

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2739

COMMUNITY COLLEGES, RURAL EDUCATION & EXTENSION

Comparative Costs of Instruction FY 80

Current Services - GF & SF

UNIT	Enrollment in Student Credit Hours				Instruct. #	Area ¹ Differ.	Cost Cr/Hr	Size ² Factor	Adjusted Cost/Cr/Hr
	76-77	77-78	Proj. 78-79	Proj. 79-80					
ACC	106,837	105,033	114,477	118,024	7971.2	1.000	67.54	00	67.54
JDCC	9,535	10,845	11,800	12,800	-	1.071	-	-	-
KPCC	7,233	8,232	9,549	10,504	872.6	1.105	75.17	1.25	60.14
KETCH	3,762	4,429	4,800	5,100	568.8	1.006	110.86	1.75	63.34
KODIAK	3,167	3,411	3,417	3,694	472.3	1.142	111.95	2.0	55.98
KOTZ	-	-	-	771	1673.0	1.304	166.40	2.5	66.56
KUSKO	9,515	8,337	8,755	9,339	1289.8	1.418	97.39	1.5	64.92
MAT-SU	4,659	7,590	4,698	5,667	416.7	1.018	72.23	1.75	41.27
NWCC	2,626	3,847	3,950	4,055	282.1	1.418	49.06	2.0	24.33
PWSCC	-	-	-	892	117.7	1.148	114.93	2.5	45.97
SITKA	2,364	2,468	2,700	2,900	298.3+ Con 24.0 322.3	1.100	101.03	2.0	50.51
TVCC	15,592	21,463	25,000	28,000	1501.7	1.079	49.71	00	49.71
RE	5,239	8,216	8,165	9,120	932.4	1.0375	98.54	2.5	39.42
TOTALS:	170,529	183,871	197,311	210,166	14914.3	-	70.96	-	70.96
% OF CHARGE:	7.8%	7.3%	6.5%						

1. Adjusts cost of Instruction by area differentials applied to each unit based on studies of economic factors. Currently, faculty are paid according to such differentials.
2. Takes into account, economy of size and recognizes that smaller units function with fewer students per class.

0 to 2,000 SCH = 2.5
 2,000 to 5,000 SCH = 2.0
 5,000 to 7,500 SCH = 1.75
 7,500 to 10,000 SCH = 1.50
 10,000 to 20,000 SCH = 1.25
 20,000 plus SCH = 1.00

2/9/79

- 85 -

February 22, 1974



Richard W. Freer
Deputy Commissioner
Department of Administration
Pouch C
Juneau, Alaska 99801

Dear Mr. Freer:

You have asked if the state is governed by the proposed regulations developed by the Department of Labor on the provisions of AS 23.10.375-400, Transportation of Employees. It is a uniform and well established rule that in statutory construction, the government, as sovereign, is not bound by the restrictive terms of statutes unless expressly mentioned. Alaska Rural Rehabilitation Corp v. Ubert, 10 Alaska Reports 509, 517 (1945) and cases cited therein.

Examples of Alaska Statutes in which the state is included are AS 23.30.265(12) which relates to workman's compensation, and AS 18.60.030(6) which relates to occupational safety and health standards.

Therefore, it is the opinion of the department that the state is not governed by the proposed regulations developed by the Department of Labor on the provisions of AS 23.10.375-400, Transportation of Employees.

Sincerely,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By

James E. Douglas
Assistant Attorney General

JED:jdg

REC'D
FEB 23 10 01 AM '74
DEPT. OF LABOR

SENATE FINANCE COMMITTEE

February 9, 1979

1:45 p.m.

In the absence of Chairman Sackett, Senator Hohman convened the meeting at approximately 1:45 p.m. All committee members were present with the exception of Senators Sackett, Ray, and Dankworth. Also in attendance were Dr. Patrick O'Rourke, Chancellor, Community Colleges, Extension & Rural Education for the University of Alaska; Fiscal Analyst Dave Scott; Frank Spargo from the Division of Budget and Management; Tom Healey, Coordinator for Planning & Research, Postsecondary Education Commission; and various administrative assistants assigned to committee members.

PRESENT

Acting Chairman Hohman advised that the committee had reconvened to continue testimony and discussion on the University of Alaska budget, directing committee attention to p. 119 of the University shortform.

UNIVERSITY
OF ALASKA

KETCHIKAN CC-ACADEMIC, p. 119 - 121

Dave Scott suggested that committee members might wish to check on the substantial funds budgeted over the past several years for marine technology. Dr. O'Rourke attested to the difficulty encountered in recruiting qualified personnel to fill positions in this area. He further stated that there is no new money in this area, adding that Ketchikan has effected some rearrangement in order to hire part-time instructors.

MARINE
TECHNOLOGY

KETCHIKAN CC-ACADEMIC, Academic Support, p. 123

Dave Scott questioned designated library funding. Dr. O'Rourke responded that the library has currently not been operated during the summer. The requested funding would allow KCC to do so.

LIBRARY
FUNDING

KETCHIKAN CC-OTHER, p. 125

No comments or questions.

KETCHIKAN CC-OTHER, Student Services, p. 127

No comments or questions.

KETCHIKAN CC-OTHER, Admin. and Plant, p. 129

No comments or questions.

KODIAK CC-ACADEMIC, Instruction, p. 133

Dr. O'Rourke advised that throughout the Governor's budget committee members would find adjustments for community college teachers' salaries. The University will have to get together with the Governor's Office on this. The University budgeted 5% based on the rationale of a 3.8% step increase. Also, 25% of the faculty change ranges in any one year, so the University budgeted 1.2% to take care of such changes. Dave Scott raised questions concerning range changes, and Dr. O'Rourke advised he would obtain information to satisfy Mr. Scott's inquiry and supply such information to Mr. Scott.

COMMUNITY
COLLEGE
TEACHER
SALARIES

Dave Scott also questioned past fluctuation in enrollment figures for Kodiak CC, asking if enrollment has effected any stability. Dr. O'Rourke advised that enrollment is up now, stating that he was unsure of the cause for past fluctuation, adding that enrollment figures had not yet established enough of a pattern to determine cause. The 1975-76 school year was the one which showed the greatest decrease.

ENROLLMENT
FLUCTUATION

KODIAK CC-ACADEMIC, Academic Support, p. 135

No comments or questions.

KODIAK CC-OTHER, Student Services, p. 139

No comments or questions.

KODIAK CC-OTHER, Admin. and Plant, p. 141

No comments or questions.

KOTZEBUE CC-ACADEMIC, p. 143

Dr. O'Rourke advised that this area has been funded as a rural extension in the past, hence the fact that no figures precede those for maintenance. There may be a possible shift of funds because the University has no firm contract as yet with the local school district. Kotzebue presently has two or two and one-half positions. Dave Scott noted that correction would have to be made in the short form to reflect existing positions.

NEW
COMPONENT

NEW
POSITIONS

KOTZEBUE CC-ACADEMIC, Instruction, p. 145

Responding to a question for Senator Hackney concerning the requested health position, Dr. O'Rourke advised that funding represents that of a shared or part-time position.

HEALTH
POSITION

He further advised that the University currently pays its part-time instructors \$492 per credit hour or \$1,486 per course.

PART-TIME
INSTRUCTORS
PAY

Concerning questions raised by Senator Hohman on the labor pool request, Dr. O'Rourke advised that labor pool funding includes such things as part-time and temporary personnel, as well as overtime.

LABOR POOL

KOTZEBUE CC-academic, Academic Support, p. 147

Dr. O'Rourke advised that the equipment request would essentially begin library acquisitions for Kotzebue CC. It has no library at the present time.

KOTZEBUE
LIBRARY

KUSKOKWIM CC-ACADEMIC, Instruction, p. 155

Responding to questions from Dave Scott regarding position request trade-offs approved by the Governor, Dr. O'Rourke advised that these result from reduced enrollment and scaling down of programs. The office occupations instructor will be getting in his area of training in one semester. Replying to questions concerning the math instructor's salary, Dr. O'Rourke advised that the requested funding would be added to money already available.

POSITION
TRADE-OFFS

Senator Hohman raised questions concerning the 3/5 funding from federal receipts and the 2/5 funding coming from other sources. Dr. O'Rourke replied that other sources might be state funds or funds coming through contracts with other agencies. The attempt here is to distinguish federal funds from state and other funds. Asked if such funds could be General Funds, Dr. O'Rourke responded that they could be, indirectly, in an instance where the University provides training or other services for a state agency such as Social Services.

FUNDING
SOURCES

Responding to a question from Senator Hohman concerning Note 4, page 154 (Tuition increase 20.0, reduce general fund (20.0), Dr. O'Rourke replied that due to an over funding in General Funds the Governor's office has asked that the University consider several options:

TUITION &
GENERAL
FUND

- (1) An increase in tuition.
- (2) Cuts in its budget.

Senator Hohman referred to material provided by the Postsecondary Education Commission relative to comparative tuition costs in Western states, advising that the study appears to support a 15% increase in tuition except in the area of community college fees. Alaska appears to be charging community college students 25% more than the average tuition fee while University of Alaska students are paying 40% below the average cost. Dr. O'Rourke advised that the Governor left the method for effecting tuition increases to the Board of Regents, adding that the Governor suggested the Regents take a look at bringing tuition costs in line with states having a built in differential between the University and community colleges. Dr. O'Rourke attested to the difficulty in effecting such a differential at UAA and ACC, and Dave Scott advised of problems arising from percentage increases at UAA due to the 35% of tuition fees obligated for debt service. Dave Scott stated that in Alaska the Board of Regents has control over tuition costs while in other states such fees are set by legislation. Dr. O'Rourke advised that the Board would be considering tuition fees at its February meeting. Senator Hohman advised that he believed an increase in community college fees to be inappropriate at this time, advising that his concern should be communicated to the Regents. Dr. O'Rourke attested to the fact that Nevada and Hawaii, with Universities and community colleges organized similar to Alaska, differentiate in tuition fees between the two entities.

TUITION FEES

KUSKOKWIM CC-ACADEMIC, Academic Support, p. 157

Dr. O'Rourke advised that requested equipment replacement results from the need to replace a vehicle.

VEHICLE REPLACE- MENT

KUSKOKWIM CC-ACADEMIC, Yupik Language Center, p. 159

Dr. O'Rourke advised that the summer school coordinator has been requested at the local level. Dave Scott asked if Dr. O'Rourke felt there was a need for a separate budget component for this area or, in the alternative, could it be merged with instruction. Dr. O'Rourke replied that the component represents a non-instructional activity, adding that he believes it is appropriately located because it represents a public-service type activity.

SUMMER SCHOOL COORDINATOR

KUSKOKWIM CC-OTHER, Student Services, p. 162-163

Dr. O'Rourke advised of some deletions, further advising that additions are to instructional programs. Dave Scott inquired concerning whether there is anything within the component in support of student housing programs.

STUDENT HOUSING

Dr. O'Rourke advised that he would have to check; it was his understanding that housing was considered an auxiliary program. He attested to the high cost and need of housing in Kuskokwim, advising that the University charges \$850 per student for a 3-1/2 month period, based on an occupancy of three students to a unit. He stated that student housing is a problem in a number of areas statewide, mentioning a contemplated proposal to the Board of Regents for revenue bond funding for student housing facilities. Dr. O'Rourke advised that student housing in Fairbanks is losing money, and Dave Scott stated that student housing in Juneau, based on an occupancy of four students per unit at \$500 each for a 3-1/3 month period, also remains in a deficit position. He further stated that Juneau's housing program involves a local ownership group which contracts with the University, adding that there are different kinds of housing arrangements around the state.

STUDENT
HOUSING
NEED &
COSTS

KUSKOKWIM CC-OTHER, Admin. & Plant, p. 165

Dr. O'Rourke advised that the community college is going to a two-year catalogue rather than the single-year publication as in the past.

COLLEGE
CATALOGUE

MAT-SU CC-ACADEMIC, Instruction, p. 169

Dave Scott advised that in the past Mat-Su has been oriented toward vocational education rather than academic. Dr. O'Rourke added that for the coming year the Mat-Su request was again heavily oriented toward vocational training, stating that he has taken the posture that Mat-Su should be developing a full service community college, so the academic area needed to be "shored up." He further stated that Mat-Su should not only expand programs, but initial academic programs should be offered, advising that he had received complaints from some students relative to the lack of academic offerings. The additional positions requested will give Mat-Su its first two full-time academic faculty.

MAT-SU
ACADEMIC
NEEDS

MAT-SU CC-ACADEMIC, Eagle River, p. 173

Dr. O'Rourke advised that this component has been moved to Anchorage.

MAT-SU CC-OTHER, Support Services-Student, p. 177

Dave Scott advised that funding represents the new counseling position placed in the budget last year.

NEW COUNSELING
POSITION

MAT-SU CC-OTHER, Admin. and Plant, p. 179

Dr. O'Rourke advised that funding represents expansion of an existing program. Dave Scott asked if Mat-Su is the smallest campus in the community college system, and Dr. O'Rourke replied that Kodiak and Mat-Su are about the same size.

PROGRAM
EXPANSION

NORTHWEST CC-ACADEMIC, Instruction p. 183

Dave Scott advised that all funding requested under the component, with the exception of inflation, represents federal funding. He voiced concern, however, at the fact that the major thrust at N/W seems to be in correspondence study. Dr. O'Rourke responded that N/W does have an on-campus program in addition to the native corporation (Kalwara) correspondence program. He advised that there is a tutor available to assist students with programmed learning. Dr. O'Rourke advised that he did not have adequate information on the subject, but from his own rural experience it appeared that the less contact a student has with the teacher the less successful the program. N/W will be able to increase its faculty from three to nine as a result of federal and other funding sources (soft money).

N/W FUNDING

NORTHWEST CC-ACADEMIC, Academic Support, p. 185

Dr. O'Rourke advised that the N/W component represents his attempt to "hold the line," even though the community college requested over \$2 million. Senator Hohman raised questions concerning N/W's outreach program, and Dr. O'Rourke advised that the program is not correspondence per se, because there is some contact between the tutor and student and the study is more programmed. The N/W model consists of a tutor manning a learning center in a village where students come and use the facility with the assistance of the tutor. Senator Hohman raised questions concerning correspondence offerings through the University of Alaska and its community colleges in relation to the availability of correspondence work through numerous stateside Universities. Dr. O'Rourke agreed to furnish the committee additional correspondence information and completion rates. Mr. Tom Healey from the Postsecondary Commission attested to the great number of universities wishing to provide correspondence study to the state, advising that he would furnish the committee a catalogue.

PROGRAMMED
STUDY

CORRES-
PONDENCE
STUDY

Dave Scott raised questions concerning possible N/W use of the Nome Beltz facility and Dr. O'Rourke attested

BELTZ
FACILITY

to costs attendant maintenance of the facility, and problems with the Nome School Board concerning access to the facility (the University needs both day and evening access while the School Board does not want adults mingling with its adolescents). Dr. Gatzke, Campus President at N/W, also feels that the location of Beltz is not conducive to attendance. Dr. O'Rourke concluded his remarks stating that to make good use of Beltz something has to happen regarding control of the facility. The University has not been able to negotiate with the Nome School Board to use the facility at a reasonable cost.

Dave Scott advised of the existence of a bond issue to build a Nome facility, and Senator Hohman asked if the land had yet been selected. Dr. O'Rourke responded that he believed several sites had been selected near the present facility, adding that he did not know who owns the contemplated sites.

BOND ISSUE
NOME
FACILITY

PRINCE WM. SD. CC-ACADEMIC, Instruction, p. 195

Dr. O'Rourke advised that Position No. 3 (Inst-Voc. & Marine Programs, Valdez) and its contemplated program is not the diesel technology program offered at other community colleges but is primarily a piloting program with the hope of establishing some type of merchant marine program. He added that next week he would be meeting with Alpetco to discuss Alpetco's needs in this area.

VALDEZ
PILOT
PROGRAM

SITKA CC-ACADEMIC, Instruction, p. 207

Dr. O'Rourke advised that in some areas hereunder where increases appear, such increases are not General Fund moneys but represent an effort to get the funds into the budget process.

Referring to the LPN positions, Dr. O'Rourke advised that the LPN program is intended to rotate between Sitka, Ketchikan, and Juneau, and personnel will vary from community to community. The program will be operated in conjunction with Anchorage's accredited nursing program.

LPN
PROGRAM

SITKA CC-ACADEMIC, Sheldon Jackson Cons., p. 211

Dave Scott advised that SITKA CC's consortium arrangement with Sheldon Jackson has been set forth as a separate component this year. Dr. O'Rourke stated that students can cross-register at the community college or Sheldon Jackson, adding that the community college pays Sheldon Jackson for some instructional services and use of SJ's library.

SITKA
SJ
CONSORTIUM

Dave Scott raised questions concerning movement between the two entities, and Dr. O'Rourke replied "library use is toward Sheldon Jackson," but because the community college provides some courses SJ does not offer, there is cross movement. He added he would provide the committee updated information on student movement between the two schools.

TANANA VALLEY CC-ACADEMIC, Instruction, p. 211

Dave Scott asked that Dr. O'Rourke verify the fact that Positions No. 1, 2, 5, and 6 depend upon additional space at the campus. If new space is not available, the positions will not be needed. Dr. O'Rourke responded that Mr. Scott's statement was correct; last year request was made that a building be purchased for the Tanana Valley Community College. TVCC has been approached to take over the Hutchinson building, but there remain questions concerning whether or not Hutchinson contains more space than needed. A question also exists concerning the balance between vocational courses offered at the secondary level and those available through the community college. Dr. O'Rourke concluded his comments stating that more time for further exploration in this area is needed.

TVCC
SPACE PROBLEM
HUTCHINSON
BUILDING

TANANA VALLEY CC-ACADEMIC, Academic Support, p 223

Dave Scott raised questions concerning funding budgeted for community interest or non-credit offerings at TVCC. Dr. O'Rourke attested to the fact that the total cost of these programs should come from student fees. He advised that currently 1/3 of said costs are covered by student fees, adding that through an anticipated phase-in, he would hope 50% would be covered in 1980, with a 5% increase per year over the next five years.

NON-CREDIT
COMMUNITY
INTEREST
COURSE
FUNDING

TANANA VALLEY CC-OTHER, Admin. & Plant, p. 229

Dr. O'Rourke advised of a supplemental pending for this component, adding that the total operating cost is \$155 thousand on an annual basis.

RURAL EDUCATION-ACADEMIC, p. 231

Dr. O'Rourke stated that major changes here involve the type of program offered, redistribution of instructional costs, and increases in labor pool costs.

RURAL EDUCATION-ACADEMIC, Academic Support, p. 239

Dr. O'Rourke advised that some rural education centers need advisors to counsel students on available opportunities.

STUDENT
ADVISORS

Also, in 1977 the Board of Regents created the position of Vice Chancellor of Rural Education. The request here reflects the desire of the Board.

VICE
CHANCELLOR
RURAL
EDUCATION

RURAL EDUCATION-ACADEMIC, Coop. Extension Service, p. 241

Senator Hohman made mention of the \$15 thousand reduction in travel for last year, and Dr. O'Rourke advised that the requested \$81.4 thousand reflects last year's reduction and the travel request for a couple new positions. He stated that the only other item he would mention under this component is that Dr. Matthews, Director, Cooperative Extension Service, the person in charge of this funding has some question regarding designation of travel (i.e., what is to be considered instructional as opposed to other types of travel).

TRAVEL
REDUCTION

The meeting adjourned at approximately 3:30 p.m.

ADJOURN

SENATE FINANCE COMMITTEE

February 12, 1979

9:06 a.m.

Chairman Sackett called the meeting to order at 9:06 a.m. The following senators were present: Sackett, Hohman, Ray, Hackney, Bennett and Sumner. Also present were: Steve Smith and Charles Taylor from Budget & Management; Ross G. Schaff, State Geologist, J. Haynes, Deputy Commissioner, Jerry Reinwald, Administrative Director, Ted Smith, Director of Forest, Land and Water Management, Tom Cook, Director of Mineral and Energy Management, Harry Aase, Administrative Officer, Claud Hoffman, Cadastral Engineer, Hoyle H. Hamilton, Commissioner of Oil & Gas Conservation, Fred Honsinger, State Veterinarian, Hilton Wolfe, Special Assistant, Parks, Terry McWilliams, Director of Parks, Commissioner Bob LeResche, all from the Department of Natural Resources; Senator Stimson, fiscal analyst Bob Grogan, and members of the press.

PRESENT

Chairman Sackett introduced Commissioner Bob LeResche to give a brief overview of the Department of Natural Resources budget. Commissioner LeResche began his remarks by saying the Department has grown incredibly in the last 2 1/2 years. They have increased from 318 permanent employees to 678 permanent employees. The Department is suffering growing pains. FY 80 will be a year of consolidation and upgrading of services and improvement of internal management. There will be some minor reorganization of the Department.

NATURAL
RESOURCES
BUDGET
OVERVIEW

Mr. LeResche said the tenor of the budget this year is not much new at all but the Department will try to manage what they have had from the last two years. Mr. LeResche went over briefly each department giving a statement regarding each. He stated the priority for this year was in the Parks division. New facilities have been build, but they have gone to seed. The department would like to bring them up to a level the people expect. Mr. LeResche stated that the Administration Services is too big to operate at the current level. By mid-March he will make a decision as to how much reorganization will be done in that department.

TENOR OF
BUDGET

Tom Cook, Director of Minerals and Energy Management began going over the shortform with the committee.

P 51 - Leasing Management - request two positions for royalty oil.

LEASING
MGMT.

P 57 - Administration - three new positions requested.

ADMIN.

Ted Smith, Director of Forest, Land and Water Management went over his department's budget in the shortform.

P 81 - Central Office - One new position of Land Mgmt. Officer III requested in order to be able to comply with HB 720 which was passed in 1978 requiring that 30,000 acres be opened to the public should they want it.

CENTRAL
OFFICE

P 85 - Water Management - request two new positions to increase the ability to insure water availability. Senator Sackett questioned whether the \$1.2 million appropriation from last year was a one-time appropriation. Mr. Smith said there are 47 positions included in that appropriation that will be terminated at the end of this year; and, yes, it was a one-time appropriation. In response to Senators Sumner's concern as to the impact of this termination, Mr. Smith said it would be broadly felt. There had been a back-log of over 6500 cases. About half of them have been taken care of. Regarding the length of time from application to disposition, Mr. Smith said it depends on the type of application. Some take only a few weeks while some which require a public notice may take a minimum of six months - many times there are statutory waiting times involved.

WATER
MGMT.

Senator Ray wanted to know if two of the positions were federally funded. Mr. Smith replied yes, it's an on-going program.

In response to Senator Bennett's question concerning "just exactly what is it we're managing?" Mr. Smith said "the Department is required to adjudicate water rights, build dams, diversion ditches or drill wells. We manage water," he said, "so people who have water will continue to have water."

P 89 - Lands Management - maintenance level operation with one additional request for a position in classification of lands.

LANDS
MGMT.

P 97 - Forest Protection and Management - state and federal protection and an on-going program of timber harvest. It costs the state approximately 11¢ per acre to set up a fire department. Bureau of Land Management shares in the expenses of protecting the acreage. Glenallen and Fairbanks will be protected for the first time this summer. In response to a question concerning the amount of funds in the emergency fire fund, Mr. Smith said there is approximately \$650,000 at this time.

FOREST
PROTECTION

Senator Ray wondered whether this Department had anything to do with timber sales. Mr. Smith replied in the affirmative. Senator Ray mentioned some timber business going on in Haines since June of 1978. Mr. Smith said there was quite a bit of controversy regarding that situation, but they are just about to get it solved and should be able to proceed in the Spring.

P 113 - Southcentral District - the bulk of these 50 new positions requested are seasonal. Some of the temporary positions will be changed to seasonal hire. All of the Glenallen positions and one position in Anchorage are new. In response to a question from Senator Sackett regarding the benefits when changing from temporary to seasonal, Mr. Smith said the employees would be eligible for retirement, personal leave and the other benefits that State employees enjoy. Mr. Smith added that if they are seasonal employees rather than temporary the Department can get them year after year and will not have to train new employees. Senator Sumner made the comment "Would legislative employees be classified as seasonal?"

SOUTH-
CENTRAL
DISTRICT

Mr. Claud Hoffman, Cadastral Engineer gave his budget component. P 95 - Cadastral Engineer. The Division of Minerals and Energy Management is responsible for land records - what to retain and what to dispose of. There are 40 full time employees.

CADASTRAL
ENGINEER

Mr. Campbell from Oil & Gas gave his review. P 73 - Conservation - The Governor decreased the following components: Technical Studies and Surveillance by 25.0; Drilling in Areas of Potentially Hazardous Conditions by 91.7; Study of Natural Gas Potential in Alaska by 89.5; Stratigraphic Investigations by 60.8; and Oil and Gas Well Safety Inspection Program by 52.1. Senator Sumner asked if this Department provided drilling regulations safety. The answer was yes. Mr. Campbell responded yes when asked by Senator Hohman if he was lobbying for restoration of budget cuts by the Governor.

CONSER-
VATION

Mr. Ross Schaff, State Geologist, said his is essentially a maintenance budget with 35 full time and 5 part time employees.

P 61 - Resource Investigations - the difference between this request and the Governor are three federally funded positions and two others that are anticipated to go thru the geophysical institute.

RESOURCE
INVESTI-
GATIONS

P 63 - Publications - reduction of two positions between Governor and maintenance.

PUBLICA-
TIONS

P 65 - Mineral Laboratory - maintenance level

MINERAL
LABORATORY

P 67 - Regulations and Information - maintenance budget. REGULATION
Anticipate some federal funds. Not sure of the dollar & INFO
amount that will be coming into the support program.

P 69 - Administration - essentially a maintenance budget. ADMIN.
In response to a question from Senator Sackett regarding
moving into a new building, Mr. Schaff stated that they
are currently in a maintenance building in Anchorage with
which they are having problems. Budget & Management is
going to have a study to determine whether they will move
into a more expensive building or stay where they are.

Senator Bennett wondered whether the state is spending
state funds to enforce federal regulations. The answer
was yes - in the area of mining safety programs. However,
at the same time we are enforcing state mining safety
programs. So there is not much in the way of state funds
being spent on the federal regulations.

Terry McWilliams, Director of Parks, took the stand to give
her presentation of the Park budget.

P 121 - Mat Su - two positions requested, none authorized. MAT SU

P 123 - Chugach - this park was very much underfunded
last year. This year's budget will bring it back up to CHUGACH
par.

P 125 - Kenai-Kodiak - no new positions. KENAI

P 127 - Southeast - No new positions. SOUTHEAST

P 129 - Copper Basin - No new positions. COPPER
BASIN

P 131 - INTERIOR - No new positions. Will probably
be closing two parks, Gardner Creek and Dead Man Lake, INTERIOR
both near Anchorage due to lack of personnel.

In response to a question from Senator Hackney as to
what happens when the department is "broke", Ms McWilliams
said they take away services.

P 133 - Operations Administration - No new positions. OPER ADMIN

P 137 - Park Development - This component is currently
CIP funded. There were three positions requested; one PARK DEV.
allowed by the Governor.

P 139 - State-Federal Coordination - No new positions. S/F COOR.

P 141 - Administration & Support - transfer of programs involving Deputy Director from Park Development. Last year's bond issue was 5.8 million for parks; construction will begin this summer. Senator Sackett asked if they expect any people in their budget next year. They answered that CIP will support those people - anywhere from two to 12 employees.

ADMIN. &
SUPPORT

P 143 - Historic Resource Management - No new positions.

HISTORIC

Jerry Reinwand, Director of Administrative Services in the Commissioner's office began his component.

P 33 - Office of the Commissioner - 4 new positions were allowed by the Governor. This Division will assume responsibility in many areas - affect turn around and paying bills. This position was created by RP. It has not had legislative review. Senator Sackett asked Commissioner LeResche how many other positions he had that had not had legislative review. Mr. LeResche responded "maybe five, but they are federally funded. Only this one position is state funded."

OFFICE OF
THE COMM.

P 41 - Planning and Research - Senator Sackett said "There are 16 positions authorized. How many are not filled?" Mr. LeResche answered that there were 4 or 5. He said the two highest positions were held open to take care of this unauthorized position. Currently the Department is working with temporaries. Senator Sackett remarked "You seem to be doing well with temporaries." Mr. LeResche replied, "Yes, but you've heard all the arguments about hiring and dumping employees."

PLANNING
& RESEARCH

P 43 - Temporary d-2 Operations - this is for temporary d-2 operations as there may or may not be a d-2 bill in FY 80. A yes answer was given to the question are the three full time positions the same positions that were funded in the FY 79 budget. Those positions do research and data preparation for the office in Washington D. C. They are the core group that keep inventory, etc.

TEMPORARY
d-2
RESEARCH

The meeting adjourned at 10:21 a.m.

ADJOURN

SF 79-10-1 (488-end)
SF 79-10-2 (1-end)
SF 79-11-1 (1-207)

SENATE FINANCE COMMITTEE
February 13, 1979
9:05 a.m.

Chairman Sackett convened the meeting at approximately 9:05 a.m. All committee members were present with the exception of Senator Hohman. Also in attendance were Senator Stimson; Commissioner Robert Ward and Richard Holden from the Dept. of Transportation; Judy Crondahl and Kellus Sewell from the Dept. of Administration; Fiscal Analyst Alison Farnan; Administrative Assistant to the Finance Committee Garrey Peska; various administrative assistants assigned to committee members; and representatives of the media including Joe LaRocca.

PRESENT

Senator Ray moved that SB 77 (An Act relating to compensation for criminal injuries) be brought up for discussion, advising that the bill carries a zero fiscal note. He directed committee attention to a Judiciary Committee Amendment, suggesting possible interpretation problems with the wording "sexual assault in any degree," especially between married persons, and advising of problems translating the bill within the new Criminal Code which takes effect January 1, 1980. When further questions arose concerning intent and effect of the Judiciary amendment, Chairman Sackett suggested the bill be held pending clarification from the Judiciary Committee Chairman, Senator Ziegler.

SB 77

Chairman Sackett moved that SB 87 (Act making a supplemental appropriation to the Dept. of Transportation and Public Facilities, Division of Aviation Design and Construction) be brought up for discussion, asking that Mr. Holden explain the need for the supplemental.

SB 87

Mr. Holden replied that the funding is needed in the Fairbanks area to effect bank reinforcement necessitated by the shifting course of the Tanana River which currently threatens the airport and the railway spur serving the airport. The Corps of Engineers is investigating but doubts it can use flood control funds for this project, and funding is needed now in order to handle erosion expected to accompany the spring breakup. Mr. Holden further advised that while the Corps can use its funding for flood control, he questioned its ability to effect erosion control or bank protection.

MR. HOLDEN
TANANA
RIVER
EROSION
PROBLEM

Chairman Sackett advised that in the course of his dealings with the Corps of Engineers regarding bank protection for three villages within his district, the Corps attested to the need to establish a ratio between funding put into erosion control and the value of the property saved. He further advised that surely in the case of the Fairbanks Airport adequate property value exists to warrant an erosion project by the Corps.

CORPS OF
ENGINEERS
ASSISTANCE
CRITERIA

Commissioner Robert Ward advised of several protective options available to the Department:

- (1) A channel down the Tanana to take off some of the overflow.
- (2) An upland dike.

DOT
OPTIONS

He stated that if backup occurs before "sheet pile" is placed along the banks, perhaps there won't be anything left after breakup in which to place "sheet pile." Chairman Sackett stated that the Legislature appropriated funding approximately four years ago to take care of this problem, asking what happened to that funding. Mr. Holden responded that the questioned funding related to an effected program a mile and a half down the river. DOT placed riprap along the banks to protect a campground. Replying to a question from Chairman Sackett concerning the time schedule involved in the contemplated project, Mr. Holden stated that DOT would begin right away if it gets the money, directing committee attention to DOT's November 22, 1978, memo explaining proposed funding.

Senator Ray raised a question concerning why the river has changed its course, asking if the cause could be attributed to upriver projects undertaken by the federal government. He further added that the Fairbanks airport has existed for 20 years on its present site, and now, suddenly, it has an erosion problem. He suggested the state "go after the federal government for repairs."

QUESTION
RE: CAUSE
OF COURSE
CHANGE

Chairman Sackett directed that DOT representatives:

- (1) Determine the balance of the Fairbanks International Airport Revenue Fund and the amount of anticipated expenditures from the fund
- (2) Obtain a letter from the Corps of Engineers saying it will not conduct the project

and return to committee with the above information. If the above information is secured, the committee will again review the bill, possibly within a week.

Senator Ziegler next appeared before the committee on SB 77, advising that the Judiciary Committee Amendment resulted from concern on the part of the bill drafter that the section dealing with sexual assault needed to be rewritten. He further advised he was not prepared to discuss sexual assault without a review of the new criminal code. Discussion ensued concerning the scope and activities of the Violent Crimes Compensation Board, after which Senator Ziegler advised that, based on problems the language appears to pose, he would withdraw the amendment.

SB 77

Senator Ray moved that SB 77 in its original form pass from committee with individual recommendations. No objection having been voiced, SB 77 passed from committee, all members present signing do pass.

MOTION
SB 77

Chairman Sackett next moved that SB 21 (Special appropriation to Dept. of Commerce and Economic Development, power project revolving fund of the Alaska Power Authority) be brought up for discussion. Senator Ziegler advised that over the past two to three decades numerous feasibility studies have been performed regarding the hydroelectric project at Swan Lake, all recommending its viability. He attested to the tremendous current waste of hydroelectric capabilities, advising that the project would cost approximately \$80 to \$83 million, the greatest portion of which would be federally funded. He requested several days to get representatives from the Ketchikan utility company and members of the Alaska Power Authority together for appearance before the committee. Chairman Sackett advised that Senate Finance would again review SB 21 next Monday.

SB 21

Chairman Sackett next moved that SB 91 (Act making a supplemental appropriation to the Department of Administration, for ASHA payments and LRA services) be brought up for discussion, asking that Judy Crondahl and Kellus Sewell explain the need for the funding.

SB 91

Judy Crondahl advised that the \$17,300 designated as ASHA payments and insurance would be allocated to cover ASHA needs at Kodiak (\$12,000) and ASHA payments due to re-allocation of space (\$5,300).

The Labor Relations Agency portion, \$13,500, is for increased professional costs. Judy Crondahl stated that last year funding for the Board amounted to \$55 thousand, plus a budget amendment raising the amount to \$80 thousand, based on the fact that the Labor Relations Board was going to add permanent people rather than contract for services. The Legislature appropriated full funding, based on full-time personnel. When the Board contracted for services rather than hiring a permanent staff, the Governor decided it should "live" by the lower (\$55 thousand) figure until it could come to the Legislature and justify a supplemental. She stated that the Board has two contracts, one for professionals in the amount of \$30 thousand, and another for secretarial work in the amount of \$24 thousand (a combined total of \$54 thousand). Total funding available to the Board is currently \$55 thousand. It needs funding for travel expenses and transcription costs. She concluded her remarks advising that she is afraid that if the supplemental is not granted, the Labor Relations Board will have to stop or curtail its activities, and it currently has a significant backlog of cases before it.

LABOR
RELATIONS
BOARD

Senator Sumner asked what had caused the increased cost for professional services, and Kellus Sewell advised that he was unable to answer on the Board's behalf.

Senator Ray moved to amend SB 91, deleting the \$13,500 in funding to the Labor Relations Board. He further moved that the bill as amended pass from committee with individual recommendations. No objections having been voiced, SB 91, as amended, passed from committee, Senators Sackett, Sumner, and Ray signing do pass, Senators Dankworth and Bennett signing do not pass, and Senator Hackney signing no recommendation.

MOTION &
AMENDMENT
FOR SB 91

Chairman Sackett made the following bill assignment:

SB 69 - Hohman
SB 116 - Sumner

BILL
ASSIGNMENT

The meeting adjourned at approximately 9:50 a.m.

ADJOURN

SF-79 Tape No. 11, Side 1 (587-end)
Side 2 (start to 581)

2/13/79

SENATE FINANCE COMMITTEE
February 14, 1979
9:02 a.m.

Chairman Sackett called the meeting to order at 9:02 a.m. Senators Sackett, Hohman, Hackney, Dankworth, Ray and Bennett were present. Also present were Senator Stimson; from the office of ADEC Marti Early, W. A. Publicover, Kit Stewart, Jon Scribner and Glen Akins; from the office of CFEC John Garner, Derrill Johnson and Bob Simon; from the office of DEC Dale Wallington and George Franklet; from Budget & Management Charles Taylor and Steve Smith; Judith Anderegg and Michelle Shook.

PRESENT

Senator Sackett indicated to the committee that the meeting would cover the divisions of Limited Entry, Coastal Zone Management and Environmental Conservation.

John Garner, Bob Simon and Derrill Johnson spoke for Limited Entry. Mr. Garner stated that the request is for \$360,500 for the buy-back program. The program has two aspects: first, relates to people and office costs for administering the buy-back program; and second, front-end money from the Legislature in the amount of \$300,000 to begin the program in 1979. The program is to reduce the number of licenses issued in a given area. Mr. Garner said there is some question whether or not this is the answer to the number of licenses issued in question.

LIMITED
ENTRY

When asked to explain the large amount in contractual (422.5) Mr. Garner explained that it was due to the data processing charge back. Under the present system, the cost for data processing is about \$35,000. With the charge-back system, data processing will increase to about \$100,000.

CHARGE-
BACK
SYSTEM

Senator Ray asked the worth of the limited entry permit. Mr. Garner stated that they average about \$30,000. Some of the permits were issued for the amount of the renewal fee of from \$20.00 to \$100.00. Senator Ray questioned if the buy-back program is intending to buy back some of the licenses that were issued for \$20. at the current market value of the permit - \$30,000. The answer was yes.

PERMIT
VALUE

There was some discussion regarding the status of the permit problem in the Cook Inlet area. There had been a statement made by a Department of Fish & Game employee that there were about 315 more permits issued than allowed by Administration. Mr. Garner said the Legislative Affairs Agency is looking into that at the present time.

COOK INLET
AREA
PERMITS

Chairman Sackett asked what was the percentage of outside permits issued - meaning permits issued for people who live outside Alaska. Mr. Simon responded that he thought about 1/3 of them were issued to outsiders when the program was initiated and that it was probably about that same percentage at this time. Mr. Simon stated that by law anybody who qualified had to be issued a permit. Senator Sackett remarked that "that was interesting, because that was one of the things that was supposed to bring fishing back to Alaska."

PERCENTAGE
OF OUTSIDE
PERMITS

Senator Hohman asked what was the estimate of the value of all the limited entry permits. The gentlemen from the department did not know the answer.

The committee began the Coastal Zone Management program, page 15 in the shortform. Judith Anderegg and Michelle Shook testified.

COASTAL
ZONE MGMT

Senator Ray questioned Ms Anderegg about the RSA funds. Ms. Anderegg said they use the RSA funds to be sure regulations are right. If the funds are cut back, the whole program would have to be cut back.

RSA FUNDS

P 19 NOAA - No questions.

NOAA

At this time the committee turned their attention to the Water Programs area of the budget, page 237 shortform. Dale Wallington and John Scribner gave testimony.

WATER
PROGRAMS

P 243 - Facility Construction and Operation - Mr. Wallington explained the high contractual. Primarily it was for the data processing system for the whole division. The funds are need to put together a data processing program. There will be federal funds for at least the next five years to run that program. A question from the committee: what is the state percentage of the match? Most of the funds require no state match. There is a portion that requires 25% state match with general funds.

FACILITY
CONSTR. &
OPERATION

Senator Hackney asked if the contractual was the same on P 239. Federal funds for consultant work were on a one-time basis.

Senator Dankworth asked for a definition of water pollution control. Mr. Wallington Stated that Title 46 of the Alaska Statutes provides for water control to reduce pollution going into water, assurance of permits for what goes into water, institutes programs to rectify problems of pollution.

WATER
POLLUTION
DEFINED

Senator Dankworth then asked if the Department would circumvent the legislature to work with the federal government in water regulations. Mr. Wallington said he couldn't even begin to imagine why they would want to do something like that.

P 241 - Water Supply - Mr. Wallington was asked to define what they do in Water Supply. He explained that there are two major areas of concern: 1) Administer the safe drinking water program and implement policies and procedures; and 2) they are concerned with the village safe water program in that they a) do comprehensive planning, b) construct facilities; and c) operate and maintain the facilities. Senator Ray asked for an explanation of the Misc. increase. It is an operation and maintenance budget where grants are made to villages to offset some of their operating costs. Also there are three new facilities coming on line.

WATER
SUPPLY

P 243 - Facility Construction and Operation - no questions. FACILITIES

P 245 - Directors Office - one new position requested which is federally funded. State-wide water quality program has been primarily general fund funded. Last year part of Mr. Scribner's salary was funded by drinking water funds.

DIRECTORS
OFFICE

P 247 - Environmental Analysis - One Environmental Research Analyst requested. Mr. Scribner could not explain the position. Said he would do that in a memo to the Chairman. There was discussion between Senator Ray and Mr. Scribner regarding general fund and general fund match. Senator Hohman asked about the problem with the drinking water at Tulaksak. Mr. Scribner said there was some concern about miners 50 - 75 miles upstream polluting the water. However, the well at Tulaksak provided potable water. Senator Hohman requested a copy of correspondence regarding this problem.

ENVIRON-
MENTAL
ANALYSIS

There was some discussion between Mr. Scribner and Senator Dankworth regarding the meeting in Washington that Commissioner Mueller was attending at the time this meeting was transpiring. Senator Dankworth requested information in memo form regarding that meeting.

At this time the committee took up the Terrestrial Programs. Mr. Wallington testified. The position of Environmental Engineer was transferred to the South Central Region and reclassification of one position from ecologist to program coordination.

TERRESTIAL
PROGRAMS

P 253 - Land Use - three positions were requested, all federally funded. The question was asked regarding the absorption of the 1% veto. Mr. Wallington said it was through vacant positions - one vacant position and one on leave of absence.

LAND
USE

P 255 - Directors Office - no questions.

DIR. OFF.

P 257 - Administration and Support was the next program reviewed. Along with Mr. Wallington, Kit Stewart and Marti Early testified.	ADMIN. & SUPPORT
P 259 - Office of the Commissioner - Ms Stewart told the committee that the Deputy Commissioner office had been vacant since September. On March 8, Deming Cowle from Senator Gravel's office in Washington D. C. will begin working in that position. Marti Early advised that there is a new program starting. Part of the funds for this fiscal year will be used to develop curriculum for schools on safe drinking water. There will be workshops around the state to present that material to teachers for presentation to the students.	OFFICE OF THE COMM.
P 261 - Advisory Board - No questions.	ADVISORY BD
P 263 - Management Services - No new positions requested. Contractual - requested CETA funds. At this time the Department does not know whether it will be contractual or salaries.	MGMT. SERVICES
P 265 - Technical Services - three positions requested and allowed. No major changes.	TECHNICAL SERVICES
P 267 - Program Coordination - request was for 518.2. Governor allowed 494.6.	PROGRAM COORDIN.
P 269 - Oil Pipeline Monitoring - Mr. Franklet explained that the only information they had to go by in preparing their budget request was April 1978 information prepared for them by Northwest. Senator Sackett asked what the existing 5 people do. Mr. Franklet said they do not need three of the positions.	OIL PIPELINE MONITORING
At this time the committee took up Regional Offices. Mr. Wallington and George Franklet testified.	REGIONAL OFFICES
P 277 - Southeast Region - two positions requested - environmental research analyst and environmental engineer II. Senator Hackney asked for an explanation of what an Environmental Research Analyst does. First year is a planning process to identify existing pollution sources in State, categorize and prioritize them; evaluate program to see whether the state will want to keep it. Senator Hackney then asked "Isn't the pollution already identified?" Senator Sackett requested a memo with information on the higher "other costs".	SOUTHEAST REGION
P 279 - Southcentral Region - Governor allowed two positions. One of them was funded "other." What is "other funds?" Mr. Franklet explained transfer of money by interagency agreement from DOT which provided for an environmental engineer to monitor Anchorage. Senator Sackett requested that Mr. Franklet confirm that in writing.	SOUTH- CENTRAL REGION

P 281 - Northern Region - two positions allowed. \$60.0 in federal funding. Senator Hackney wanted to know: "In case of federal positions, is it understood when the money leaves, the position leaves too?" Answer: Yes.

NORTHERN
REGION

P 283 - Prince William Sound Region - One position general fund. Why? According to Mr. Franklet, during the Aleyska oil pipeline construction, the position was paid for by Aleyska. Aleyska funding lapsed last July. The position is needed in that area. Senator Dankworth remarked that this is what happens to "soft money." After the funds from another source for payment is gone, the position stays.

PRINCE
WILLIAM
SOUND
REGION

P 287 - Tanker & Oil Terminal Safety - Mr. Publicover gave an overview of what this division does. Senator Dankworth asked if the division is working on just "fines" now. Mr. Publicover said "That's correct." He said the division collected a little over a million dollars last year that they were not required to refund. There is a new regulation, he said, that allows the division to spend these fines. There was discussion on the fines aspect of this division. In response to Senator Sackett's question, Mr. Franklet said there is one vacant position.

TANKER &
OIL TERM.
SAFETY

The meeting adjourned at 10:15 a.m.

ADJOURN

SF 79-11-2 (519-end)
SF 79-12-1 (1-end)
SF 79-12-2 (1-221)

SENATE FINANCE COMMITTEE

February 19, 1979

8:46 a.m.

In the absence of Chairman Sackett, Senator Hohman convened the meeting at approximately 8:46 a.m. All committee members were present with the exception of Senators Sackett and Sumner who arrived later in the meeting. Also in attendance for the first portion of the meeting were Senators Ziegler, Kerttula, Colletta, Tillion, and Stimson; Speaker of the House Terry Gardiner, and Representative Oral Freeman; Phil Holdsworth; Eric Yould, Executive Director, Alaska Power Authority; Dan Baures, Partner, R. W. Beck & Assoc., Inc.; representatives from the City of Ketchikan including Bob Arnold, Utilities Engineer; Ted Ferry, Chairman, Utility Board; Don Bowey, Utilities Manager; Garrey Peska, Finance Committee Administrative Assistant; various administrative assistants assigned to committee members; and members of the media including Marcia Alvar. Representatives from the Dept. of Fish and Game attended the second portion of the meeting and a listing of those in attendance is appended to these minutes.

PRESENT

Senator Hohman addressed Senator Ziegler asking that the representatives from Ketchikan be introduced to committee members. Senator Hohman referred committee attention to SB 21 (Act making a special appropriation to the Department of Commerce and Economic Development, power project revolving fund of the Alaska Power Authority).

SB 21

Mr. Ted Ferry, Chairman of the Ketchikan Utility Board testified on behalf of the Gateway Borough advising that the Swan Lake Project (located approximately 30 miles from Ketchikan) represents the number one priority for the area. Mr. Ferry presented a brief history of the project, advising of studies conducted in 1951, 1959, and 1962, all exhibiting a favorable cost-benefit ratio. When Swan Lake was not immediately forthcoming after initial studies, the city developed a small hydroelectrical project at Lake Sylvis and has met increasing power demands through the use of diesel generators.

KETCHIKAN
REPRESENTATIVE
MR. TED FERRY

Mr. Ferry outlined the following anticipated growth in the Ketchikan area, all necessitating increased hydroelectrical power:

1. Development of a bottom fishing industry. The Ketchikan area currently has about ten vessels experimenting with various types of gear. Ketchikan is attempting to develop this industry. Processing will require additional power.
2. Ketchikan has experienced an average 5% annual load growth in power demands.
3. The Cape Fox Corporation is going to be constructing a \$7 million hotel.
4. The pumping station and incinerator to be operated in conjunction with the city's sewer project will also demand more electricity.

ANTICIPATED
DEVELOPMENT
IN KETCHIKAN

The city is using December 1983 as its schedule date for generation of electricity from the Swan Lake Project.

(Senator Sumner entered the meeting at this time 8:35 a.m.)

Mr. Ferry concluded his remarks by advising that "we cannot afford for this project to be delayed for another year."

Mr. Bob Arnold next appeared before the committee advising that he is an engineer employed by Ketchikan Public Utilities. He advised that the appropriation contemplated under SB 21 represents a loan rather than a grant. The appropriation will be returned through the revolving power loan fund. Such appropriations should not be construed as benefitting one locality only because the funds revolve and are available to all communities developing power sources.

BOB ARNOLD
KETCHIKAN
PUBLIC
UTILITIES
ENGINEER

Alaska's water resources, if developed, are more valuable than the oil in Prudhoe Bay considering the duration of benefits to be derived from a hydroelectrical facility with a minimum lifetime of 100 years.

HYDRO-
ELECTRIC
PROJECT
LIFETIME

Mr. Arnold suggested that the proper question under consideration should be whether or not Alaska can afford not to develop its water resources, advising that if Ketchikan is not successful in obtaining this facility, its loss will impact Ketchikan to the amount of an additional capital outlay of \$10 to 13 million:

(\$ 6 to 7 million in escalated construction costs, and

\$4 to 6 million for purchase of additional diesel generators by 1983).

FINANCIAL
IMPACT
ON
KETCHIKAN
IF SWAN
LAKE PROJECT
DENIED

In terms of the Swan Lake Project, the foregoing would result in the need to arrange financing for \$91 to \$92 million rather than \$85.

Senator Ziegler asked Mr. Arnold how Ketchikan intends to finance the major portion of the project, and Mr. Arnold responded that the Alaska Power Authority was created with such a purpose in mind, advising that Mr. Yould would be the proper person to respond. Mr. Arnold advised that Ketchikan is currently requesting \$3.116 million from the revolving power fund to allow progress up to the construction phase in 1981, when the project should be ready to put up for bid, and hopefully other construction money will be available.

Senator Hohman advised that the \$3.115 million request from Ketchikan breaks down:

SB 21
APPROPRIATION
BREAKDOWN

\$2,200,000 for geotechnical investigation, etc.
419,000 for supervisory control system
496,000 automation of existing generating facility.

Mr. Eric Yould, Executive Director of the Alaska Power Authority, next appeared before the committee advising that the Authority is a corporation of the State of Alaska-- that he works for the Board of Directors and not the administration. He requested that committee members not construe his remarks to represent the Governor's recommendations. He added that he had \$2 million in his budget for Swan Lake. The Governor reduced the funding but did allow \$3 million for a number of small communities around the state.

MR. YOULD
ALASKA POWER
AUTHORITY

Responding to a question from Senator Ray concerning interest rates, Mr. Yould stated that in accordance with statute effected last July, the interest rate would be somewhere between 3 and 5% for as long a term as 50 years or an alternate time period appropriate to the project. Mr. Yould further advised that money loaned to Ketchikan to assist with its Federal Regulatory License Application was loaned at 5% for 20 years, adding that he assumed additional moneys would be loaned at the same rate. He further advised that the Alaska Power Authority is statutorily tied to no more than 5%, adding that the Power Authority was set up specifically for the purpose of long term financing of projects such as Swan Lake.

ALASKA POWER
LOANS
INTEREST &
TERM

Senator Hohman inquired concerning the source of the Power Authority's funds, and Mr. Yould responded "revenue bond financing," adding that the Alaska Power Authority has no funding with which to assist communities

ALASKA POWER
FUNDING
SOURCE

such as Ketchikan with preliminary study requirements. Funding of the actual project would come from the revenue bond market after the loan is made. He further advised that the Swan Lake Project may not be able to be financed on the bond market without additional state assistance.

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

Mr. Yould stated that he would advocate a revenue bond investment on the part of the State of Alaska for the project. Senator Kerttula stated that there is no way to finance an \$85 million loan at 5%. Mr. Yould replied that he was not talking about 5% for the remainder of the project, revenue bonds would be used for the major financing. The state could get 7.4%, or it might be able to get 7% on A bonds, or 6-3/4% on AA bonds, depending on the money market.

BONDING
INTEREST
PER-
CENTAGES

Responding to a question from Senator Hohman concerning leveraging of moneys in reserve accounts, Mr. Yould advised that leveraging is based on an approximate ratio of four to one (for every \$1 in reserve, \$4 are obtainable).

LEVERAGING
RATIO

To clarify the current loan and anticipated \$85 million loan funding and percentage figures discussed above, Mr. Arnold advised that the committee is discussing two different funding mechanisms within the Power Authority. One loan would pertain to the necessary engineering study and be made at 5%, while the construction money (\$85 million) would be distinct and separate from study funding.

Senator Dankworth asked Mr. Arnold when Ketchikan would expect Swan Lake power to be operational, and Mr. Arnold replied, "about January 1984." Senator Dankworth next asked what would happen should Ketchikan not receive funding, and Mr. Arnold replied that the city would have two alternatives:

ALTERNA-
TIVES TO
SWAN LAKE

- (1) Curtail electricity - an unacceptable solution and one which would be especially bad during peak usage winter months.
- (2) Buy another diesel generator for \$4 to 6 million - which represents just the plant cost and does not account for diesel fuel and plant maintenance.

Senator Ray asked if Ketchikan had made application to the Corps of Engineers for construction, and Mr. Arnold advised that the project was recommended on three separate occasions and even progressed through the U.S. Congressional level, but

the Corps wasn't interested in a project of this size. The Corps is "after the big ones." Mr. Yould further stated that unlike the climate at the time of the Snettisham Project, these are different times, "I don't believe we are going to see much help in Alaska from the Corps of Engineers. Susitna is dependent upon this committee and whether it will allow Alaska Power Authority to proceed."

CORPS
OF
ENGINEERS

Mr. Don Bowey, Utility Manager, City of Ketchikan, next appeared before the committee attesting to the fact that Ketchikan is trying to build up an economic base while, power wise, it is at the point most western-state communities were 50 years ago. Because Alaska is not conducive to transmission grids, its communities have to have individual sources of power. Juneau was fortunate to have received help from the federal government while Ketchikan will probably not receive such help. He concluded his remarks advising that Ketchikan is going to have to have reasonable power to attract new business.

NEED FOR
POWER TO
DEVELOP
ECONOMIC
BASE

Mr. Yould advised committee members of results from a canvass conducted by the Governor's Office concerning public use of the permanent fund. Out of 22 categories, need for electrical power generation ranked fourth. Also, 49% of those surveyed favored hydroelectricity as the source of power.

Senator Ray requested that Mr. Yould provide the committee written information on exactly what the proposed Swan Lake project is going to cost the State of Alaska, and what projected interest rates might be.

The committee next directed its attention to the Natural Resources shortform, continuing committee review of The Department of Fish and Game--Commercial Fish, p. 145. (Representatives appearing for Fish and Game are listed on the attendance sheet appended to these minutes with the exception of Commissioner Ronald Skoog who also appeared.)

NATURAL
RESOURCES
DEPT. OF
FISH AND
GAME
COMMERCIAL
FISH

Commissioner Skoog advised that while the budget request of \$35.5 million represents an approximate 5% increase over 1979, it does not take into account various new responsibilities Fish and Game has undertaken. The department has a lot of new responsibility in connection with the 200 mile limit and involvement with the the North Pacific Fisheries Council. The department is also involved in a new herring fisheries program as well as coastal zone management of marine mammals, in addition to a newly developed subsistence

COMMIS-
SIONER
SKOOG

section and the impact of D-2 legislation. Mr. Skoog advised that the state must manage much more closely its resources on D-2 lands.

Mr. Skoog advised that the Department has some major problem areas with more emphasis needed in management; increased demands in the commercial fisheries industry; and the need to provide monitoring in sport and other hunting traffic due to loss of land under the D-2 issue. The Department has also experienced increased sport fish demands in line with population increases, but the Department's biggest problem continues to be lack of data. The Department is hard put to come up with the salmon forecast each year.

MANAGEMENT
EMPHASIS

Commissioner Skoog advised of the conversion of temporary personnel to permanent part-time seasonal employees, stating that Fish and Game employs the highest percentage of seasonal employees (essentially in commercial fisheries). Conversion will reduce temporary personnel by about 5%. The Department is in favor of the conversion since there is a continual need year after year for these positions and no reason why they shouldn't be classified permanent seasonal positions.

CONVERSION
TEMPORARY TO
PERMANENT
SEASONAL
EMPLOYEES

Senator Bennett raised a question concerning sonar electrical fish counters, asking if such a program had been implemented or expanded. Mr. Skoog advised that the Department is attempting to expand the program but has had to "hold the line." Mr. Steve Pennoyer, Acting Director for Commercial Fish, advised that the Department had hoped to have such counters on some of the larger rivers since sonar counters give a better index of available stock.

SONAR
COUNTERS

Senator Dankworth raised a question concerning local Alaskan hire for seasonal positions. Commissioner Skoog stated that the Department hires first from Alaska through contact with the University of Alaska. Mr. Russell Clark, Director of Administration for Fish and Game advised that in all cases the position will be offered first to an Alaskan. The Department's percentage of non-Alaskan hire is very very low. He added that the Department generally hires out of locations such as Fairbanks, Anchorage, and Juneau, and most of those hired reside in the area from which they are hired. The Personnel Rules say Departments should hire from eligible candidates on the Register, but a department is not required to do so. Commissioner Skoog added that some of the permanent seasonal positions are filled by the same person coming back year after year.

ALASKAN
HIRE

Senator Sumner voiced concern over the fact that temporary employees do not receive benefits while permanent seasonal employees do, advising that even legislative personnel receive no state benefits. He added concern that out-of-state seasonal employees would be reaping Alaskan employment benefits.

Committee attention was directed to Commercial Fish, p. 145, Chairman Sackett advising that the budget increased from \$9.136 million to \$10.978 (general fund increase from \$8 million to \$9.1 million).

BUDGET
INCREASE

Mr. Pennoyer advised that approximately 35 thousand commercial fishermen and 10 thousand processing plant workers annually harvest resources of \$400 million dollars (wholesale over \$800 million). Direct revenues from licenses and the Raw Fish Tax amount to \$14 million and an estimated additional \$10 million in income tax.

COMMERCIAL
INCOME

Based on last year's budget of \$9 million, the Department expended 4¢ on every dollar for salmon and 1¢ on every dollar for shellfish. Mr. Pennoyer further advised that salmon stocks have increased from where they were in the early 70's but are still below historical levels.

COST
BENEFITS

Senator Sumner raised questions concerning figures displayed by Mr. Pennoyer advising that, in the end, the figures represent the fact that Fish and Game's budget for commercial fish represents 40% of the revenues coming back into the general fund.

COMMERICAL
FISH 40%
OF GEN.
FUND
REVENUES

Mr. Pennoyer next outlined the following new programs or programs requiring continued or upgraded monitoring:

Cook Inlet Salmon Stock	\$ 89.4
Alaska Peninsula Shrimp	85.3
Bering Sea Herring Management	114.9
S. E. Quantative Fishery Management	35.4

PROGRAM
NEEDS

The S.E. Quantative Fishery Management will provide a start toward data process analysis.

Funding for the Shrimp stock is essential for control because this resource has declined over the past year, and the reason for the decline is not clear.

The National Marine Fisheries Service has been conducting some surveys which it is discontinuing. Funding will allow Fish and Game to pick up some, but not all, of these surveys.

The herring fisheries program has developed during the past three years. Before that it was a foreign fishing industry which took place on the high seas off the Pribilof Islands. In the past it has harvested 125 thousand metric tons of herring.

HERRING
PROGRAM

Senator Hohman stated that the Department request for the high seas program is about twice what the Governor allowed. Mr. Pennoyer replied "Yes, that is correct, \$215 thousand." Senator Hohman then asked if the Department will be able to get the data necessary to make decisions with the reduced funding, and Mr. Pennoyer responded that the Department is going to get less data and will experience some reduced positions.

HIGH SEAS
PROGRAM

Senator Hohman raised questions concerning reduced funding for salmon, and Mr. Pennoyer answered that the funding would allow the Department to at least do some sampling. Responding to further questions from Senator Hohman concerning expenditures for last year, Mr. Pennoyer stated that the Department had received about \$137 thousand from the North Pacific Fisheries Council for research, and had obtained an additional \$30 thousand from another program. The funding through North Pacific Fisheries will not continue (North Pacific Fisheries funding was used to get the program started but will run out this coming summer).

SALMON
FUNDING

Responding to inquiries from Senator Hohman asking if the department is developing adequate monitoring to protect such industries as the herring industry, Mr. Pennoyer advised that the herring industry is a difficult stock to monitor. It will take a few years to get the information. The Department has to be very conservative in its management of this resource because of lack of information, and there may be an economic loss because of under-harvest.

HERRING
MONITORING

Mr. Pennoyer again directed committee attention to Department conversion from temporary to part-time seasonal employment status, advising that such conversion had reduced Department man months by 1/3, resulting in \$78 thousand in costs and a 53 man-month deficit in the budget.

SEASONAL
EMPLOYEES

Chairman Sackett advised that the committee would continue with Fish and Game tomorrow morning at 8:30 a.m. The committee will also hear Mr. Yould speak on the Susitna Project at 9:40 a.m.

The meeting adjourned at approximately 10:04 a.m.

ADJOURN

SF-79 Tape 12 (Side 2
221-end)
Tape 13 (Side 1
start-665)

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

2/19/79

NAME	TITLE	AGENCY
DICK LOGAN	CHIEF HABITAT PROT.	FISH & GAME
Beverly Reaume	Admin Officer	Fish & Game
Charles Taylor	Budget Analyst	Budget & Mgt.
Mary Ann Johnson	Admin Asst. II	Fish & Game
Sherry Ann Solley	Admin Asst. I	Fish & Game
Adelene H. Horton	" " "	" " "
Steve Penney	Comm Fish Acting Director	Fish & Game
Robert A. Hinnman	Dep. Director, Game	Fish & Game
Donald J. Somerville	Director, Game	Fish & Game
Carl L. Rosier	Deputy Commissioner	Fish & Game
Lee Bandholz	Deputy Director, Sport Fish	Fish & Game
Bob Roys	Director, F.R.E.D.	Fish & Game
Russell Clark	Director, Administration	Fish & Game
Don Collinsworth	Deputy Commissioner	A.D.F. & G.
Deana Bennett	Administrative Assistant	A.D.F. & G.
Cherie Skelley	General Counsel	A.D.F. & G.
Darlene Hubbard	Classification Officer	A.D.F. & G.
DAVE HARDY	GAME BIOLOGIST.	FISH & GAME
Bob Newton	Chief, Public Comm.	Fish & Game
Brynn Cook	Exec Dir., Board Fisheries & Game	A.D.F. & G.

SENATE FINANCE COMMITTEE

February 20, 1979

8:35 a.m.

Chairman Sackett called the meeting to order at 8:35 a.m. All members were present. Also present from the Department of Fish & Game were: Carl Rosier, Deputy Commissioner, Don Collinsworth, Deputy Commissioner, Bob Roys, Director FRED, Bev Reaume, Admin. Officer, FRED, Bob Hinman, Deputy Director, Game, Mark Warner, Research Chief, Sport Fish, Leo Bandirola, Deputy Director Sport Fish, Russell Clark, Admin. Director, Dick Logan, Chief Habitat Prot., Dolores Moulton, Chief Public Communicator, Don McKnight, Game Research Chief; Chuck Taylor, Budget Analyst from Budget and Management; and Mr. Eric Yould, executive director, Alaska Power Authority.

PRESENT

Chairman Sackett indicated to the committee that they would begin with the Natural Resources budget where they left off yesterday, page 155, Commercial Fish. The shortform indicated request for 19 positions. Mr. Rosier indicated that 8 of the positions were existing positions that had been funded by RP. There is to be continued federal funding for all the positions.

NRMEC
BUDGET

Lou Bandirola, Deputy Director for Sport Fish gave a review of this category. Mr. Bandirola indicated that there has been a 52% growth in the past few years in the annual licenses sold. The economic impact to the State as a direct result of recreational fishing has been great. Mr. Bandirola stated that the budget level is less than previously in keeping with the Governor's cut budget. Senator Sackett questioned as to the status of federal funding for the current year. Mr. Bandirola stated that it was fairly stable.

SPORT
FISH

P 159 - Investigations & Research - There was discussion back and forth between Senators Ray, Sackett and members of Fish & Game regarding federal receipts, general fund and other funds. In answer to a question from Chairman Sackett, Mr. Bandirola said fishing licenses were up a little over 5% this year. Also that there were more juveniles and senior citizens fishing. Currently there are about 265,000 anglers. In 1978 there were about 6,000 licensed anglers.

INVESTI-
GATIONS &
RESEARCH

Senator Ray wanted to know if Sport Fishing was supposed to be a self-sufficient program, and if so shouldn't the people who use it pay for it. Mr. Bandirola indicated that some of the funds were used to obtain trail easements, rights of way, etc.

At this point the committee took up the category of FRED. Mr. Bob Roys, Director of that division made some opening remarks regarding the division and the work that they have done. Senator Sackett asked what is the average survival for fish. Mr. Roys said from eggs to adult, the average survival is about 6.1%. The FRED division is currently in the process of developing brood stock for rainbow trout. Mr. Roys indicated that the adult return for salmon from the public hatcheries was:

FRED
DIVISION

1976	1977	1978	1979
15,000	25,000	245,000	493,000 (forecast)

There were questions and answers regarding the Auke Bay hatchery. Mr. Roys mentioned that the students were getting a lot of good out of the program there in relation to the funds spent. There is interaction between students and U of A with some students being hired.

AUKE
BAY
HATCHERY

Senator Hohman questioned whether or not there would be a grant to Bethel this year. Mr. Roys said no. It has been an add-on every year.

Senator Ray and Mr. Roys discussed the problems experienced by the hatchery in Petersburg. Mr. Roys stated that most of the problems have been pinned down, the deficiencies corrected and the diseases taken care of.

PETERSBURG
HATCHERY

Senator Sackett asked if there would be any new hatcheries coming on this year. The answer was yes - Klawock, Hidden Falls, Russell Creek and Camel Creek.

NEW
HATCHERIES

At this point Bev Reaume, Administration Officer for FRED gave a detailed analysis on the FRED budget.

Mr. Roys answered Senator Hackney's question regarding fish culturalist. He stated that some of the culturalists were only high school graduates and some were college graduates. Some were hired from within the state and many were hired from outside. Mr. Roys said that many of the senior positions were hired from outside - that either the qualified people here weren't interested in the position or there simply weren't qualified people in the state. Senator Sumner voiced his opinion that he would urge that the budget be cut by half of the amount spent on outside hire. Mr. Roys advised that a position is advertised in Alaska for 30 days before going outside to look for someone to fill the position. There were questions by the committee as to job specifications being made so difficult that local people would not be interested in applying for a position. Mr. Roys said job descriptions were laid out by the supervisor and only entailed what needed to be done in each position. Nothing extra was added.

OUTSIDE
HIRE VS.
STATE HIRE

In answer to Senator Hackney's question regarding the lake fertilization program, Mr. Roys said based on results of their research, there was pretty good success with sockeye, with very little knowledge in terms of rainbow trout. He felt the field program should be developed.

LAKE
FERTILIZA-
TION
RESULTS

At this time Mr. Eric Yould, executive director of the Alaska Power Authority appeared before the committee to give testimony on SB 63 (Act making a special appropriation to the Alaska Power Authority for the Susitna Hydroelectric Project) and SJR 6 (relating to the Alaska Power Authority, the Phase I environmental, economic, social and engineering studies of the Susitna Hydroelectric Project, and the incurring of indebtedness for Phase I). Mr. Yould informed the committee that he was there for the purpose of testifying in favor of the two above-mentioned bills.

SB 63

SJR 6

(Senator Sumner left the meeting at this time - 9:35 a.m.)

Mr. Yould explained that Senator Gravel is trying to get a congressional bill passed for the Alaska Hydro Power Development Act. Phase I would be for \$25 million and a time period of 46 months. Should the federal corps of engineers be used, anything spent over \$25 million would be picked up by the federal government. Primarily the bill is set up for state financing at the front end.

ALASKA
HYDRO
POWER
DEVELOPMENT
ACT

(Senator Ray left the meeting at this time - 9:40 a.m.)

Mr. Yould explained that there is a problem the Alaska Power Authority is faced with: the Bureau of Land Management said the only way to get to the dam site is to put the corps of engineers in by the end of February. There are a number of approvals that need to be obtained before proceeding with the plan: legislative approval on SB 63 and SJR 6, approval from the corps of engineers to go into the venture with them, ultimate approval from the Bureau of Land Management, approval from six village corporations before the Bureau of Land Management gives their approval, and one final approval - positive approval on tax exempt status on Power Board authority.

APPROVALS
NEEDED

Mr. Yould stated that he was asking for \$8.2 million for the first year study. The second year amount would be \$7.5 million. If Senator Gravel is successful in getting his bill passed, Mr. Yould stated, then the State would get their money back. Senator Hohman asked the possibility that Senator Gravel's bill will be passed. Mr. Yould said he could only say what he had read in the papers "Senator Gravel said within 60 to 90 days." "If not this year then surely next year." However, Mr. Yould said he thought it would be within the time frame of two years to get the legislation filled.

FUNDS
NEEDED

In answer to a question from Senator Hohman regarding local hire for the project, Mr. Yould explained that if Senator Gravel's legislation passes, it will require that the Army Corps of Engineers be used for the work which will do away with local hire. However, Mr. Yould said they would use as much local help as possible.

LOCAL
HIRE

Senator Dankworth questioned what would happen to the funds should the corps of engineers not get out into the field by late February or early March. Mr. Yould said some of the funds could be used in the study. He said if the study is not started this year the Bureau of Land Management will have to get their equipment out of the field. Then if the program goes next year, they will have to take the equipment back to the field at that time.

Senator Sackett pursued the aspect of local hire. He asked who the corps of engineers hires. Mr. Yould explained that the local corps of engineers does not have the ability for this project, that many of the workers would have to come from outside. He did tell Senator Sackett that this is a 12-year project which would be of benefit to workers in the state for that period of time. Senator Sackett requested a breakdown of what the \$8 million would do for local hire. Mr. Yould said he would have that information as soon as possible.

ALASKAN
HIRE

Senator Bennett asked how long the State had to recover the money if the project goes. Mr. Yould explained that Phase I monies would be expended over a period of 46 months. There would be another three years to be able to get the financing in place. If the State was not able to get financing during that three years, the federal government would reimburse the \$25 million. The only way, Mr. Yould said, to lose Phase I money is if the Gravel legislation does not go into effect.

Attached to these minutes is a copy of the budget for calendar year 1979 as passed out to members of the committee by Mr. Yould.

APA
BUDGET

The meeting adjourned at 9:55 a.m.

ADJOURN

SF 79-13-1 (666-end)
SF 79-13-2 (1-end)
SF 79-14-1 (1-576)



DEPARTMENT OF THE ARMY
ALASKA DISTRICT, CORPS OF ENGINEERS
P.O. BOX 7002
ANCHORAGE, ALASKA 99510

REPLY TO
ATTENTION OF:

NPAEN-LS

6 NOV 1978

Mr. Eric Yould
Executive Director
Alaska Power Authority
333 West 4 Avenue
Suite 31
Anchorage, Alaska 99501

Dear Mr. Yould:

Attached are budget figures required for the first twelve-month effort of feasibility studies as outlined in the Susitna Hydropower Plan of Study. Figures are presented on a quarterly obligation schedule and as such, run higher than the expenditure schedule outlined in the Plan of Study.

This budget is based on the assumptions that:

1. Authorization for funding will be given by the Alaska State Legislature not later than 15 February 1979.
2. Funds will be provided to the Alaska District, Corps of Engineers not later than 15 March 1979.

Sincerely,

JAY K. SOPER
Chief, Engineering Division

1 Incl
as

BUDGET FOR CALENDAR YEAR 1979

<u>ACTIVITY CATEGORY</u>	<u>JAN-MAR</u>	<u>APR-JUN</u>	<u>JUL-SEP</u>	<u>OCT-DEC</u>	<u>TOTAL</u>
SURVEY	\$35,000	\$460,000	\$490,000	\$73,000	\$1,058,000
HYDROLOGY	73,000	150,000	196,000	130,000	549,000
ENVIRONMENTAL	20,000	22,000	2,000	2,000	46,000
RECREATION	2,000	19,000	2,000	2,000	25,000
PLAN FORMULATION	16,000	30,300	13,000	*****	59,000
POWER STUDIES	10,000	30,000	*****	*****	40,000
FOUNDATIONS & MATERIALS	200,000	921,000	1,390,000	320,000	2,831,000
DESIGN	65,000	223,000	116,000	179,000	583,000
REAL ESTATE	5,000	14,000	4,000	*****	23,000
CULTURAL	5,000	82,000	2,000	2,000	91,000
FIELD CAMP	750,000	500,000	125,000	125,000	1,500,000
REPORTS, REVIEWS PUBLIC PARTICIPATION	5,000	14,000	4,000	*****	23,000
BIOLOGICAL	10,000	262,000	649,000	223,000	1,144,000
POWER MARKET STUDIES	<u>5,000</u>	<u>162,000</u>	<u>11,000</u>	<u>28,000</u>	<u>206,000</u>
<u>TOTAL:</u>	\$1,201,000	\$2,889,000	\$3,004,000	\$1,084,000	\$8,178,000

2/20/79

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SENATE FINANCE COMMITTEE

February 21, 1979

8:55 a.m.

Chairman Sackett convened the meeting at approximately 8:55 a.m. All committee members were present with the exception of Senator Hohman who arrived shortly after the meeting commenced, and Senator Sumner who was excused from the Senate. Also in attendance were representatives from the Department of Fish and Game including Deputy Commissioner Carl Rosier; Director of Fish & Game Administration Russell Clark; Deputy Commissioner of Game Robert Hinman; and Research Chief Dr. Don McKnight; Executive Director of the Alaska Power Authority Eric Yould, Fiscal Analysts Dave Scott and John Lucas; Garrey Peska, Administrative Assistant to the Finance Committee; various administrative assistants assigned to committee members; and representatives of the press and media including Joe LaRocca and John Hale.

PRESENT

The Chairman directed committee attention to p. 177 of the Natural Resources budget shortform, ADMINISTRATION AND SUPPORT-Office of the Commissioner

NATURAL
RESOURCES
FISH & GAME
SHORTFORM
REVIEW

Russell Clark advised that additions include 7 positions (1 position in the Commissioner's Office, and 6 positions in the Division of Administration). The positions are necessary in order to continue bill-paying ability of the department. Chairman Sackett asked if all 7 positions would receive general funding, and Mr. Clark replied "no, one position is basically federal funding--half and half."

GAME, p. 189

Mr. Robert Hinman advised that the total authorized for FY 79 amounted to \$6120.5 while the FY 80 budget allocates \$6018.6. He further advised that the FY 79 budget is not the budget under which the division is currently operating. Due to funding problems and federal shortfalls, the division reduced its budget to 5570.5 and froze 10 positions authorized for 79.

(Senator Hohman entered the meeting at this time 9:00 a.m.)

The division budget represents an approximate 1% increase over current operating budget. This year the division also received funding through various contracts.

1% BUDGET
INCREASE

Senator Ray asked if the FY 80 budget represents the first time the division has requested general fund money, and Mr. Hinman responded that a few years ago the division asked for a small amount (\$160 thousand) which was not used. Basically, FY 80 represents the first time the division has sought general funds. In the past the division has used federal funding but such funding is simply not enough this year to carry the activities of the department.

INITIAL
GENERAL
FUND
REQUEST

Responding to questions concerning other funding, Mr. Hinman stated that other funds include fish and game funds derived from the sale of licenses. While income from such licenses is not decreasing, it simply has not increased as anticipated. Mr. Hinman further stated, "We have just about broken the bank concerning fish and game funds." Dr. Don McKnight spoke further to the problem surrounding PR federal funding, displaying a chart setting forth highs and lows of PR funding from 1970 to the current year. He advised that PR funding (which the department has three years to spend) showed a dramatic increase in 1973 due to the excise tax on archery equipment and hand guns. The apparent sharp increase in FY 77 resulted from allocation of federal excise tax receipts for a fifteen month period rather than the usual twelve months. Last year the federal funding dropped to approximately \$1 million less than the department planned to spend, resulting in expenditure by the department above the amount it should have spent. This year the department hopes for about \$3.5 million in federal funding, but the department won't know the exact amount until March. The change from twelve to fifteen-month appropriations makes it more difficult to anticipate "what will be forthcoming." Another problem with the federal appropriation is that it comes to the state in October and the only carry-over money is from previous years. The department is attempting to get the PR funding back on its feet with enough carry-over to get the department through the peak quarter. These federal programs have been self-supporting with matching state money from license fees.

FEDERAL
FUNDING

BOARDS OF FISH AND GAME, p. 199

No representatives from the Board of Fish and Game appeared before the committee. Carl Rosier advised that the department had on hand a chart outlining allocation of the Board's budget, and Chairman Sackett requested that the chart be left with the committee for later review.

Responding to a question from Senator Hackney, Mr. Rosier advised that a number of pieces of legislation currently exist which would create regional authorities. The Governor's proposal would establish a council type of management entity. It also recommends that in the first year only one region be set up. The Administration's legislation calls for six regions while Speaker Gardiner's bill calls for seven.

FISH & GAME SUPPORT SERVICES-Subsistence Section, p. 205

Mr. Rosier advised that newly appointed personnel responsible for this area were not available at the time of hearing. No questions were raised by committee members.

HABITAT PROTECTION, p. 207

Representatives from the department advised that the increase reflected in this area is primarily related to the gas pipeline. Budgeting was based on the premise that the pipeline would be much farther along than it is.

The special federal projects contemplated include:

1. Coastal Zone Management
2. Coastal Zone Impact
3. Impact of the Susitna Project.

Funding is either through federal sources or reimbursable service agreements with the Office of the Governor. Chairman Sackett advised "we have no federal funds in Susitna."

Senator Ray raised questions concerning increases in program receipts and other funds, and department representatives advised that the program receipts are

from the gas pipeline. "It all depends on what Alcan does. The money is sort of an advance in preparation for what might need to be done. If the pipeline does not go forward, we don't have a program."

Chairman Sackett advised that the committee had completed review of Fish & Game's budget and excused representatives from the department.

He next advised that Mr. Yould was again before the committee to provide information concerning Alaskan hire on the Susitna project. He distributed a handout entitled "Susitna Work Breakout" (copy attached to these minutes). Mr. Yould further advised he had requested the Corps of Engineers to outline funding based on a March 1 commencement date (second sheet of attached handout). Mr. Yould advised that the handout lists instate salaries as indirect benefits. He further noted the effect of out-of-state costs through the Corps of Engineers would also have an affect on instate staff. The \$8.2 million appropriation is for an April start-up on the twelve month effort.

SJR 6

SB 63

Chairman Sackett inquired concerning the Corps of Engineers, asking if personnel are local. Mr. Yould responded that a majority of the 400 employees live in Anchorage, most of the remainder residing in Fairbanks. Approximately 5% of Corps of Engineer personnel are military; the remainder are civilians.

CORPS OF
ENGINEERS
PERSONNEL

Senator Ray asked Mr. Yould where the Alaska Power Authority gets its money, and Mr. Yould replied that until the Authority has projects which are producing revenues to sustain its operation, the Authority is funded by the general fund. When the Authority has projects going, it will no longer need such funding. Senator Ray asked if funding would issue from the general fund to the Authority should the committee pass Senate Bill 63, and Mr. Yould replied that the \$8.2 million would be used to contract with the Corps of Engineers to begin preliminary studies on Susitna. He further stated that such funding may be reimbursable to the state at such time as:

POWER
AUTHORITY
FUNDING
SOURCE

- (1) Senator Gravel is successful in getting U. S. Legislation in place.

- (2) (Assuming that such congressional legislation is not forthcoming) the Power Authority comes before the committee next year, the construction project proceeds, and revenue bonds are sold.

The intent of the Power Authority is to use the appropriation as an escrow account to seek funding for the project. The money would be invested at an interest rate currently used by the general fund and the permanent fund. The Power Authority expects that with the security contemplated under this project, it should receive a AAA rating on bonds and an interest rate of slightly over 6%, while funding not yet expended on the project would be invested at a more favorable interest rate.

Chairman Sackett next directed committee attention to CSHB 94 am (Act making supplemental appropriation to the Department of Education, division of vocational rehabilitation, Department of Health and Social Services, division of social services), advising that he had prepared a Senate Committee Substitute. He stated that in the Senate Committee Substitute he had tried to anticipate expenditures coming in and include them all within one piece of legislation rather than inserting small appropriations into a number of bills. He presented the following rundown of committee substitute sections:

CSHB 94am

- Sec. 1. The \$150 thousand appropriation to vocational rehabilitation came over from the House at the request of the Governor.
- Sec. 2. The \$48,242 appropriation to the Anchorage Child Abuse Board was added by the House.
- Sec. 3. The \$85,170 appropriation to the Studio Club was added by the House and also represents a request which came to Senate Finance.
- Sec. 4. The \$29,400 appropriation to Social Services for child protection workers represents a House priority.
- Sec. 5. The \$27,210 appropriation grant to the Fairbanks Child Protection Task Force represents a priority of both houses.

- Sec. 6. Previous discussion has been had on this \$70,000 appropriation grant to The Fairbanks Rehabilitation Association, Inc. for Hope Industries.
- Sec. 7. The \$8,000 appropriation for an Employment Center at Tok is something the Chairman advised he has added to the budget for the past three years. Such funding has heretofore been deleted. The employment program is currently being operated out of a garage, and appropriate space is needed.
- Sec. 8. The Chairman announced that Senator Hohman would answer any questions concerning the \$320,000 appropriation to the Legislative Council (specifically allocated in the bill).
- Sec. 9. Questions concerning the \$277,500 appropriation to Legislative Affairs can also be answered by Senator Hohman.
- Sec. 10. Again, Senator Hohman would also respond to questions concerning the \$180,125 appropriation to Legislative Budget and Audit.
- Sec. 11. Concerning the \$86,100 appropriation to the Administrative Regulation Review Committee, the Chairman advised that "everyone is aware of the need for these expenses."
- Sec. 12. The \$56,000 appropriation to the University of Alaska - Anchorage for sponsorship of the national basketball tournament "The Great Alaskan Shoot Out" can be further explained by Senator Hohman.
- Sec. 13. The \$120,000 appropriation to Education for Allakaket, the Chairman advised, resulted from a request through REAA. The school at Allakaket burned down, and financial reimbursement through insurance proceeds will not occur for one to two years. The appropriation will purchase materials to start rebuilding now, and insurance proceeds will go back into the general fund when later received.

Sec. 14. The \$197,500 appropriation for the Public Broadcasting Commission is for the purchase of television equipment (communities to receive funding are set forth in the bill). Each community will be paying for the lease on its own (a \$2,000 monthly payment).

Sec. 15. Contains language pertaining to the lapsing of funds.

Chairman Sackett called for questions on the proposed bill from committee members, and Senator Ray suggested that the bill be moved from committee. No questions concerning the bill having been voiced, or objections to the suggestion to move the bill having been raised, Senator Hohman formally moved that Senate CS for CS for HB 94 am pass from committee with a do pass recommendation. No objection having been voiced, Senate CS for CS for HB 94 am passed from committee--all members present signing do pass.

MOTION
SENATE
CS FOR
CS HB 94am

The Chairman next inquired concerning the committee desire for Susitna, SJR 6 (Relating to the Alaska Power Authority the Phase I environmental, economic, social and engineering studies of the Susitna Hydroelectric Project, and the incurring of indebtedness for Phase I) and SB 63 (Act making a special appropriation to the Alaska Power Authority for the Susitna Hydroelectric Project), asking if the committee wished the prior motion for movement with a do pass recommendation to apply to Susitna. Senator Ray objected to reporting the bill out do pass and amended the motion to allow for individual recommendations. No objection to the amended motion having been voiced, SJR 6 and SB 63 passed from committee with individual recommendations--Senators Sackett, Bennett, Hackney, and Dankworth signing do pass, Senators Ray and Hohman signing no recommendation.

MOTION
SJR 6
SB 63

The Chairman made the following assignment of bills:

ASSIGNMENT
OF BILLS

SB	41	-	Ray
SB	78	-	Sackett
SB	81	-	Bennett
SB	83	-	Hohman
SB	104	-	Sackett
SB	161	-	Dankworth

The meeting adjourned at approximately 9:50 a.m.

ADJOURN

APRIL 79 START

SUSITNA WORK BREAKOUT

Activity	CONTRACTUAL		INSTATE SALARIES		OUT OF STATE SERVICES & EQUIP	April Start TOTAL
	DIRECT BENEFIT	INDIRECT BENEFIT				
SURVEY	1,000	58			—	1,058
Hydrology	225	174			350	749
WATER Quality	48	48			—	96
RECREATION	—	25			—	25
PLAN FORMULATION	—	59			—	59
POWER STUDIES	—	40			—	40
FOUNDATION & MAT	1,440	441			1,000	2,881
DESIGN	—	341			342	683
REAL ESTATE	—	23			—	23
CULTURAL	105	36			—	141
FIELD CAMP	700	50			—	750
REPORTS/PUB. PART	—	23			—	23
BIOLOGICAL	?	1,444			—	1,444
POWER MARKET STUDIES	—	106			100	206
Total	3,518	2,368			1,792	8,178

21/

ACTIVITY CATEGORY	TOTALS BASED ON 1 JAN 79-31 DEC 79	TOTALS BASED ON 1 APR 79-31 MAR 79	
SURVEY	\$1,058,000	\$1,058,000	Contract 100%
HYDROLOGY	549,000	749,000	30% Purchase
ENVIRONMENTAL (WATER QUALITY)	46,000	96,000	50%
RECREATION	25,000	25,000	
PLAN FORMULATION	59,000	59,000	
POWER STUDIES	40,000	40,000	
FOUNDATIONS & MATERIALS	2,831,000	2,881,000*	50%
DESIGN	583,000	623,000	
REAL ESTATE	23,000	23,000	
CULTURAL	91,000	141,000	Contract 75%
FIELD CAMP	1,500,000	750,000	Contract 100%
REPORTS, REVIEWS, PUBLIC PARTICIPATION	23,000	23,000	
BIOLOGICAL	1,144,000	1,444,000	Ft W, State F&G
POWER MARKET STUDIES	206,000	206,000	
	\$5,178,000	\$8,178,000**	

*\$1,000,000 will go for out-of-state support

**\$100,000 will go for review and support by higher authority

NOTE:

Funds expended in State will be between Federal agencies, State agencies, and various contractors. The \$3,000,000 effort in 1978 saw \$900,000 in local contracts.

400,000 Support out of State

SENATE FINANCE COMMITTEE
February 22, 1979
9:02 a.m.

Chairman Sackett called the meeting to order at 9:02 a.m. All members of the committee were present. Also present were: Senator Kerttula, Pat Conheady, Special Assistant, Department of Natural Resources and Dr. F. S. Honsinger, state veterinarian, Department of Natural Resources.

PRESENT

Chairman Sackett advised the committee that the purpose of the meeting was to receive testimony on SB 5 (An Act relating to agricultural loans under the Alaska Agricultural Loan Act; and providing for an effective date).

SB 5

Senator Kerttula opened with a few brief remarks, stating that SB 5 was very similar to SB 281 of last session which passed both House and Senate Finance in 1978, but died before reaching final passage. Senator Kerttula said this bill, SB 5, has the support of Administration.

The Agricultural Loan Act has been amended twice, Senator Kerttula said, since its inception in early statehood. Chattels, seed loans and agricultural loans is what SB 5 is all about he said.

Senator Kerttula introduced Dr. Honsinger, state veterinarian, who took over in testimony, stating that the prime reason they were requesting the increase was for the Delta area. At the current time, he said, they are bumping against the limits with small loan sources.

Senator Hackney wanted to know the current status of the Agricultural Loan fund. Dr. Honsinger said the current rate is 6%. They have two delinquent loans, but expect to have them off the books by the end of June.

Senator Kerttula remarked that the farming that exists today in Alaska is a result of the state Agricultural Loan Program. He said "Without this program the farmers could not make it."

Senator Dankworth mentioned that this bill had been assigned to him for research, that he had been trying for about three weeks to get information from Administration on how they felt about it. Senator Kerttula said both Keith Specking, Legislative Assistant to the Governor, and President Tillion had expressed favor of the bill.

Senator Sumner mentioned that Senator Kerttula had used the phrase "risk capital" earlier in his remarks and said he felt that really did not apply to this type of loan. Senator Kerttula responded that the guarantee and back up of this type loan is as good as any loan in the state.

Chairman Sackett thanked Senator Kerttula and Dr. Hon-singer for their testimony. The Committee then turned their attention to SCS CSHB 94 am (An Act making supplemental appropriation to the Departments of Education, Labor and Health and Social Services, to the University of Alaska, and to legislative agencies; and providing for an effective date). Chairman Sackett explained that this bill had been passed out of committee the previous day, but had not been read across the Senate floor by the Senate Secretary. Therefore, before it be read today, the committee would like to make some changes. They are as follows:

SCS
CSHB 94 am

Sec. 4 would indicate five "temporary" social worker II positions and one "temporary" social worker IV position.

There would be a new Sec. 15. "The sum of \$30,000 is appropriated from the general fund to the Department of Health and Social Services to be paid as a grant to Meals on Wheels, Inc., Anchorage."

Beginning with the current Sec. 15, the remaining sections would be renumbered.

The funding information on page one would be increased by \$30,000.

Senator Sackett made a motion that the above information be incorporated in the bill as passed February 21, 1979. Senator Hohman seconded the motion. There were no objections. SCS CSHB 94 am passed from committee as follows: Senators Sackett, Hohman, Hackney, Bennett, Dankworth and Sumner voted do pass. Senator Ray voted no recommendation.

MOTION

Chairman Sackett advised the committee members that in his absence next week Senator Hohman would be chairing any meetings that might take place.

The meeting adjourned at 9:18 a.m.

ADJOURN

Attached to these minutes is a copy of a handout by Senator Kerttula on "Financing Agriculture."

ATTACHMENT

STATE
OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE, ARLF

MEMORANDUM

TO: Robert E. LeResche
Commissioner

DATE: January 15, 1979

FILE NO:

TELEPHONE NO:

FROM: Douglas L. Jacobson
Loan Administrator

SUBJECT: Financing Agriculture

The Governor's Office, through Nick Carney, has requested I submit an opinion regarding financing agriculture in Alaska.

The Agricultural Revolving Loan Fund is an existing program that has proven itself and is capable of administering the needs of the farming sector. There is no need to establish another bureaucracy (Homan Bill for State PCA). Naturally, a few changes must occur. Foremost is legislation similar to last year's SB 281 to raise loan limits and authorization. A ceiling is essential to ensure budgetary management. Twenty million is adequate as proposed in ARLF's FY 80 Capital Budget and this will handle the Delta Barley Project. We should pursue this budget, but move up capitalization one year; i.e., FY 80 should provide \$760,000 capital to attain current authorization plus \$3 million from new authorization. Also, assurance should be obtained that a like amount of \$3 million will be approved automatically each FY 81 through 84.

My calculations foresee crop production and capital needs as follows:

FY 80-81	- Crop year 1980	- 14,000 acres	- \$4,426,500
FY 81-82	- Crop year 1981	- 32,000 acres	- \$5,344,500
FY 82-83	- Crop year 1982	- 39,000 acres	- \$2,429,000

The above includes inflation and delinquency factor due to partial crop failure.

The Agricultural Revolving Loan Fund expects borrowers to have an equity to assure sound and continued growth. This amount may come from personal resources, land clearing income and/or FmHA program.

My projection for FY 81 anticipates a delay in construction of farm buildings due to the fire hazard of initial burn. It is possible this will not have an effect and therefore we may find a shortage of funds. When and if this occurs, we may sell additional loans to Revenue. At the present time, we have \$1.5 million of existing loans seasoned/working that could be sold to generate funds on "as needed" basis.

The State has been most cooperative regarding sale of land and clearing contract loans. The ARLF will do its part by continuing at 6% interest. However, because of the risk involved, we feel it practical and equitable to assess farm borrowers a "closing cost" or "points"; i.e., 1% operating, 2% farm development, 3% chattel. This will establish a cash reserve (approximately \$310,200). The ARLF will retain the interest; the principal may be returned to the borrower when his loan is paid in full though offset, of course, by losses, if any.

January 15, 1979

To help hold delinquency to a minimum, we recommend that notes be written to increase interest rate (to 9%, for example) when and if a note becomes delinquent. This will reduce to regular rate when the note is brought current.

Because we will be servicing loans with a majority of the farmers, we should also service the elevator loan and clearing contract loans similar to present handling of the Kodiak Slaughterhouse loan. Principal shall be returned to the General Fund; interest income remain with ARLF.

If ARLF is assured of capitalization through FY 84, we will be in a position to repurchase all loans sold to Revenue - a maximum of \$1.5 million. This will increase our interest income by \$90,000 the first year. By FY 85, our income should exceed \$1.4 million, with operating costs of \$220,000 or 16% of income. This is still high, but considerably less than present 50%. At that time, ARLF will be in financial position to pay for use of capital. We project 3% return to General Fund annually beginning FY 85.

The Commissioner of Natural Resources, in conjunction with the ARLF Board, administers the program. This has proven to be most satisfactory. To provide expeditious handling of loan business, the Commissioner may delegate all or part of his authority to the State employee who is a voting member - not necessarily the Director of Agriculture.

Three members of the Board should be actively engaged in farming and be current ARLF borrowers (a PCA and Federal Land Bank requirement). The farming sector will submit a slate of candidates to be considered for filling the three farm-member positions appointed by the Governor.

Our plan of operation is sound. We can provide this service for the least cost to the State. Money saved is available for additional agricultural loans.

Attached are copies documenting authority and noting changes needed as follows:

- #1 - Alaska Agricultural Loan Act
- #2 - ARLF Regulations
- #3 - Loan Board details
- #4 - Loan limits and authorization modifications

Thank you for your comments and concurrence.

Attachments - 4

cc: Fred Boness
Jeff Haines
Bob Palmer
Nick Carney
Allan Linn
Jim Reaves

AGRICULTURAL REVOLVING LOAN FUND
DIVISION OF AGRICULTURE
DEPARTMENT OF NATURAL RESOURCES
STATE OF ALASKA

SCHEDULE OF DELINQUENT NOTES RECEIVABLE

DECEMBER 31, 1978

Summary by Type (including loans in Litigation):

<u>TYPE</u>	<u>TOTAL NOTES OUTSTANDING</u>	<u>NUMBER OF DELINQUENT BORROWERS</u>	<u>NUMBER OF DELINQUENT NOTES</u>	<u>PAYMENTS DELINQUENT</u>
SHORT TERM	540,978	9	9	85,586
CHattel	1,343,054	10	11	65,989
FARM DEVELOPMENT	3,315,809	7	15	145,045
IRRIGATION	254,236	5	6	82,701
KSH	<u>145,019</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	5,599,095	31	42	379,321

Summary by Area:

<u>TYPE</u>	<u>TOTAL NOTES OUTSTANDING</u>	<u>NUMBER OF DELINQUENT BORROWERS</u>	<u>NUMBER OF DELINQUENT NOTES</u>	<u>PAYMENTS DELINQUENT</u>
MATANUSKA	2,646,578	10	18	81,167
TANANA	1,858,808	8	21	292,773
KENAI	484,551	0	0	0
OTHER	350,282	1	2	5,381
KSH	<u>145,019</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	5,599,095	19	41	379,321

Borrowers 119; Loans 223

Number of Borrowers Delinquent: 16.0%

Number of Loans Delinquent 18.5%

Dollar Delinquency 6.75

AGRICULTURAL REVOLVING LOAN FUND
DIVISION OF AGRICULTURE
DEPARTMENT OF NATURAL RESOURCES
STATE OF ALASKA

LOAN BALANCES AS OF DECEMBER 31

<u>YEAR</u>	<u>SHORT- TERM</u>	<u>CHATTEL</u>	<u>FARM DEVELOPMENT</u>	<u>IRRIGATION</u>	<u>TOTAL</u>
1974	340,177	673,627	2,597,609	343,028	3,954,441
1975	361,970	662,057	2,813,360	319,888	4,157,275
1976	263,455	624,882	3,167,887	306,355	4,362,579
1977	370,226	598,759	3,347,899	295,293	4,612,173
1978	540,978	1,343,054	3,315,809	254,236	5,454,076

NUMBER OF LOAN TYPES

1974	60	67*	87#	33	257
	*Includes 6 loans totaling \$10,253 which are irrigation related				
	#Includes 1 loan totaling \$16,000 which is irrigation related				
1975	48	64*	95#	30	237
	*Includes 3 loans totaling \$3,332 which are irrigation related				
	#Includes 1 loan totaling \$16,000 which is irrigation related				
1976	35	59*	93#	28	215
	*Includes 1 loan totaling \$846 which is irrigation related				
	#Includes 1 loan totaling \$16,000 which is irrigation related				
1977	46	48	93	22	209
1978	55	63	86	19	223

NOTE: None of the above statistics include Kodiak Slaughterhouse loans which are administered by ARLF; 12/31/78 balance \$145,019.

AGRICULTURAL REVOLVING LOAN FUND

STATUS AS OF JUNE 30 YEARLY 1972 - 1978

<u>6-30 YEAR</u>	<u>TOTAL APPROPRIATED</u>	<u>LOANS OUTSTANDING</u>	<u>LOAN \$. DELINQUENCY</u>	<u>PERCENT DELINQUENT</u>	<u>OWED TO OTHERS</u>	<u>INCOME FOR YEAR</u>	<u>RETAINED EARNINGS</u>
1972	3,040,000	3,661,800	430,015	11.7	709,978	126,709	166,030
1973	3,040,000	3,772,477	299,572	8.0	843,037	188,980	111,362
1974	3,040,000	3,878,487	535,053	13.8	755,830	172,807	165,593
1975	3,240,000	4,010,240	450,957	11.17	662,721	219,604	220,166
1976	3,440,000	4,161,495	681,413	16.4	600,201	228,460	386,901
1977	3,640,000	4,396,164	552,111	12.55	453,780	224,833	451,183
1978	4,040,000	5,259,331	92,876	1.77	731,003	415,090	760,998
12/31/78	4,240,000	5,454,076	379,321	6.95	686,485	114,131	811,411

<u>ADMINISTRATIVE EXPENSES:</u>	<u>YEAR</u>	<u>AUTHORIZED</u>	<u>ACTUAL</u>
	1972	76,300	67,481
	1973	81,400	72,107
	1974	88,887	77,086
	1975	88,400	78,238
	1976	97,900	74,761
	1977	112,900	75,593
	1978	139,200	108,995
	12/31/78	160,200	31,019

AGRICULTURAL REVOLVING LOAN FUND
DIVISION OF AGRICULTURE
DEPARTMENT OF NATURAL RESOURCES
STATE OF ALASKA

SUMMARY OF LOANS, BY TYPE, AS OF JUNE 30

<u>6-30 Year</u>	<u>Short- Term</u>	<u>Chattel</u>	<u>Farm Development</u>	<u>Irrigation</u>	<u>Total</u>
1963	124,639	521,861	444,018	0	1,090,518
1964	145,915	575,911	651,947	0	1,373,773
1965	158,917	631,456	837,667	0	1,628,040
1966	174,153	557,699	815,387	0	1,547,239
1967	225,315	575,360	853,617	0	1,654,292
1968	212,067	538,746	820,762	0	1,571,575
1969	194,231	533,873	841,705	0	1,574,809
1970	245,151	487,458	777,736	110,033	1,620,378
1971	223,137	658,788	1,742,007	457,033	3,080,955
1972	315,778	824,703	2,084,315	436,862	3,661,658
1973	287,165	721,777	2,289,934	423,600	3,722,477
1974	349,386	719,013	2,453,436	356,652	3,878,487
1975	393,766	678,916	2,631,302	331,607	4,185,590
1976	307,577	619,804	2,914,579	319,536	4,161,495
1977	362,333	579,315	3,157,008	297,508	4,396,164
1978	561,019	1,073,796	3,349,645	274,872	5,259,332

AGRICULTURAL REVOLVING LOAN FUND

INCOME ANALYSIS FOR FISCAL 1979

An analysis of loans and potential income based on loans in effect June 30, 1978:

6.0% loans total	\$4,151,248.82	(76.80 % of total)	Potential yearly interest yield =	\$249,074.93
5.5% loans total	920,553.35	(17.10 % of total)	Potential yearly interest yield =	50,630.71
5.0% loans total	31,521.50	(.59 % of total)	Potential yearly interest yield =	1,576.08
4.5% loans total	44,483.53	(.83 % of total)	Potential yearly interest yield =	2,001.76
4.0% loans total	<u>255,537.66*</u>	(4.75 % of total)	Potential yearly interest yield =	<u>10,261.51*</u>
	<u>\$5,404,349.86</u>	<u>100.00 %</u>		<u>\$313,544.99</u>

(Average rate of interest on 6/30/78 loans = 5.8%)

As of 6/30/78, ARLF owed Revenue \$230,198.58 on 5.5% loans
500,804.06 on 6.0% loans
\$731,002.64

At this level, ARLF's cost of use of these funds would total annually: 5.5% loans \$11,509.93
6.0% loans 27,544.22

\$39,054.15

Net potential interest revenue based on 6/30/78 levels \$274,490.84

LESS FY 79 authorized administrative budget 160,200.00

Potential net gain for 1 year from 6/30/78 \$114,290.84

*Includes Kodiak Slaughterhouse Loans with a principal balance \$145,019.00

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND

NOT FOR PUBLICATION

BALANCE SHEET

AS OF DECEMBER 31, 1978

CURRENT ASSETS

Cash in Treasury	118,073.36
Cash in Transit	35,244.92
Loans in Process*	<u>33,500.00</u>

Funds Available	186,818.28
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Repossessed Property	97,000.59
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Loans Outstanding:

Agricultural Loans:	
Farm Development	3,315,808.82
Chattel	1,343,053.52
Short-term	<u>540,978.38</u>

Total Agricultural Loans	5,199,840.72
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Irrigation Loans:	<u>254,235.76</u>
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Total Revolving Loans	5,454,076.48
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Kodiak Slaughterhouse Loans	<u>145,019.00</u>
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Total Loans Supervised	<u>5,599,095.48</u>
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TOTAL ASSETS	<u>5,882,914.35</u>
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LIABILITIES

Due Department of Revenue (sold loans)	686,484.53
Due General Fund (KSH loans)	<u>145,019.00</u>

Total Liabilities	831,503.53
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Capitalization	7,240,000.00
Retained Earnings	<u>811,410.82</u>

Total Capitalization & Retained Earnings	<u>5,051,410.82</u>
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TOTAL LIABILITIES AND CAPITALIZATION	<u>5,882,914.35</u>
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* S-942 Kisse 15,000
F-342 McKee 15,000
F-343 Brasier 3,500

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND

CASH FLOW

For Period 7-1-78 through 12-31-78

Opening Balance 7-1-78:

Cash in Treasury	131,225.68		
Loans in Process	16,824.85		
Cash in Transit	32,000.00	180,050.53	
General Fund Appropriation (capitalization)		<u>200,000.00</u>	
			380,050.53

Received from Operations

Principal Payments, AG	247,253.84		
Principal Payments, IR	20,769.73	268,023.57	
Interest Payments, AG	108,913.62		
Interest Payments, IR	4,540.92	113,454.54	
Refinanced Interest, AG		31.44	
Repossessed Property Recovery		600.00	
Gain On Loans		<u>600.00</u>	382,709.55

Miscellaneous Revenue

45.00

TOTAL AVAILABLE FUNDS

762,805.03

DISBURSEMENTS

Loans Issued:

Loans In Process		33,500.00	
PY Loans, AG	32,000.00		
CY Loans, AG	430,635.19		
Refinanced Interest, AG	31.44		
CY Loans, IR	<u>134.00</u>	462,769.19	

Kodiak Slaughterhouse Principal Paid Revenue		4,981.00	
Interest Paid Revenue	24,295.32		
Principal Paid Revenue	<u>44,518.11</u>	<u>68,813.43</u>	

Total Operating Disbursements

570,063.62

Administration Costs, CY	31,019.46		
Administration Costs, PY	<u>8,403.72</u>		

39,423.18

Total Operating and Administration Disbursements

609,486.80

NET CASH WITH TREASURY AND IN TRANSIT

153,318.23

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND

INCOME STATEMENT

July 1, 1978 through December 31, 1978

INCOME

Interest:

Agricultural Loans	108,913.62	
Irrigation Loans	4,540.92	
Refinanced, AG	<u>31.44</u>	113,485.98
Gain on Loans, AG		600.00
Miscellaneous Revenue		<u>45.00</u>
TOTAL INCOME		<u>114,130.98</u>

EXPENSE

Administration Costs:

Current Year	31,019.46	
Prior Year	<u>8,403.72</u>	39,423.18
Interest Expense		<u>24,295.32</u>
TOTAL EXPENSES		<u>68,699.50</u>
NET OPERATING INCOME AND RETAINED EARNINGS		<u>50,412.48</u>

SENATE FINANCE COMMITTEE
February 26, 1979
8:55 a.m.

In the absence of Chairman Sackett, Vice-Chairman Hohman convened the meeting at approximately 8:55 a.m. All committee members were present with the exception of Senators Sackett and Sumner who were in Washington D.C. on legislative business. Also in attendance were Richard Holden, Deputy Commissioner, Facilities Planning & Research, Dept. of Transportation; Jay Hogan, Director, Legislative Finance; Dave Scott, Fiscal Analyst; Garrey Peska, Administrative Assistant to the Finance Committee; various administrative assistants assigned to committee members; and members of the media including John Hale and Joe LaRocca.

PRESENT

Vice-Chairman Hohman moved that SB 90 (Act making a supplemental appropriation to the University of Alaska for the acquisition of library books) be brought up for discussion. Senator Hackney advised that Senate HESS had heard considerable testimony on the bill while in committee. He further stated that he had hoped to have university students testify before Finance, advising that, before HESS, the most compelling testimony had come from students. Senator Hackney set forth the following funding distribution:

SB 90

Fairbanks Campus	\$150,000
Juneau Campus	40,000
Kenai Community College	10,000

Dave Scott stated that the amount designated for Fairbanks (\$150,000) represents the difference between what the University last year requested, and the amount it ended up getting following administrative veto. Senator Hackney further advised that at the Kenai Community College the need for books includes textbooks. Students are actually sharing textbooks on this campus.

Senator Bennett moved that SB 90 pass from committee with individual recommendations. Vice-Chairman Hohman asked for a show of hands from committee members intending to sign do pass. All members indicated their intention to sign do pass, and Vice-Chairman amended the motion, requesting that the bill pass from committee with a do pass recommendation. No objection having been raised, SB 90 passed from committee--all members present signing do pass.

MOTION
SB 90

Vice-Chairman Hohman moved that SB 69 (Act making a supplemental appropriation to the Department of Transportation and Public Facilities for funding of transportation programs during the final quarter of fiscal year 1979) be brought up for discussion. Dick Holden appeared on behalf of DOT, advising that the supplemental represents funding for the restricted fourth quarter of the Dept.'s budget. He stated that through the house version of the bill (HB 78), the Senate Resources Committee funded items from page 2, line 4 to the end of the bill. Resources refrained from funding administrative costs totalling \$2,280,125, and maintenance and operations totalling \$255,750. Mr. Holden further advised that DOT is now out of money and has been for a week and a half (nine-month funding has been exhausted). He further commented that part of the reason DOT is without funding results from the fact that its maintenance funds are not spent in regular increments representing 1/12 of the total budget, but, rather, such funding is spent as needed. The state experienced a heavy snowfall this year, and maintenance needs have increased. DOT has had to contract with private contractors to take care of some snow problems, and it has used its emergency disaster funding in the Matanuska Valley to plow private driveways to get the milk out.

SB 69

Senator Ray inquired concerning the partial funding, asking if such funding had been planned by last year's free conference committee. Mr. Holden responded that it is his understanding the legislature funded the full budget but restricted DOT to only spending 3/4 of it.

PARTIAL
FUNDING

Senator Ray next questioned the need for a supplemental, suggesting that the bill should perhaps contain an appropriation to DOT instead. Jay Hogan advised that last year the legislature appropriated 3/4 of the yearly budget. The remaining 1/4 of the year is contained in SB 69. Senator Hohman advised that the intent of the free conference committee in restricting the funding was to call DOT attention to the fact that in the past DOT had not complied with legislative intent. Senator Hohman referred to the session laws, reading aloud to committee members the legislative intent attached to DOT's restricted funding.

INTENT

Mr. Holden advised committee members of discussions with Senate Resources concerning statewide administration, and the feeling by Resources that funding requests were

too high. He added that the administrative function supports to a large degree DOT's capital improvement projects.

Mr. Holden further advised that the bill carries an effective date of April 1. Because DOT is running out of money, it would hope to have an immediate effective date in order that DOT may pay its people. The computer will issue the payroll as long as there is money in the account, but some of these accounts are now without funding.

EFFECTIVE
DATE

Senator Ray suggested that perhaps the word "supplemental" should be deleted from the bill because the funding is really not in addition to DOT's budget and should have been a part of its yearly appropriation. He further added that from the above discussion, it appears that DOT's budget for last year was really approximately \$24 million dollars more than shown.

Vice-Chairman Hohman suggested that committee action on SB 68 be delayed pending receipt of HB 78 from Senate Resources, advising of the expediency attendant use of the house version rather than the Senate bill.

Responding to a question from Senator Hackney regarding further information requested by Senate Resources, Mr. Holden advised that Senator Sumner wanted to know how much of the additional quarter funding relates to capital projects. Senator Hackney then stated that it appeared the legislature had accomplished its intent in getting DOT's attention, and he could see no reason to hold up the Dept. further, adding that "there comes a point where it (such action) becomes counter-productive."

Vice-Chairman Hohman moved to return SB 69 to committee files pending receipt of HB 78, advising that the committee would take up HB 78 tomorrow. He further requested that Mr. Holden supply Senate Finance the information originally requested by Senator Sumner when HB 78 was in Resources.

MOTION
SB 69

The meeting adjourned at approximately 9:30 a.m.

ADJOURN

SENATE FINANCE COMMITTEE
February 27, 1979
8:45 a.m.

Vice Chairman Hohman called the meeting to order at 8:45 a.m. Senators Hohman, Dankworth, Bennett, Ray and Hackney were present. Also present were: fiscal analysts Milt Barker and Bob Grogan, Senators Stimson and Kerttula, from the Department of Public Safety Ray Tremblay, Fred Walstad and Jos MaPranath, trustees for the Alaska Renewable Resources Corporation William Spear and Phil Hubbard, and members of the press.

PRESENT

Vice Chariman Hohman advised that the agenda would be as follows: first, hearings on appointment of trustees to the Alaska Renewable Resources Corporation; HB 78 (supplemental appropriation to DOT and Public Facilities for funding of transportation programs during final quarter of FY 79); and operating budget for Natural Resources.

AGENDA

Chairman Hohman introduced fiscal analyst Milt Barker to give the committee information regarding the Renewable Resources Fund and the Renewable Resource Permanent Fund.

RENEW.
RES. FUN

Mr. Barker indicated to the committee that the Renewable Resources fund was established in 1974 with the Renewable Resources Permanent Fund being established after that date. Mr. Barker informed the committee that there has been some question as to whether or not there was a "dedication" of funds. The Renewable Resources fund is funded by 5% of the revenues from the oil and gas royalties.

Last session, Ch. 179 established the Renewable Resources Corporation and changed the dedication of 5% with half of it going to the Renewable Resources Permanent Fund and half of it going to the Renewable Resources Development Fund.

RENEW.
RES. COR

Mr. Barker stated that by statute the operating budget was to be funded by the general fund. This year's Renewable Resources fund has pretty much been absorbed by the Governor, Mr. Barker said, in the Big Delta Agriculture bill, with the operating budget being funded from the Renewable Resources Fund rather than the general fund.

Mr. Bill Spear, recently nominated by the Governor to fill the position of trustee for the Renewable Resources Corporation appeared before the committee to give his statement and answer questions.

BILL
SPEAR

Mr. Spear stated he had requested the appointment and hoped the committee would concur.

Mr. Spear said the Corporation was set up as a venture capital bank. It is not a research and development bank, but one that will try to make existing research feasible. This bank can do any type of financing including grants. It could possibly even get into patents and copyrights. Mr. Spear said the Corporation would not only make money (which, he said, was not necessarily one of its functions, however, it was an implied function) but also create jobs for many Alaskans.

Mr. Spear said the trustees will monitor closely any projects they get into. He said they hope to build a mood or attitude in the state of "earned Alaska". Both small-scale and large-scale ideas will be brought before the Corporation which will require independence from both the Legislature and Administration.

Senator Kerttula asked Mr. Spear for his background - what made him feel he was qualified for the position. Mr. Spear gave a brief summary of his schooling and prior work experience.

There was much discussion back and forth between the committee members and Mr. Spear regarding the determination of who would receive funds. Mr. Spear explained it would be those people with good ideas who would be willing to stick by their ideas for four or five years to see them come to fruition, those with technical skill.

When requested by Senator Bennett to give his list of priorities, Mr. Spear said "That's one of the things we'll have to wrestle with: development of general capital budget, type of financing, questions we'll have to resolve."

Senator Dankworth made numerous references to the fact that Mr. Spear had ruled out timber, bottom fish, agriculture and tourism from any priorities he might have. He said it seemed a little ridiculous to hire four \$50,000 a year employees to head up a corporation without any ideas of what they would do and no funds to do it with. Senator Dankworth suggested instead of a corporation there be a committee formed and pay them each time they met rather than pay the large salary of four trustees. Senator Dankworth asked "Does it really take that many people to look at it?" Mr. Spear responded that the corporation was set up by the Legislature and he supposed that was what they wanted. Senator Dankworth said "the people are paying for it. Let's keep from spending so much of their money."

In response to Senator Ray's question regarding transportation being a form of a renewable resource, Mr. Spear said electric cars could serve 70 to 80% of the needs in

Juneau. He said he felt that form of energy was a renewable resource. He said if you wanted to make alcohol out of Delta barley and run cars off of it, yes, it's a renewable resource.

(Senator Ray left the meeting at this time - 9:43 a.m.)

Senator Hackney remarked that according to the Attorney General's opinion, Mr. Spear and Mr. Hubbard were appearing before the committee only as a courtesy. The Governor could appoint them whether or not they were approved by the Legislature.

At 10:00 a.m. the committee recessed until 10:41 a.m. When the committee reconvened, Senators Hohman, Bennett, Dankworth, Ray, Hackney and Kerttula were present.

Mr Phil Hubbard was introduced to the committee as the other executive appointment to the Board of Trustees of the Alaska Renewable Resources Corporation.

Senator Dankworth asked: "If the Legislature wants to spend \$8 million on agriculture, do you feel it should be in your fund to look after?" Mr. Hubbard responded that if the legislature appropriates the funds, that negates the purpose of the corporation. He said that the legislature requires that the Corporation submit a budget of different types of projects and mechanisms used in that project. The budget is submitted to the legislature so they can redirect their priorities of the Corporation.

Senator Dankworth then questioned: "If you don't see timber and tourism, and the legislature takes care of the agriculture and hydro electric, what do you see as the work that you will be doing?" Mr. Hubbard responded that timber is one of the highest priorities in Southeast at the present time. Timber in Haines is a big need felt by the Corporation. Building hotels and lodges for tourism is being taken care of by business loans.

In response to a question by Senator Bennett regarding would state land be available for use or lease to people for development, Mr. Hubbard said he had not been informed that that would be the case.

Senator Ray stated that he felt the Corporation needed some legal construction and asked Mr. Hubbard for his word that he, Mr. Hubbard, would do what he could do to clean up the Corporation. Mr. Hubbard said "You have my pledge."

Senator Bennett made the remark that loaning money at 5% when inflation is 7%, just didn't make good sense to him. Mr. Hubbard responded that he hoped they weren't in the loan making business. He said he anticipated that much of what they would be doing would be similiar to the Haines project. He said many projects just need a little "umph" behind them to get them going and that the return might be 20 times the investment. "Investments, grants, marketing assistance, etc. is what we will be doing" he said.

Senator Hohman asked Mr. Hubbard if the Board had met. Mr. Hubbard said he and Mr. Spear were the Board. They had been appointed by the Governor on January 15 and had spent time together and also with Speaker Gardiner trying to make sense out of the Corporation. Mr. Hubbard said an Executive Director of the Corporation had been appointed, Mr. Jack Milns from Ketchikan, at a salary of \$4100 per month or \$49,200 per year. There were questions between the committee and Mr. Hubbard regarding the problem of residency with Mr. Milns. Mr. Hubbard assured the committee that Mr. Milns would have resided in Alaska for three years on July 1, 1979, at which time he would become a trustee. Senator Kerttula said "If we're using State funds to pay salaries, we should be able to demand that the residency requirement be upheld.

In answer to Senator Hohman's question regarding the Alaska Housing Finance Corporation, Mr. Hubbard said "The AHFC at \$5 million should not even be considered in the same line as this Renewable Resources Fund."

Senator Hohman asked if Administration had requested any changes in the program that Mr. Hubbard was aware of. Mr. Hubbard responded in the negative. He stated that he would go through it one more time with Speaker Gardiner to see if Mr. Gardiner felt there should be any changes. Senator Hohman said they should be concerned with the attitude of the Attorney General and his opinion on the legality of the Corporation. Mr. Hubbard assured the committee that he would attempt to make whatever changes were necessary to run the Corporation smoothly.

(At this time [11:25 a.m.] Senator Ray left the meeting.)

The committee took up the Natural Resources budget which is continued under Log Notes with today's date.

SF 79-15-2 (46-end)
SF 79-16-1 (1-end)
SF 79-16-2 (1-555)

SENATE FINANCE COMMITTEE
March 2, 1979
8:45 a.m.

In Senator Sackett's absence, Senator Hohman acted as chairman. Senator Hohman called the meeting to order at 8:45 a.m. Senators Dankworth, Bennett, Hackney, Ray, Hohman and Sumner were present. Also present were J. P. Tangen, President, Alaska Miners Association, Steve Smith and Chuck Taylor, budget analysts from Budget & Management, and Dick Holden, Deputy Commissioner for the Department of Transportation.

PRESENT

SB 86 (An Act requiring fiscal notes to be prepared for regulations having fiscal impact) was brought up for discussion. Senator Bennett gave a favorable report on the proposed legislation.

SB 86

Chairman Hohman asked for the committee's pleasure on the bill. Senator Bennett made a motion to pass SB 86 from committee with a do pass recommendation. There being no objection, it was so ordered. SB 86 passed from committee with Senators Hohman, Sumner, Dankworth, Bennett, Hackney and Ray signing do pass.

MOTION

SB 125 (An Act making a special appropriation for operating expenses of radio station KYUK, Bethel, and lapsing a portion of an appropriation for a capital expenditure for that station; and providing for an effective date) was brought before the committee. Senator Hohman went over the three sections of the bill, explaining each. Senator Dankworth questioned whether or not HB 94 contained anything for radio station KYUK. The answer was no.

SB 125

Senator Ray made a motion to pass SB 125 from committee with individual recommendations. Chairman Hohman called for a show of hands on do pass votes. There being five votes, Chairman Hohman asked for a unanimous do pass recommendation. There being no objection, SB 125 passed from committee with Senators Hohman, Sumner, Dankworth, Bennett, Hackney and Ray voting do pass.

MOTION

SCR 3 (Relating to utilization of "flex time" for state employees) was brought before the committee for discussion. SCR 3 Senator Ray explained the bill and stated that it had no fiscal impact. There was discussion among the committee members as to some employees possibly putting for overtime if they started work late, and as a result had to work late in the evening. Senator Ray said that would not have any affect on overtime. However, it was the consensus of the

committee that they would like to have a Letter of Intent to accompany the bill. The intent is as follows: "It is the intent of the legislature that there shall be no additional pay for employees changing hours under this flex time provision."

INTENT

Senator Sumner made a motion that SCR 3 be passed from committee with a Letter of Intent attached. There being no objection, it was so ordered. SCR 3 was signed do pass by Senators Hohman, Sumner, Dankworth, Bennett, Hackney and Ray.

SCR 3

SB 96 (An Act relating to registration fees for special request, personalized license plates) was brought before the committee for discussion. Senator Dankworth said he would like to propose some amendments to this bill. He mentioned that this bill does very much what SB 117 (An Act amending the motor vehicle code; and providing for an effective date) does, only not to the fullest extent. Senator Dankworth explained that Mr. Roberts from the Department of Public Safety said he would like to have certain amendments made. Senator Hackney suggested that someone from Public Safety appear before the committee to speak in favor of the bill. Chairman Hohman said SB 96 would be scheduled for Monday's meeting at which time someone from Public Safety would be here to talk on the bill.

SB 96

SB 117

At this time SB 69 (An Act making a supplemental appropriation to the Department of Transportation and Public Facilities for funding of transportation programs during the final quarter of fiscal year 1979; and providing for an effective date) was brought to the committee's attention.

SB 69

Mr. Hogan gave an explanation of the remaining balance of the first 9-months appropriation. He explained that if all bills were paid equally (which they are not) there would be 20 - 25% left in the account. Some of the highway areas are about to run out of money. However, the Administrative departments are not so close to being out.

9-MONTH
FUNDING

There were questions between Mr. Holden and Mr. Hogan on the figures - whether they were for 9-month funding or full-year funding. Mr. Holden said some of the 9-month figures included some Capital Improvement Projects money. In answer to Senator Sumner's question regarding the number of CIP positions in the Department of Transportation Mr. Holden replied there were 1279 positions authorized by Budget & Management with 740 incumbents. When construction begins in the summer all positions will be filled.

CIP
POSITIONS
IN DOT

There was a lengthy discussion by Mr. Holden on project control which he is developing. In his comments, Mr. Holden mentioned that they have 860 highway engineers and answered a question regarding the number of miles of state highways - 6,000.

PROJECT
CONTROL

There was much discussion regarding 9-month funding versus full-year funding. Senator Sumner said he would like to see more research on that aspect before the committee did anything. He mentioned that in many areas, the Department was above 25% balance in their accounts, asking for more money, and next year they are requesting 100% more than they received for FY 79.

Senator Hackney said he would like to see a decrease in the Department's budget by the amount that was spent in legal fees on the Wells case in Fairbanks. Mr. Holden said the Wells case money was operations money from project expenses and not general fund money.

WELLS CASE

Chairman Hohman advised the committee that SB 69 would be held in committee until Monday.

Mr. Holden again advised the committee that the Department was out of money in four areas and would request that the effective date be made immediate rather than April 1, 1979.

EFFECTIVE
DATE

There was some discussion regarding a \$180,000 general fund loan transfer for the Seward Skill Center. Mr. Holden explained. The Department of Transportation was requested to provide to the Senate Finance Committee a list of all outstanding projects (about \$90 million worth) of unsold authorizations but unused that had received legislative and voter approval since 1972.

The meeting adjourned at 10:00 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

March 5, 1979

8:35 a.m.

Chairman Sackett convened the meeting at approximately 8:35 a.m. All committee members were present with the exception of Senator Hackney. Also in attendance were Senator Stimson; Commissioner Robert Ward and Deputy Commissioner Richard Holden from the Dept. of Transportation; Mr. Vern Roberts, Director, Division of Motor Vehicles; J. P. Tangen, President, Alaska Miner's Association; Chuck Taylor from Budget & Management; Garrey Peska, Administrative Assistant to the Finance Committee; members of the media including Joe LaRocca and Mike Harmon; and various administrative assistants assigned to committee members.

PRESENT

The Chairman advised that the committee had before it HB 78 (Act making a supplemental appropriation to the Dept. of Transportation and Public Facilities for funding of transportation programs during the final quarter of fiscal year 1979). He requested that the committee indicate its preference concerning disposition of the bill, and Senator Hohman moved that it pass from committee with a due pass recommendation. Senator Ray initially objected, but withdrew his objection when the Chairman advised that the bill under consideration represents the original appropriation rather than the Senate Committee Substitute for SB 69 proposed by the Resources Committee. No subsequent objections having been raised, HB 78 passed from committee with a do pass recommendation--all members present signing do pass.

HB 78

MOTION
HB 78

Senator Dankworth moved that SB 96 (Act relating to registration fees for special request, personalized license plates) be brought up for discussion, advising that Mr. Vern Roberts was present to testify before the committee. Senator Dankworth directed committee attention to SB 117 (Act amending the motor vehicle code) currently in the State Affairs Committee, and advised that SB 117 includes the language incorporated within SB 96. He offered a committee substitute incorporating the substance of SB 117 within SB 96.

SB 96

SB 117

Mr. Roberts advised that under SB 96, the \$20 special request plate fee would be in addition to the usual motor vehicle registration fee.

VERN
ROBERTS

Referring to SB 117, Senator Ray advised that he believed the language to be too loose. He further inquired concerning the entity to be charged with checking to determine how frequently special use vehicles are actually used upon highways. Mr. Roberts attested to the fact that the Department does not have the time nor the resources to provide such monitoring.

Chairman Sackett inquired concerning the \$80 thousand fiscal note, and Senator Dankworth stated that such fiscal impact resulted from an error in earlier language of the bill. When queried concerning the number of plates involved, Mr. Roberts advised that approximately 4,450 special request plates are currently issued.

Chairman Sackett inquired concerning committee recommendation on the bill, and Senator Dankworth moved for passage of his proposed committee substitute (the language of SB 117 in its entirety to be substituted as SB 96), that the committee report be marked to indicate passage of the committee substitute including a new title, and that said committee substitute pass from committee with individual recommendations.

MOTION
CS SB 96

Discussion ensued among committee members concerning various aspects of the legislation, i.e. weight limitations on vehicles, amounts to be saved under provision (k) of SB 117, and the fact that said section (k) appears to discriminate when it speaks to commercial farming, hunting, and fishing activities. Senator Ray suggested the provision for occasional use vehicles be applied to everyone. He moved to amend wording in section (k) prior to typing of the committee substitute, deleting "used in commercial hunting, fishing, and farming activities." The corrected sentence would read "The department may issue a license to the owner of a vehicle which is only occasionally used on a highway."

The above change having been agreed upon by all members, CS for SB 96 passed from committee with individual recommendations--all members present signing do pass with the exception of Senator Ray who signed no recommendation.

Senator Ray questioned Mr. Roberts concerning SB 181 (Act exempting spouses of members of the armed forces from the requirement of obtaining a driver's license).

SB 181

Mr. Roberts advised that non-residents of the state who are here for a short duration have not been required to have a driver's license. He added that he could find reason for exempting those who do not claim residency and who already have a license from another state. However, the Dept. does not now make such a concession for military spouses, members of the family, or other transferees into the state. Senator Dankworth attested to the fact that he believed state law to be such that a spouse was required to get a license when she went to work. Mr. Roberts responded that the above statement represents the prior law wherein one had to get a license when one became gainfully employed. He concluded his remarks by advising he was surprised to see the proposed bill before the legislature.

LICENSES
FOR NON-
RESIDENTS

Chairman Sackett next directed committee attention to the NATURAL RESOURCES budget shortform, pages 62 and 63 (Geological & Geophysical Programs - Publications), advising that J. P. Tangen, President of the Alaska Miner's Association was present to testify before the committee.

NATURAL
RESOURCES
BUDGET

Mr. Tangen advised that ordinarily he would testify in favor of budget cuts for a department which is full of planners and short on "doers." At this time, however, he advised he was speaking against the administration-planned cuts because such cuts propose eliminating two of the prime doers. Planned reductions mean the department will be laying off two of its cartographers. The mining industry is dependent on the maps this division prepares. Less than 7% of Alaska has been mapped on the one-inch to a mile scale. Of the over 100 maps which have not been finalized, 84% could be finalized under the maintenance budget. Without these services there is no way adequate resource assessment can be undertaken. The Miner's Association requests that the cuts not be made, and the original request for 224.1 be approved, including the additional cartographer. The mining industry is in a very incipient stage in Alaska, and mapping information is needed to promote the industry.

J.P. TANGEN
ALASKA
MINER'S
ASSOC.

The Chairman made the following bill assignments:

BILL
ASSIGNMENT

SB 6	-	Hohman
SB 62	-	Sackett
SB 70	-	Hackney
SB 128	-	Hohman
SB 142	-	Ray
SB 143	-	Sumner

SB 146 - Committee of the Whole
SB 147 - Committee of the Whole
SB 165 - Sackett
SB 181 - Ray
SB 192 - Bennett
SB 222 - Dankworth
HB 49 - Ray
SCR 11 - Dankworth

The Chairman advised of the need for those assigned supplemental appropriations for research to complete their work and report back to committee by the end of the current week or Monday of the coming week. He further stated he contemplates beginning budget close-outs the week of March 15, advising that he will issue a list of scheduled categories within the next few days.

The meeting adjourned at approximately 9:25 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

March 7, 1979

8:34 a.m.

Chairman Sackett called the meeting to order at 8:34 a.m. Senators Ray, Sumner, Dankworth, Hackney, Sackett, Bennett and Hohman were present. Also present were: from the Department of Fish & Game Don McKnight, Game Research Chief and Russ Clark, Director of Administration; Doug Jacobson, agricultural loan officer; Bruce Cummings, Deputy Director, Division of Retirement - Benefits; from the Court System Art Snowden, Administrator and Susan Burke, Staff Counsel - Deputy Administrator.

PRESENT

Senator Sumner moved and asked unanimous consent to bring SB 116 (An Act relating to participation by employees of the Alaska State Office in Tokyo in the public employees' retirement system) before the committee. Senator Sumner explained the purpose of the bill. There was discussion between the committee members regarding the yen/dollar ratio. Bruce Cummings from the Division of Retirement & Benefits explained the yen/dollar ratio and said the Office of International Fisheries suggested the conversion rate of 300 yen to one dollar as a fairly equitable rate of exchange.

SB 116

Senator Sumner said he would do some checking with Chuck Meacham, Director of International Fisheries regarding the bill. He moved and asked unanimous consent that SB 116 be passed from committee with individual recommendations and that if Mr. Meacham had a different idea on the yen/dollar ratio, that he, Senator Sumner, would propose an amendment on the Senate Floor. There being no objection, it was so ordered. SB 116 passed as follows: Senators Sackett, Sumner, Hackney and Hohman voted do pass, Senators Dankworth and Bennett voted no recommendation.

MOTION

Senator Ray requested permission to bring SB 181 (An Act exempting spouses of members of the armed forces from the requirement of obtaining a driver's license) before the committee for discussion. It was so ordered. There was discussion among the committee members regarding a proposed committee substitute which would allow spouses not to have to get an Alaska driver's license as long as that spouse was not employed. Senator Sackett asked for the desire of the committee on moving the bill from committee. There being no response, the bill was returned to the file.

SB 181

SB 5 (An Act relating to agricultural loans under the Alaska Agricultural Loan Act) was brought up for discussion. Senator Kerttula and Doug Jacobson gave testimony on the bill. Senator Kerttula stated the reason for the bill: they are up against the maximum authorization for farm loans and feel that this amount will be a sufficient increase for a number of years. Senator Dankworth prepared a number of amendments to the bill which the committee went over with Mr. Jacobson. Senator Sackett requested that Senator Dankworth get together with Senator Kerttula and Mr. Jacobson to rewrite the Committee Substitute to include items of interest to the committee and clean up language and punctuation. The committee is to take up the CS on March 9, 1979.

SB 5

(9:10 a.m. - Senator Ray left the meeting.)

Chairman Sackett brought up SB 104 (An Act establishing the court of appeals) before the committee. He introduced Art Snowden and Susan Burke to speak on the bill. Mr. Snowden went over the bill, explaining each section. He advised the committee that the Court of Appeals would be between the Superior Court and the Supreme Court in its duties. Miss Burke went over the functions of the proposed Court of Appeals in relation to the Superior and Supreme Courts.

SB 104

Senator Dankworth questioned why the Court System wasn't going to the people for a constitutional amendment if they wanted the new court. Mr. Snowden explained that the Constitution had already established that the legislature had the authority to set up "such courts as it deems necessary" and that was why they were addressing the legislature at this time.

There was discussion regarding the leasing of space in the federal building in Anchorage, overloading the proposed Court of Appeals, and concern expressed over the indigent aspect of the Court System. The committee requested suggestions from the Court System for possible legislation that might be introduced to alleviate any of these problems.

There were questions regarding the salaries for the new judges in relation to the salaries of the judges in the Superior and Supreme Courts. The judges salaries were requested at \$54,370 annually each.

Senator Sackett requested a detailed explanation of the funds that would be needed and stated that the bill would again be taken up when that information was provided.

At this time SB 83 (Act making supplemental appropriations to the Department of Fish and Game) was brought before the committee. Russ Clark and Don McKnight were introduced to provide testimony.

SB 83

Mr. Clark went over the bill explaining the sections that requested funds and explained why they were asking for additional funds. The requests stem from a short-fall of federal funds and needed travel.

Mr. McKnight explained that the reason for the short-fall in the federal funds was because of a change in the fiscal year of the federal government. He said he felt this appropriation would take them over the "hump" and they would not be in this predicament again. Mr. McKnight stated that when they knew of the federal shortfall, they immediately reduced their expected expenditures by \$552,000 by restricting certain programs.

There were questions from the committee regarding the marine biologist for Dillingham. The figures were listed for six-month period, but there are only four months remaining in this fiscal year. The Department was requested to resubmit their figures.

Chairman Sackett said he felt they did not need the \$18,000 in salaries. He said they had other funds that could be used for that purpose. He then returned to the travel portion of their request, saying that neither the Governor nor the Free Conference Committee had reduced their budget last year as had been stated.

The meeting adjourned at 10:04 a.m. following requests for back-up information on questions presented by various senators.

ADJOURN

SENATE FINANCE COMMITTEE

March 9, 1979

8:35 a.m.

Chairman Sackett convened the meeting at approximately 8:35 a.m. All committee members were present with the exception of Senator Sumner. Also in attendance were Senators Kerttula, Mulcahy, Tillion, and Stimson, as well as the Governor's Legislative Assistant Keith Specking, Garrey Peska, Administrative Assistant to the Finance Committee, representatives of the media, and individuals listed on the attendance sheet appended to these minutes. PRESENT

Chairman Sackett moved that SB 132 (Act relating to the refund of raw fish tax receipts to local government) be brought up for discussion, advising that Senate President Tillion and Mr. Specking were present to testify concerning the bill. SB 132

Senator Tillion advised that the legislation allows forgiveness of property taxes to municipalities equal to the amount paid for fishery development. He directed committee attention to page 2 of the fiscal note accompanying SB 132, advising that page 2 sets forth current distribution of shared taxes as well as proposed distributions under the subject bill.

Under the above legislation, fisheries would be taxed at basically the same rate for all species. Such taxation would not increase the general fund by a significant amount, but it would make funds available for development of fishery programs.

Senator Tillion advised committee members of the existence of a \$1.684 million fisheries development bank formed last year, advising that funding in the bank can be leveraged through the Spokane Bank of Cooperatives. Development funding covers vessel loans as well as improvements ashore. He further stated that taxes do not fall evenly throughout Alaska. Senator Tillion advised that 60% of the crab caught in Alaska is caught by non-resident fishermen, while nine years ago Alaskans caught 90%. The greatest amount of crab is now caught by fishermen coming out of Seattle.

The program requires five years' residency in Alaska in order to be eligible, during three of which the individual must have participated in Alaskan fisheries. Senator Tillion advised that for the state's long-term good it will be

more beneficial to effect the increased tax now rather than maintain the status quo.

Senator Ray questioned whether revenue derived from the anticipated tax increase would be placed in the renewable resources fund, and Senator Tillion responded "no, last year we formed the bank and put \$2 million into it set up as the Alaska Commercial Fishing and Agriculture Bank under the bank of cooperatives system set up by the federal government."

Mr. Keith Specking next appeared before the committee to comment on the proposed bill (copy of Mr. Specking's verbatim testimony attached to these minutes).

KEITH
SPECKING

Following Mr. Specking's testimony, and in response to a question from Senator Ray, Senator Tillion demonstrated the effect of increased revenue sharing under the proposed legislation, advising that where the Haines Borough currently receives \$35 thousand, under the subject bill it would receive \$106 thousand. Basically, what the state hopes to do through increased revenue sharing is to develop its fisheries industry and take back what has been lost to Seattle. Increased funding will enable local municipalities to float revenue bonds to finance dock improvements. The fisheries industry will thus be bearing the cost of improvements rather than the general public.

Senator Mulcahy next appeared before the committee advising that the subject bill will have "the biggest impact on fisheries that has ever come along." He stated that problems with the legislation center on the fact that there has not been adequate time to develop information, receive input, or conduct research. He further stated that everyone knew the administration was considering a raw fish tax, but no one knew it would be anything as large as the proposed bill. In some areas of the industry the bill would effect a 500% tax increase.

SENATOR
MULCAHY

Senator Mulcahy stated that he believed everyone would agree that there is only one established fishery industry in Alaska--the salmon industry. Therefore the tax in this area is sometimes higher than other fishery areas experience. Some fishery areas are new and need a chance to "develop and get on their feet." Future development appears to be in bottom fisheries. Other areas of the industry have peaked out and are now functioning at a lower level.

Senator Mulcahy alluded to problems in the bottom fish industry revolving around big foreign fleets and cheaper labor markets in foreign countries. If Alaska is going to develop a bottom fish industry, it is going to have to give the on-shore development plant a break. The Bering Sea and Continental Shelf could be the sea port of Alaska if it is only allowed to develop.

He further advised that enactment of SB 132 would kill attempts by Senator Stevens to get \$2 million in funding at the national level, adding that he didn't believe a short-term moratorium would be sufficient since investors will look to a longer term.

Senator Mulcahy allowed that the current tax structure needs looking into. However, he advised that "the name of the game in resource development is that it is going to cost the state something during development." Another thing, he advised, that has helped to develop the fleet is "the existing federal tax set up. A boat owner can take money out of income tax, set it aside, and put it back into the industry."

New fishing vessels over 100 feet in length have primary as well as secondary processing capabilities. SB 132 is going to have a substantial impact on crab processing in Alaska. Senator Mulcahy further advised that he believed the numbers connected to the legislation to be understated, saying that he felt the raw fish tax "is going to generate more than anticipated," and ultimately the state will be hitting the consumer and the fisherman a lot harder than anticipated with the subject bill. He stated that with the fuel tax added on top of the raw fish tax, he felt the state would be placing the crab industry in a bad position, particularly after the peak is over.

Making reference to the Combs (sp?) Report, Senator Mulcahy advocated a bottom fishery industry without tax for the next 10 to 12 years. He further advised that Alaska may end up with 20% of the processing conducted on shore while the remaining (73%) is processed at sea.

Senator Mulcahy further advised that he had no objection to eliminating the Seattle fleet, but feared that under the proposed bill, bottom fisheries would be damaged in Alaska. He stated that impact from the legislation is sufficient enough to demand a good hard look, adding that Alaska will not have a second chance at this industry.industry.

Senator Mulcahy made reference to the fishing industry in the Pribilof Islands and the local desire to get something "going on shore." Under the proposed bill, Senator Mulcahy advised that he could not see how the local effort "would have a chance to get started."

In response, Senator Tillion advised that if Alaska is going to develop a domestic fisheries industry (small boat) it needs financing for development. He added that the small fleet could properly conduct the harvest, but it needs a source of financing. He further attested to the need for Alaskans to get something out of the fishing industry. The subject bill would provide funding assistance to fisheries and to municipalities. He concluded by stating that without funding, there is no way Alaska is going to develop its fisheries.

Senator Ray again raised questions concerning use of revenue generated by the fish tax, and Senator Tillion advised that language contained in federal regulations would allow for a cooperative effort through the Spokane Bank permitting leveraged use of agricultural funds in the Spokane Bank. Two years ago, the federal government expanded the agriculture bank to include fisheries, allowing Alaska to use agriculture funds from other states. Senator Kerttula expanded upon the above statement, advising that since Alaska has such a small percentage of agricultural development, it is allowed to use agricultural funding for fishery projects.

Chairman Sackett advised that SB 132 would be held in committee for review at a later time.

SB 132
HELD OVER

The Chairman next moved that SB 62 (Act making a supplemental appropriation to the special projects office, Office of the Governor, to continue funding the Delta agricultural development project) be brought up for discussion, advising that Bob Palmer from the Governor's Office was before the committee to testify. Mr. Palmer advised that last year the legislature appropriated first-phase funding for the project. Such funding provided money for the clearing operation which is now underway as well as money for the elevator and other items. The administration emphasized that last year's appropriation was for the first phase, and that the administration would be back before the legislature seeking funding for the second phase.

SB 62
BOB PALMER
DELTA
PROJECT