dept. of Education supports the 10% increase, the Governor has recommended 6%. The State Board of Education, however, supports the 10% increase.

(Senator Tillion entered the meeting at this time, 8:25 a.m.)

6/9/78

Mr. Lee Cline from the Fairbanks School District next appeared before the committee, testifying that in Fairbanks the District has 24 foreign languages represented, plus 12 Alaska native languages, a total of approximately 300 students, some of which fall within federal requirements A through F. Because these students are spread out through 26 different educational facilities, the District has great need of tutors from the University to assist these students. The District is currently dealing with the Office of Civil Rights in an attempt to satisfy mandated federal requirements. Senator Orsini inquired concerning what would happen should the District fail to comply, and Mr. Cline replied that some of the districts have had a portion of their federal allocation cut off, adding that the federal portion of the Fairbanks District budget is about 2%, or 32 to 33 million dollars.

FAIRBANKS
BILINGUAL
NEEDS

Senator Hohman addressed questions to Dr. Lind concerning consequences of non-compliance department-wide, and Dr. Lind replied that the greatest impact of federal funds is through Public Law 874. These funds are not in jeopardy through non-compliance with civil rights requirements. He further advised that the Department had been "going round and round" with the Office of Civil Rights, attempting to determine what it is talking about regarding funding. If the Office were able to defer a certain percentage of funding on a statewide basis, the effect might be significant. He concluded his statement by saying that the Department is attempting to do what it thinks is best educationally for the state.

Senator Hohman moved that the committee effect a committee substitute including foundation support at 10%, differential accommodations for the Southeast Islands and Kodiak, and bilingual funding at 5.2 million dollars. Senator Orsini objected, but upon a show of hands, the Senate Finance Committee Substitute for CS HB 719am passed from committee with a do pass recommendation, all Senators present signing do pass, with the exception of Senator Orsini who signed no recommendation.

MOTION
SCS for
CSHB 719am

Senator Orsini moved that SB 7 (Relating to Alaska Business License Act) be brought up for discussion, advising that he had prepared a committee substitute for the bill. He advised that the CS would not allow payment of professional fees as a credit against the \$25.00 business license fee, the feeling being that \$25.00 is a nominal enough charge for most businesses to afford.

SB 7

6/9/78

Chairman Sackett raised a question concerning his understanding that the CS would cost approximately 22 million dollars, and Senator Orsini replied that the difference would be about 8 million dollars, adding that municipalities object to the elimination of their portion of the gross business license tax. In addition to the above, Senator Orsini advised that under the CS there will be no overlapping of fiscal years and tax years.

Chairman Sackett asked Commissioner Gallagher if he foresaw any problems with the committee substitute, and Commissioner Gallagher replied "no."

Senator Tillion moved that CS for SB 7 pass from committee with a do pass recommendation. Senator Meland objected, advising that he wished to sign no recommendation. No further objection having been voiced, CS SB 7 passed from committee with a do pass recommendation, all Senators present signing do pass, with the exception of Senator Meland who signed no recommendation. MOTION
CSSB 7

Chairman Sackett next moved that HB 61 (Collection and deposit of public funds by Dept. of Revenue) be brought up for discussion, advising that Commissioner Gallagher was present to testify concerning the bill. Commissioner Gallagher advised that under present law, the state is required to maintain compensating balances on demand deposits in the state warrent account. HB 61 will save the state approximately 20.0 to 30.0 a year in interest payments on demand deposits. HB 61

Senator Hohman moved that HB 61 pass from committee with individual recommendations. Senator Tillion amended the motion to a do pass recommendation, and HB 61 passed from committee with a do pass recommendation, all Senators present signing do pass. MOTION
HB 61

Chairman Sackett moved that HB 303 (Creating the Alaska Commission on the Status of Women) pass from committee with individual recommendations, Senator Tillion objected, but the bill passed over his objection, all Senators present signing do pass with the exception of Senators Tillion and Orsini. HB 303
MOTION
HB 303

Senator Tillion moved that HB 898 (Special appropriation to Dept. of Commerce & Economic Development for allocation to the Alaska Fisheries Development Corporation) be brought up for discussion, advising that the bill effects HB 898

adjustments to the Alaska Fisheries Development Corporation, a non-profit corporation recently formed for development of the bottom fisheries industry in Alaska. The corporation needs 100.0 for the purpose of establishing an office in Alaska. Such establishment will qualify the program for federal assistance through NOAA.

Senator Meland moved that CS HB 898am pass from committee with a do pass recommendation. No objection having been voiced, CSHB 898am passed from committee with a do pass recommendation, all Senators present signing do pass. MOTION CS HB 898am

Chairman Sackett moved that SCR 108 (Relating to the use of royalty gas within the state) be brought up for discussion, advising that while the Resolution is assigned to Senator Butrovich, since he (Butrovich) signed do pass on the committee report out of Resources, the Resolution could be brought up in his absence. Chairman Sackett advised that he wished to move the legislation because it relates to the processing of Alaskan gas. Senator Hohman moved that SCR 108 pass from committee with a do pass recommendation. No objection having been voiced, SCR 108 passed from committee with a do pass recommendation, all Senators present signing do pass. SCR 108 MOTION

Senator Orsini moved that HB 919 (Act relating to grants-in-aid to municipalities and associations maintaining public libraries) be brought up for discussion, advising that the bill, basically, increases state grants to municipalities. There is existing state funding to municipalities in the amount of \$250.00. The original bill would raise that amount to \$500.00, while the CRA committee raised the total to \$1,000.00. The funding would be available to all municipalities supporting libraries. HB 919

Senator Hohman advised that he believed the bill should have a new fiscal note, and the staff was directed to obtain such a note from Dick Ergen. Senator Hohman next moved that HB 919 as amended by CRA pass from committee with a do pass recommendation. No objection having been voiced, HB 919 passed from committee, all Senators present signing do pass. MOTION HB 919 am CRA

Senator Tillion moved that HB 923 (Act relating to the compensation of employees of permanent interim committees of the legislature) be brought up for discussion, advising that it deals with salaries for the Legislative Council, and attempts to establish consistency for these salaries. Chairman Sackett moved that the bill pass from committee with a do pass recommendation. No objection HB 923

6/9/78

having been voiced, HB 923 passed from committee with a do pass recommendation, all Senators present signing do pass.

MOTION
HB 923

Senator Tillion next moved that HB 934am (Act relating to sick leave and certificated employees of school districts) be brought up for discussion, advising that the bill concerns teachers and sick leave. He stated that the Attorney General has recommended that Department of Education provisions regarding sick leave be classified. The bill simply puts into law what is already being done by the Department. Senator Tillion moved that the bill pass from committee with a do pass recommendation. No objection having been voiced, HB 934am passed from committee, all members present signing do pass.

HB 934am

MOTION
HB 934am

There being no further matters to come before the committee at this time, the meeting adjourned at approximately 9:35 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

June 10, 1978

8:19 a.m.

Chairman Sackett called the meeting to order at 8:19 a.m. Senators Sackett, Meland, Hohman, Orsini and Tillion were present. Also present were fiscal analysts Scott, Farnan and Grogan; Judy Crondahl, AA to Senator Sackett; Cheryl Frasca, AA to Senator Sumner; Paul Arnoldt and Ken Cates, Retirement, Administration; Lee Sharp, Attorney, City & Borough of Juneau; Ronald L. Larson, Mayor, Mat-Su Borough; Marshall Lind, Comm., Dept. of Education; Bob Van Howto, Exec. Sec., NEA-Alaska; Steve Hole, Dept. of Education; Representatives Gardiner, Chatterton, Snider and Freeman, and Senators Willis and Hackney.

PRESENT

CSHB 25 (Act relating to accrued medical and annual leave of state employees) was brought up for discussion. Mr. Arnoldt had prepared fiscal notes for the sections to present to the committee. The state officers and employees part came to 516.0 and the TRS part was 430.3 for a total of 946.3.

CSHB 25

Senator Hohman stated that he had prepared an amendment which would allow BIA teachers to buy into the retirement plan at 7% of their salary times the number of years worked outside. There was discussion that if the amendment passed there would be nothing to keep a BIA teacher from getting federal retirement plus state retirement. In answer to a question by Senator Hohman, Mr. Arnoldt stated that this could run into a substantial fiscal note as it is a very attractive amendment and many BIA teachers would take advantage of it. Senator Tillion was very much against the amendment stating that it would allow military, merchant marine and BIA teachers to participate in state retirement as well as federal retirement. It was decided by the committee to include in the CS language to cover this problem by not allowing more than five years prior service in BIA, military or merchant marine to be converted into the state program.

Mr. Van Howto explained the various sections to the committee and answered questions. Senator Tillion made a motion that SCS CSHB 25 be reported out of committee with a do pass recommendation. The motion carried. Senators Sackett, Meland, Hohman and Tillion voted do pass. Senator Orsini voted no recommendation.

MOTION

Senator Orsini moved that CSHB 133 (Fin) am (selection and transfer of state land to municipalities) be brought up for discussion. Senator Orsini gave a brief overview of the bill to the committee and told the effects of the bill. He explained that he had prepared a Senate CS for the bill, and told of the changes involved.

CSHB 133

Senator Orsini made a motion to move SCS CSHB 133 (Fin) from committee with a do pass recommendation. There was no objection. Senators Sackett, Meland, Tillion and Orsini voted do pass. Senator Hohman voted no recommendation.

MOTION

HB 954 (spec approp to DOT & Public Facilities for acquisition of site for permanent maintenance facility for state ferries) was brought up for discussion. Comm. Dick Holden from the Dept of Transportation told the committee that his department is doing a survey on the best possible approach to do winter maintenance. At the present time the ferries are being taken to Seattle for the winter maintenance program.

HB 954

Representative Gardiner stated that the \$1 million appropriation would be matched by \$500,000 each from local port funds and HUD funds for the acquisition of a site. Mr. Gardiner stated that 80% of the ferry workers live in Ketchikan and it would seem reasonable to have the marine facility there.

Senator Hohman made a motion to move HB 954 from committee with a do pass recommendation. There was no objection. All members present voted do pass.

MOTION

CSHB 722 (Science and technology) was brought up for discussion. Representative Gardiner and Commissioner Holden stated to the committee that there are sufficient research analysts working for the state that every time a department needs research done they should not have to go out and hire new personnel. They felt that research should be done at the request of departments rather than departments going out looking for research to do.

CSHB 722

Senator Orsini made a motion to move CSHB 722 as amended out of committee with a do pass recommendation. It was so ordered. All members present voted do pass.

MOTION

CSHB 681 am (state aid for school construction) was brought up for discussion. Commissioner Marshall Lind and Steve Hole from the Department of Education brought testimony to the committee. Mr. Lind stated that although he was not sure of the Governor's position on the bill, the Dept. of Education felt the bill was good. The bill would basically increase the amount of state support in bonded indebtedness from 50% to 80%. The fiscal note outlines the communities which appear to need financial assistance at this time. The committee was advised that a SCS CSHB 681 had been prepared.

CSHB 681 am

Senator Hohman moved that SCS CSHB 681 be passed from committee with a do pass recommendation. There was no objection. All members present voted do pass.

MOTION

The meeting recessed at 9:50 a.m.