

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2740

The clearing operation has taken place more rapidly than anticipated. Some individuals have already used up their funding. In addition, what was anticipated to be a \$130/per acre bid for clearing actually came in at \$165/acre. All contracts with the farmers were at the lower price--hence the need for a supplemental.

Mr. Palmer attested to the fact that the legislation bears a considerable degree of urgency. Approximately \$5.7 million is for second phase clearing, and \$1.8 million is for road construction (\$60 thousand per mile, 18 miles in the project). Construction costs are based on last year's construction costs in the Tok area, as furnished by the Dept. of Highways.

In addition, \$900 thousand is for test marketing. Hopefully all of this funding will be returned to the general fund through sale of the product. The amount of barley sold in Alaska (\$160 per ton) will more than offset any loss on the foreign market due to the money situation.

Referring to last year's legislation dealing with the Delta barley project (HCS CSHB 413), Chairman Sackett inquired concerning why prior appropriations were made to the natural resources fund while the current request is to be appropriated through the Governor's special projects office. Mr. Palmer responded that in implementing the program among 22 farmers, the administration found it necessary to have one area responsible. The project did not function well with information scattered throughout the Dept. of Commerce as well as the Governor's Office. Therefore, funding was transferred to the Governor's special projects office, and Mr. Palmer given responsibility for management. Such an arrangement requires Mr. Palmer to operate within the statutes and limitations of line agencies, but in areas of flexibility it allows him to come up with the best decision possible.

One of the things which precipitated the above arrangement was the statement by Commerce that if more than one contract was involved, the agency could not handle the project. The Governor wished the farmers to be able to individually contract for clearing, and thus the project was transferred to Mr. Palmer for handling.

Chairman Sackett submitted to the committee a proposed committee substitute, advising that it was for discussion purposes only. He advised that a number of individuals from the Fairbanks area and Galena are working on an experimental project through the University's extension service to develop individual and community farms or gardens. He mentioned that through the efforts of Mr. Quirk, who is currently developing agriculture in rural villages, each family had a garden, and the community had a garden. He further advised that he would like the committee to consider funding such community agricultural projects within SB 62.

Mr. John Quirk and Jimmie L. Farmer appeared before the committee advising that they operate a federal non-profit project serving seven villages in the Kuskokwim area. The program has expanded greatly and the board of directors ordered that Messrs. Quirk and Farmer attempt to find additional funding.

MR. FARMER
MR. QUIRK

Chairman Sackett attested to the fact that villages having community gardens had been able to raise enough potatoes (formerly a very expensive commodity in rural Alaska due to freight costs) to supply the village during the winter months. Mr. Quirk through the University of Alaska at Galena has submitted a proposal to Health & Social Services to help make the program work in the villages. He is also working closely with the Tanana Chiefs who provide BIA funding.

Mr. Quirk established his background in agriculture, advising committee members that through the University extension service he serves 13 villages. He was asked to develop agriculture as a business, with the idea that small gardens could help residents meet their food needs. Last fall the gardens yielded over 11 tons of potatoes per acre and an over-abundance of peas and beans. Many individuals in the villages had never seen some varieties of vegetables before. The gardening idea has "caught on like wild fire," and Mr. Quirk advised that the demand is now greater than he can satisfy. He further added that the yield of turnips, cauliflower, celery, peas, beans, and tomatoes has been such that villages have constructed root cellars for storage and are now encountering the problem of how to use up these vegetables.

Mr. Quirk advised that as an educator, he felt two things must be present for the project to succeed:

- (a) The people must be ready, and
- (b) They must see the need.

He further advised that under his project, the largest garden was one acre of potatoes, while most gardens approximated the size of the committee room.

Senator Dankworth raised questions concerning purchase of the tractor and rototiller, and was advised that such equipment would be purchased through the University. The equipment went out on bid, and Mr. Quirk will be purchasing Japanese merchandise.

Senator Dankworth further attested to his desire to avoid overburdening the project administratively, and Mr. Quirk advised that project at this point had not become so burdened.

Chairman Sackett stated that because of time limitations and individuals present from out of town to speak to other legislation, the committee would postpone review of SB 62 and receive testimony concerning the Whittier school.

SB 62
HELD OVER

Senator Kerttula introduced Mr. Stephen (former mayor of Whittier, now a school board member), advising that Mr. Stephen would testify on behalf of the Chugach School District. Mr. Stephen explained that following the earthquake which destroyed the school, construction commenced on a new school building. Presently the school is one-half complete, consisting of foundation, walls, and utilities. The state built one classroom, the superintendant's office, and the mechanical area. The district is currently renting space for the elementary school, and is seeking funds to build four more classrooms at an approximate cost of \$750,000 to \$800,000.

CHUGACH
SCHOOL
DISTRICT

There are currently 22 students in Chugach and 44 students in Whittier. High school students have been placed in classrooms with elementary children and for this reason many of the high school students are dropping out of school. The students would rather work in the new shrimp plant than sit in classrooms with younger children.

A fish hatchery will be opening in the area soon, which will aggravate the problem of keeping students in school.

State law requires that if a community has more than seven children of school age, a school must be provided for them.

The Chugach School District has not received any appropriations for education for the passed two years. Chairman Sackett advised that through an oversight Chugach was omitted from last year's appropriation, but an appropriation was included in a bill which passed the Senate but died in the House.

The meeting adjourned at 10:10 a.m.

ADJOURN

3/9/79

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

NAME	TITLE	AGENCY
Mullen Spear	BF	gou
Jim Edensco	Bottomford Coordinator	app. of Gov.
Cheryl Jerabek	~~Executive Staff~~ Staff	Kuckokwim Native Assoc
Vern Hulbert	House Rep.	Legislative Staff
John Quirk	Coordinator	Legislature
William Blum	Adm. Asst	GAWA Learning Ctr w/PA
Jack Utton	House Commerce	
Jimmie L. Farmer	Dir. Natural Resources	Tanana Chiefs
Bruce Johnson	EXECUTIVE DIRECTOR	Con. Inc.
Rick Lauber	Special Projects - State	Koyukon Devel.
Carl L. Rosier	Manager	COOP. INC.
Russell W. Clark	Dep. Commissioner	Pacific Seafood Processors
Don McKnight	Director Administration	Dept of Justice & Gov.
J. B. Meyer	Game Research Chief	Dept of Fish & Game
Robert Line	Commissioner	ADFB
L. Steffen	Asst. to Comm.	Dept of Revenue
Frank Rhine	Sch. Bd. Chairman	Dept of Revenue
	Insurance	Chugach Sch. Dist.
		Kodiak Times

VERBATIM TRANSCRIPT

KEITH SPECKING ON SENATE BILL 132

March 9, 1979

SF-79 Tape No. 19, Side 2

Chairman:

Mr. Specking you have the floor.

Specking: Thank you Mr. Chairman. Mr. Chairman, I think the Senator's recognized background in fisheries management far exceeds mine. However, I would like to point out that we would have no problem with the proposed amendment except that we would like our legal people to examine the language more closely. I suspect that philosophically the Governor's view is that some form of severance of this valuable resource should be made available for wider distribution to all the citizens of Alaska. I think the Senator pointed out that we're spending somewhere in the neighborhood of--or requesting--or spending nearly \$30 million annually. The recovery from the present tax structure is minimal. Related to that, I would point out that the present system of taxation is a scattered system developed over a long period--much of it very old. The proposed tax increase would-- To the best of our calculations, the existing percentage rate on canned salmon is 4.45%. The system of taxing that is 3% of the average wholesale price for the canned product for a five-month period for five years.

The net effective rate is 4.45%. This would bring an increase of 1.55%. Crab is taxed at 2% of the raw value. This would be an increase of 4%. Clams at 1% for butter clams, 2% for razor clams, herring 1% of its value, etc. So that creates a very difficult situation. We have taxed freezer ships at 4%. This would be an increase of 2%. Cold storages at 1%. The whole situation of the processing industry has changed with relationship to the volume of the product processed since the time that these tax structures were created. The Senator pointed out the differences very well.

Included in your packet is a suggested distribution to boroughs and municipalities if the tax were enacted, compared against the present distribution of the raw fish tax.

I would like to suggest that where the wording on the front page says for fishery enhancement programs we are not talking about enhancement programs (inaudible portion of the tape) but rather that language might better be for fishery related development programs.

Chairman: Where are you talking about?

Specking: On the first page of the letter presented to you, Mr. Chairman.

Chairman: Of the amendment?

Specking: No, on the packet that was handed out by--

Hohman: The Department of Revenue letter?

Specking: Yes, the first page where we say fishery enhancement programs, we didn't mean to imply that these were fish hatcheries. Better language might be for fishery related development programs. And we would like to correct that language in the bill, so that it reflects that we're not talking about fish hatcheries per se.

On page 2, the language reads one-half the revenue shared with a borough or city of the first class shall be used for docks or other fishery enhancement projects, would like to change that to other fishery development related projects.

Chairman: Anything else?

Specking: I might tell you briefly that the capitalization of the fisheries and agriculture bank is very desirable. Members to that board have been appointed and they are working with the Department of Commerce and searching for an executive director. We hope to have that bank operative sometime within the next two months.

Thank you, Mr. Chairman.

SENATE FINANCE COMMITTEE

March 10, 1979

10:00 a.m.

Chairman Sackett called the meeting to order at 10:00 a.m. Senators Dankworth, Bennett, Hackney, Sackett, Ray and Hohman were present. Also present were: Dr. Sherman Carter, VP for Finance, U of A, Don McKnight and Russell Clark from ADF & G, Jack Utton, Director of Natural Resources, Tanana Chiefs, Bob Palmer, Special Projects, Office of the Governor, Jim Farmer, Executive Director, Koyukon Development Corporation, and Robert Shelley, Analyst, Budget & Management.

PRESENT

Senator Sackett advised that the purpose of the meeting was that of a bill session. He then brought up SB 132 (An Act relating to the refund of raw fish tax receipts to local government). He advised the committee that a CS had been prepared which included an amendment offered by Senator Tillion. Chairman Sackett explained the changes made by the CS.

SB 132

Senator Hohman moved that CS SB 132 be passed from committee with individual recommendations. CS SB 132 passed as follows: senators Hackney, Bennett, Dankworth and Sackett voted do pass. Senators Hohman and Ray voted no recommendation.

MOTION

Senator Sackett moved that SB 62 (supplemental appropriations to Special Projects Office, Office of the Governor, to fund Delta Agricultural Development Project) be brought before the committee for discussion. It was so ordered.

SB 62

Senator Sackett introduced Bob Palmer, Special Projects director to give testimony on the bill. Mr. Palmer offered information regarding the bill, and gave information to the committee that had been requested in a previous meeting. Senator Hohman had questions concerning the contract dates. Mr. Palmer stated that 30% of the work had to be completed by May 1980, 60% completed by May 1981, and total preparation and ready for planting had to be completed by May 1982. When asked if they were going to stick by the contract dates, Mr. Palmer replied "most definitely!" He said there might be a couple who would not make the contract date, but he felt most of them would.

CONTRACT
DATES

Senator Sackett explained that a CS had been prepared for the bill. The changes were explained. Senator Hohman made a motion that CS SB 62 be passed from committee with individual recommendations. There being no objection, it was so ordered. CS SB 62 passed as follows: Senators Hohman, Hackney, Bennett, Dankworth and Sackett voted do pass. Senator Ray voted do not pass unless amended.

MOTION

SB 80 (supplemental appropriations to University of Alaska working capital fund and grievance procedures) was brought before the committee for discussion. Dr. Sherman Carter, VP for Finance, U of A appeared before the committee to explain the bill. Dr. Carter explained that the University purposely underspent last year's appropriation by \$4.9 million so they would have funds to apply to the deficit situation. There was discussion back and forth between the committee members, Dr. Carter and Dave Scott regarding the deficit situation.

SB 80

The committee heard arguments regarding grievance procedures. When the University budget was before the FCC last year, it was back and forth between the House and Senate for the total amount requested. The FCC did not identify any of the budget for grievance; that was lost during FCC.

U OF A
BUDGET AT
FCC

Dr. Carter stated that the auditing for the University was done by Cooper and Lightner Auditing Firm, and that the figures were correct. Chairman Sackett assigned the bill to Senator Ray for further research.

AUDITING

Senator Hohman moved that SB 83 (supplemental appropriation to Dept. of Fish & Game) be brought up for discussion. Mr. Don McKnight brought information to the committee regarding the bison program and answered questions on the program. There were questions concerning the herd at Delta. Chairman Sackett said he and Pappy Moss would be going to Delta on March 24 and would talk to the people there concerning the problem.

SB 83

Senator Hohman moved that the Finance CS for SB 83 be passed from committee with a do pass recommendation and that it be referred to C & RA for further hearings. Senator Ray objected. His objection was over ruled and CS SB 83 passed from committee with a do pass recommendation. CS SB 83 passed as follows: Senators Sackett, Hohman, Hackney, Bennett and Dankworth signed do pass. Senator Ray signed abstained.

MOTION

Senator Ray made a motion to bring up CSHB 49 (Act relating to the fishermen's fund) for discussion. Senator Ray explained that the bill will increase coverage under the fisherman's fund for the benefit of people who are fishing within the 200 mile limit.

CSHB 49

Senator Ray made a motion to move the bill from committee with a do pass recommendation. There being no objection, it was so ordered. Senators Dankworth, Bennett, Hackney, Ray and Sackett signed do pass.

MOTION

Senator Dankworth made a motion to bring SB 5 (An Act relating to agricultural loans under the Alaska Agricultural Loan Act) up for discussion. He explained the changes that would occur in the CS.

SB 5

Senator Dankworth moved that the committee put out CS SB 5 with individual recommendations. There being no objection it was so ordered. Senators Dankworth, Bennett, Hackney, Ray, Hohman and Sackett voted do pass.

MOTION

Senator Bennett moved that SB 81 (supplemental appropriation to the Office of the Governor, division of Budget & Management) be taken up for discussion. Senator Bennett explained that the bill was to take care of the 87% rate increase by RCA. He advised the committee that in spite of the rate increase there had been a high increase from FY 78 to current FY 79 in long distance telephone calls.

SB 81

Robert Shelley, analyst from Budget & Management, Office of the Governor, spoke in favor of the bill. Senator Hackney asked Mr. Shelley if there was anything they had tried to do to cut the number or calls or to find an alternate method of communication, for example the computer mail system. Mr. Shelley stated that he was not aware of the computer mail system. Senator Sackett said he had written to the Governor in February recommending this system of communication.

Senator Bennett recommended that the appropriation be reduced to \$2,869,200. Senator Ray said he would like to amend the amount to \$2,394,000. Senator Bennett moved that CS SB 81 with the amount of \$2,394,000 be passed from committee with individual recommendations. There being no objection, it was so ordered. Senators Hohman, Ray, Hackney, Bennett, Dankworth and Sackett voted do pass.

MOTION

Chairman Sackett moved that the committee take SB 104 (establishing the court of appeals up for discussion. Without any discussion (the bill had been discussed in previous meetings) Senator Sackett moved that SB 104 be passed from committee with individual recommendations. Senator Ray voiced his opposition to the court being a legislative constructed court rather than a constitutionally constructed court. SB 104 passed as follows: Senator Sackett voted do pass. Senators Hohman, Bennett, and Dankworth voted no recommendation. Senator Ray voted do not pass unless constitutionally constructed. Senator Hackney voted do not pass in present form.

SB 104

MOTION

SB 118 (relating to small loans) was brought up for discussion. Julius Breck, division of banking and securities, appeared before the committee to offer testimony. Mr. Breck advised that the bill calls for a revolving credit plan with a line of credit up to \$5,000 with interest at 1 1/2 % per month or 18% per annum. The committee accepted Mr. Breck's testimony, but took no action on the bill.

SB 118

SB 21 (special appropriation to Dept. of Commerce & Economic Development, power project revolving fund of the the Alaska Power Authority) was brought up for discussion. Testimony had previously been heard by the committee on this bill. Senator Ray mentioned that although he didn't begrudge the project, he didn't like to see it paid back at 3 to 5% interest. Chairman Sackett said this bill would be brought up as an item for discussion at the joint House and Senate Finance meeting on March 15.

SB 21

Chairman Sackett moved that SB 21 be passed from committee with individual recommendations. There being no objection it was so ordered. SB 21 passed as follows: Senators Sackett, Bennett and Dankworth voted do pass. Senators Hohman, Ray and Hackney voted no recommendation.

MOTION

SCR 11 (relating to the hazardous condition of the Muldoon cloverleaf on the Glenn Highway) was brought before the committee for discussion. Senator Dankworth proposed an amendment to the CS prepared by the State Affairs Committee. He suggested that the \$5,000 needed by the Department of Transportation to conduct a study be deleted.

SCR 11

Senator Dankworth made a motion to pass CS SCR 11 with amendments with a do pass recommendation. There being no objection, it was so ordered. Senators Sackett, Hohman, Ray, Hackney, Bennett and Dankworth voted do pass.

MOTION

Senator Dankworth made a motion that the committee go into executive session. With that, the meeting adjourned at 12:10 p.m.

ADJOURN

SF 79-20-2 (1-end)
SF 79-21-1 (1-end)
SF 79-21-2 (1-603)

SENATE FINANCE COMMITTEE

March 12, 1979

8:35 a.m.

Chairman Sackett called the meeting to order at 8:35 a.m. Senators Sackett, Hohman, Ray, Dankworth and Hackney were present. Senator Bennett entered the meeting at 8:50 a.m. Senator Sumner entered the meeting at 9:05 a.m.

PRESENT

SB 14 (relating to agricultural development) was brought up for discussion with Senator Kerttula acting as spokesman in favor of the bill. Senator Kerttula gave a brief history of events prior to this bill. Three years ago the Legislature enacted legislation for agricultural development. That bill was vetoed. Last year about \$5.5 million was funded for the Delta project. Currently there is an informal way of accounting for what's going on at Delta. This bill would appoint a council of five members to report directly to the Governor on what's going on at Delta. The bill provides for per diem, travel and \$75.00 per day as compensation. It was the feeling of the committee that they preferred not to go along with the \$75 per day compensation.

SB 14

Chairman Sackett said the Department had not yet responded to the fiscal note request of March 5 except for travel and per diem. Senator Sackett recommended that SB 14 be taken up again tomorrow with a new fiscal note. Senator Kerttula said the fiscal note should be about \$10,000.

FISCAL
NOTE

SB 10 (special appropriations to the student scholarship loan program) was brought before the committee for discussion. Kerry Romesburg, postsecondary education, reviewed the bill with the committee, stating that the bill provides for two appropriations, in FY 80 and FY 81. Mr. Romesburg stated that loan applications are processed as soon as they are received, however, most of the applications are received within a few weeks prior to the time school starts. The Department did not anticipate the volume of applications that would be received and therefore some of the students were not able to know whether or not they would receive the desired loan.

SB 10

Mr. Romesburg made reference to a new nationally guaranteed student loan program - this one not being restricted because of parents income. The new program provides for interest only payments while the student is in school or the service and principal plus interest after graduation. The state can opt out of the program at any time should they desire. The federal program will make loans up to \$2500 while the state will loan up to \$3000. The state could charge up to 7% interest under the federal program.

STUDENT
LOAN
PROGRAM

There was discussion regarding cancellation benefits on student loans. After a student graduates, if he returns to Alaska to work, 40% of the debt will be cancelled. That was one suggestion. Another suggestion for debt cancellation was that if a person repaid on time, after 60% of the loan had been paid, the remainder would be cancelled. In response to Senator Hohman's inquiry as to the delinquency rate on student loans, Dr. Romesburg said the audit report shows a 43% delinquency rate.

STUDENT
LOAN
DEBT
CANCELLA-
TION

Senator Ray suggested that the total amount be appropriated and divided into fiscal years with a given amount per year rather than to have the bill broken out into two appropriations.

ONE
APPROPRI-
ATION

It was the consensus of the committee to look at SB 10 again at the next meeting.

SB 87 (supplemental appropriation to Dept. of Transportation and Public Facilities, Division of Aviation Design and Construction) was brought before the committee. Chairman Sackett advised the committee that testimony had previously been heard on this bill.

SB 87

Senator Hohman moved that SB 87 be moved from committee with individual recommendations and that a Letter of Intent be presented to the committee the following day for its review. There being no objection, it was so ordered. Senators Sackett, Hohman, Ray, Hackney, Bennett, and Sumner voted do pass. Senator Dankworth voted no recommendation.

MOTION

SCR 21 (relating to Commission for Northern Operations of Rail Transportation and Highways) was brought before the committee for discussion. Senator Colletta gave a brief recap of the bill.

SCR 21

Senator Ray moved and asked unanimous consent to move SCR 21 out of committee with individual recommendations. Without objection, it was so ordered. Senators Sumner and Bennett voted do pass. Senators Dankworth, Hackney, Ray and Hohman voted no recommendation. Senator Sackett signed the report, but without noting a recommendation.

MOTION

Chairman Sackett made the following bill assignments:

SB 22	-	Sumner
SB 23	-	Sumner
SB 26	-	Sumner
SB 80	-	Sackett
SB 94	-	Dankworth
SB 112	-	Bennett
SB 136	-	Bennett
SB 140	-	Hackney
SB 182	-	Sackett

BILL
ASSIGN-
MENTS

SB 188	-	Ray
SB 191	-	Dankworth
SB 197	-	Hohman
SB 220	-	Sumner
SB 221	-	Sumner
SCR 13	-	Bennett
SCR 16	-	Hohman
SJR 25	-	Bennett
SB 205	-	Sackett
SB 236	-	Committee of the Whole

Chairman Sackett made the announcement that every bill that will pass through the Finance Committee this year has to be out by Monday, March 19.

The meeting adjourned at 9:25 a.m.

ADJOURN

SF 79-21-2 (603-end)
SF 79-22-1 (1-704)

3/12/79

SENATE FINANCE COMMITTEE

March 13, 1979

1:35 p.m.

In the absence of Chairman Sackett, Vice-Chairman Hohman convened the meeting at approximately 1:35 p.m. PRESENT
All committee members were present with the exception of the Chairman and Senators Sumner and Hackney who arrived after the meeting commenced. Also in attendance were Dr. Kerry Romesburg, Executive Director of the Postsecondary Education Commission; Mr. Bob Palmer, Coordinator, Special Projects, Office of the Governor; Palmer McCarter, Director, Division of Local Government Assistance, Community & Regional Affairs; Senator Kerttula; Representative Osterback; Bert Wagnon, Deputy Commissioner of Dept. of Commerce; Gary Jenkins, Director of the Audit Division of Dept. of Revenue; Ward Sattler, Administrative Assistant to Senator Bradley; Bob Speed, Administrative Assistant to Speaker Gardiner; Bob Kocsis, Administrative Assistant to Senator Hohman; Fiscal Analyst Dave Scott, and Administrative Assistant to the Finance Committee Garrey Peska.

Senator Ray moved that SB 140 (Act amending the authority of the Alaska Housing Finance Corporation to adopt administrative regulations) be brought up for discussion. Senator Hohman advised that committee files on the subject bill contain a committee substitute proposed by Senate Community & Regional Affairs changing the designation of "remote" to "rural." SB 140 Senator Kerttula advised that the revised wording satisfies his needs and solves existing problems in rural areas that need funding for leveraging purposes.

(Senator Hackney entered the meeting at this time, 1:40 p.m.)

Vice-Chairman Hohman stated that the Department of Commerce and Economic Development was to have a representative appear before committee to testify concerning SB 140. Since no one from the Department appeared to be present, Vice-Chairman Hohman recommended that further discussion on the bill be temporarily suspended pending arrival of a department representative. (Mr. Wagnon was not present when the meeting commenced and SB 140 was initially taken up. He arrived shortly after the meeting convened and remained until its conclusion.)

(Senator Sumner entered the meeting at this time, 1:45 p.m.)

Senator Dankworth moved that SB 14 (Act relating to agricultural development) be brought up for discussion. Vice-Chairman Hohman advised that committee members had before them a proposed finance committee substitute. Senator Dankworth advised that page 3, line 10 of the proposed substitute changes the reporting date for agricultural development projects from June 30 to January 15.

SB 14

PROPOSED
COMMITTEE
SUBSTITUTE

Garrey Peska directed committee attention to page 2, line 26 of the proposed bill, suggesting that the wording "and any other project authorized under Sec. 44.19.545" be added following the semicolon after "project."

Senator Dankworth moved for amendment of the proposed committee substitute to include the language suggested by Mr. Peska. He further moved that the Finance Committee Substitute for SB 14 be adopted. No objection to the amendment or proposed committee substitute having been voiced, both were adopted.

Senator Ray raised questions concerning compensation to be paid members of the council who are not state officers or employees, advising that he objected to the \$55 a day payment in addition to travel costs and per diem, and recommending that such daily payment be dropped and only travel and per diem allowed.

Senator Hohman inquired concerning how often the council would meet, and Mr. McCarter responded that it would meet twice a month to implement existing programs and develop new ones. He further added that meetings would consist of single day sessions, and that only two members of the council would be eligible for the daily \$55 payment.

Senator Ray formally moved to remove language on page 1, lines 25 and 26 of the committee substitute permitting the \$55 payment, thereby amending Sec. 44.19.525 (a) to allow payment of per diem and travel expenses only. Senator Hackney attested to the fact that some individuals receive their pay from the state as well as travel and per diem. No objection to Senator Ray's motion having been voiced, the \$55 payment was deleted from the committee substitute.

Senator Bennett moved that the Finance Committee Substitute for SB 14 pass from committee with individual recommendations. Vice-Chairman Hohman requested a show of hands from members intending to sign do pass, and a majority of members present having evidenced their intent to so sign, Senator Bennett's original motion was amended to a do pass recommendation. Finance Committee substitute for SB 14 thus passed from committee--all members present signing do pass with the exception of Senator Ray who signed no recommendation.

FINANCE
COMMITTEE
SUBSTITUTE
FOR SB 14
DO PASS

Vice-Chairman Hohman next moved that SB 134 (Act making a special appropriation to the Department of Community and Regional Affairs for grants to municipalities and other recipients in place of entitlements under the program of state aid to local governments) be brought up for discussion, advising that Senator Kerttula was before the committee to testify on the bill.

SB 134

Senator Kerttula advised that the above legislation became necessary as the result of problems which arose at Seward. The mayor was away during the time the revenue request should have been filed. As a result, the city failed to file in time to meet the regulatory deadline. This funding is of great importance to the city. Senator Kerttula advised that he checked and found other cities that had incurred the same problem as Seward and included them within the proposed legislation.

PROBLEM
AS SEWARD

Mr. McCarter advised that the Department of Community and Regional Affairs objects to the proposed legislation because it appears to reward those communities which do not comply with Department regulations. He advised that all communities listed in the legislation stated they were unaware of the deadline, but Community and Regional Affairs gave more than adequate notice of it.

C&RA
OPPOSED

Senator Kerttula acknowledged that the Department's regulations probably do need deadlines, but at the same time, these small communities do not have large bureaucratic staffs to deal with state regulations. The state approach must take into account the human factor and allow for errors and oversight.

Senator Dankworth advised of his understanding that funding within the bill did not represent additional money but simply funding denied the listed communities because their applications were late. He asked if the

bill includes all communities in a like position. Mr. McCarter responded that the bill includes all applications the Department has on file which did not meet the deadline. He further advised that there are other communities which did not receive funding, but these communities did not file requests.

Senator Ray moved that the Community and Regional Affairs Committee Substitute for SB 134 pass from committee with individual recommendation. Upon a show of hands from members intending to sign do pass, Senator Ray's original motion was amended and C&RA CS for SB 134 passed from committee--all members present signing do pass.

C&RA
CS
SB 134
DO PASS

Senator Hackney moved that SB 10 (Act making special appropriations to the student scholarship loan program) be brought up for discussion, proposing that members consider a suggested Senate Finance Committee Substitute.

SB 10

PROPOSED
COMMITTEE
SUBSTI-
TUTE

Dr. Romesburg advised of department needs to fund the loan program and cuts made by the administration. Dave Scott advised that funding would be provided through budget documents and the proposed committee substitute to accommodate the needs of the program (a total of \$8.1 million).

Dr. Romesburg advised that the committee substitute reduces Section 1 of the bill to \$650 thousand, deletes line 14 and Sections 2 and 4 entirely, and retains the immediate effect date.

Dr. Romesburg advised that the proposed \$650 thousand would be in addition to the \$7 million placed in the budget for the coming year.

Vice-Chairman Hohman inquired concerning whether proposed funding would take care of freshmen students recent newspaper articles have said would be denied loans, and Dr. Romesburg advised that it would.

Senator Sumner raised questions concerning "up front" funding, advising that he believed such an arrangement would permit the department to know how much funding it has and allow the department to make more logical decisions. Dave Scott advised that such an arrangement would reduce the general fund money available to the legislature. In addition, student loans have had problems in the past in that the budget has not been approved until late June. Senator

Hackney advised that he believed the committee substitute satisfies Senator Summer's concern in that the bill becomes effective immediately.

Vice-Chairman Hohman moved that the Finance Committee Substitute for SB 10 pass from committee with a do pass recommendation. No objection having been voiced, the committee substitute passed--all members present signing do pass.

FINANCE
COMMITTEE
SUBSTITUTE
SB 10
DO PASS

Vice-Chairman Hohman next moved that SB 41 (Exemption from the income tax for senior citizens) be brought up for discussion, advising that Gary Jenkins was present to testify concerning the bill.

SB 41

Senator Ray alluded to a technical problem with the bill concerning eligibility application to a single household. Mr. Jenkins advised that the bill before finance has appended to it several amendments by the Health, Education & Social Services Committee, one of which takes care of the cited problem.

Senator Ray further advised that, while he did not profess to being an attorney, the wording in the bill appeared to be very loose. He advised that a domicile is nothing other than a place of habitation--it does not define residency. Someone from California who maintained a house in Alaska which generates income could apply for the exemption. Maintaining a domicile is not established residency.

RESIDENCY
QUESTION

Mr. Jenkins directed committee attention to Department memoranda dated February 8 and 16, 1979 (copies appended to these minutes), advising that concerns addressed in the first memo were accommodated by the first amendment generated by the HESS committee. The second memo, requested by the Chairman of HESS, indicates that approximately 10 thousand individuals could qualify for the exemption, resulting in an approximate \$4 million loss in revenue funds to the state treasury. He further qualified the above figures, advising that the Department has no profile on the type of taxpayer qualifying under the proposed bill, and is unable to make a good guess at what the impact would be. Therefore, the department has used "maximum figures."

Senator Ray asked if the bill wouldn't really "hit those who have an income over \$10 thousand," and Mr. Jenkins responded "yes, that it right. The person who is trying to live on a pension up here is basically exempt already."

Senator Dankworth attested to the lack of information on the middle class and how such an exemption would effect this group, advising that they never get a break because they do not fall into the category of very rich or very poor.

Mr. Jenkins advised that he had talked to the Office of Aging attempting to obtain a profile on long-timers within the state, but to no avail; the Office of Aging has no information.

Senator Bradley's Administrative Assistant, Ward Sattler, next appeared before the committee, advising that the bill would definitely benefit those in the middle class income range. It allows a refund of \$500 a year. A person having an income of \$18 thousand a year would appreciate the \$500 much more than a person receiving a higher income. Mr. Satter directed committee attention to file backup dealing with the Consumer Price Index and the Federal Tax Benefit for the Elderly, advising that one who has an income (non-taxable pension) of \$1,800 or more does not comply with the requirements at the Federal level. The subject bill would apply to approximately 10,000 individuals and result in a \$420 credit per year, putting approximately \$4 million in the pockets of the elderly of the state. It would be extremely beneficial to those caught in the price squeeze of inflation, and would encourage elderly people to be productive in their retirement. Mr. Satter advised that the above represents the major purpose of the legislation--to keep Alaska's elderly within the state rather than forcing them into retirement in California.

Senator Ray advised that while he agreed with the basic thrust of the bill, no one has yet been able to correlate the estimated 10 thousand beneficiaries in terms of the people who will benefit. Referring to Mr. Jenkin's memo of February 8, Senator Ray questioned the already existing \$12,000 exemption, asking if the exemption contemplated by the subject bill would be in addition to that already available. Messrs. Jenkins and Satter were directed to confer on the bill and return to committee with further information. Senator Ray advised that he did not wish to hold the bill in committee, but he would not feel comfortable bringing the bill to the floor without adequate explanatory information.

SB 41
HELD IN
COMMITTEE

Vice-Chairman Hohman moved that SB 6 (Act making a special appropriation to the Department of Community

SB 6

and Regional Affairs for the purchase of public safety and public works equipment for the cities of Craig and Klawock) be brought up for discussion.

Mr. McCarter appeared before the committee testifying that the listed communities can not afford to purchase the requested equipment because they have exhausted their ability to do so. He further advised that Klawock levies no property tax at all. Mr. McCarter stated that the Department's main objection is that these communities should be expected to purchase the equipment in the manner other communities do. He added that Craig does levy a property tax so at least the community is making an effort. Senator Dankworth, referring to the fire truck slated for Klawock, advised that he felt that "if we are going to look at who needs a fire truck, we should look at the problem statewide, not just on a two community level."

Administrative Assistant Bob Speed appeared before the committee on behalf of Representatives Gardiner and Freeman and Senator Ziegler. He advised that the funding sought by SB 6 was approved by the legislature last year but was vetoed by the Governor. The reason cited for the veto was that these communities had other sources of funding such equipment. The problem this year is that the capital equipment request is the only request these communities are making of the legislature. He added that the communities do need the equipment; the tractor will be used in Craig for land fill distribution, and the backhoe for Klawock will be used for solid waste disposal. Mr. Speed advised that Craig and Klawock represent two of the poorest communities in the district represented by Senator Ziegler and Representatives Gardiner and Freeman.

Vice-Chairman advised that he had questions on the bill which needed to be addressed by Dick Holden from DOT and suggested that the bill be held in committee pending further information.

SB 6
HELD IN
COMMITTEE

Senator Bennett moved that SCR 13 (Directing the Department of Transportation and Public Facilities to secure possession of buildings at the Aniak White Alice Site for educational purposes) be brought up for discussion along with companion legislation SJR 25 (Urging the United States Government to release its interests in the improvements at the Aniak White Alice Site to the State of Alaska). Bob Kocsis appeared before the committee to testify, advising that

SCR 13

SJR 25

while both pieces of legislation deal with the White Alice facility, SCR 13 is directed toward the state government while SJR 25 is addressed to the federal government. Under SCR 13 the state could deal with the facility in two methods:

- 1) It could transfer the facility directly to the Kuspuks School District for its use, or
- 2) Hold the facility and allow district use through a special use permit.

Senator Bennett advised that he was very supportive of both pieces of legislation. Vice-Chairman Hohman asked if the school district would have a joint use arrangement with BLM permitting use of the facility for fire fighting during the summer when school is not in session, and Bob Kocsis responded "yes."

Senator Bennett moved that both SCR 13 and SJR 25 pass from committee with individual recommendations. Following a show of hands from members intending to sign do pass, Senator Bennett's motion was amended to a do pass recommendation. SCR 13 and SJR 25 passed from committee--all members present signing do pass with the exception of Senator Ray who signed no recommendation on both bills.

MOTION
SCR 13
SJR 25
DO PASS

Vice-Chairman Hohman moved that SB 140 (Act amending the authority of the Alaska Housing Finance Corporation) be brought up for discussion, advising that Mr. Bert Wagon was present to testify concerning the bill. Mr. Wagon read to the committee portions of the draft regulations for rural areas, attesting to problems resulting from use of the word "rural" in Alaska where a number of people living within municipalities do not have community water and sewer facilities. He advised that use of the word "rural" in place of "remote" in the Community and Regional Affairs Committee Substitute is unacceptable. Mr. Wagon further advised that the department had not been able on such short notice to fully assess the impact on Alaska Housing Finance Corporation.

SB 140

Senator Ray advised that Alaska Housing has not addressed the rural problem when asked to do so, adding that in effect the corporation has disenfranchised a lot of people who could benefit from its services. He further added that he believes the wording in the Committee

Substitute covers all problems throughout the state that one might anticipate. If the corporation had done a good job before, it would have responded to the needs of the people rather than forcing them to come to the legislature. Senator Bennett echoed Senator Ray's sentiments, attesting to many complaints from constituents.

Senator Sumner moved that the CRA Committee Substitute for SB 140 pass from committee with individual recommendations. No objection having been raised, the CRA Committee Substitute for SB 140 passed from committee--Senators Bennett, Ray, and Hackney signing do pass, Senators Hohman, Sumner, and Dankworth signing no recommendation.

C&RA
COMMITTEE
SUBSTITUTE
SB 140

Senator Sumner moved that SB 22 (Act extending the benefits of group insurance to certain temporary employees of the state and its governmental units) be brought up for discussion, advising that the bill amends Title 29 in order that temporary employees might be eligible for health insurance. He added that some people have worked for the state for as long as 20 years and never earned benefits. The cost of the bill is estimated at \$1.785 million for FY 80.

SB 22

Senator Sumner attested to a proposal making temporary employees eligible after 90 or 180 days employment rather than the 30 days set forth in the original bill. He added that it is his opinion that the cost of the bill represents a great deal of money, and the bill will "probably not go" unless there is an eligibility period greater than 90 days.

Senator Dankworth advised that he believed that if the conversion date was 180 days, the bill would cost approximately \$300 thousand. Senator Sumner advised that 180 days would take care of employees who repeat service to the state such as those serving the legislature during the first and second session. He further advised that the committee must keep in mind that legislative employees are paid at a higher rate with the understanding that there are no other benefits associated with their pay (with the increased salary, employees should be able to purchase their own health insurance, etc.). Senator Dankworth suggested that employees be allowed to receive the increased pay for 180 days and then switch over to the state health plan allowed under SB 22.

Senator Sumner advised that he would request additional fiscal information on alternative eligibility periods (90 days, 120 days, and 180 days) and return to committee with updated figures at a later time. SB 22 was thus returned to committee files pending receipt of such information.

SB 22
HELD IN
COMMITTEE

Vice-Chairman Hohman moved that SB 23 (Act relating to unemployment insurance coverage for employees of the state and its political subdivisions) be brought up for hearing, advising that the bill repeals the self-destruct clause of Employment Security provisions. In 1977, as a result of federal law mandating participation, the legislature passed legislation providing coverage. The state legislation included a self-destruct clause to be effected in the event the federal law was declared unconstitutional. The state has joined in a class-action suit challenging the federal mandate, but at present there is no way of determining when a federal ruling will issue. If the federal mandate is declared unconstitutional, the self-destruct clause would negate employment security provisions and the legislature would not be available to act on the matter until next session.

SB 23

Senator Sumner moved that SB 23 pass from committee with individual recommendations. No objection having been voiced, it so passed from committee--all members present signing no recommendation.

SB 23
NO REC.

Senator Sumner next moved that SB 26 (Act relating to credited service under the public employees' retirement system) be brought up for discussion, advising that it would allow territorial employees to buy in to the state retirement system. He added that the bill would not allow "a free ride" for anyone in that the employee would have to pay the full cost of the employee and employer portion of participation. There are no costs involved in the bill other than administrative costs, and one must exercise this allowance before 1980.

SB 26

Senator Sumner moved that SB 26 pass from committee with individual recommendation. No objection having been voiced, SB 26 passed from committee--Senators Hohman and Bennett signing do pass, Senators Dankworth and Sumner signing no recommendation.

SB 26
INDIVIDUAL
REC.

Vice-Chairman Hohman directed committee attention to the Letter of Intent to accompany SB 87 (Act making a supplemental appropriation to the Department of

LETTER OF
INTENT
SB 87

Transportation and Public Facilities, Division of Aviation Design and Construction), advising that by such letter the Department of Transportation is directed to seek federal reimbursement of the \$900,000 appropriated from the International Airport Revenue Fund for construction of rip-rap armor protection along the Tanana River.

Senator Sumner moved for adoption of the Letter of Intent to accompany SB 87 passed from committee March 12, 1979. No objection having been voiced, the letter was adopted, signed by Vice-Chairman Hohman, and transmitted to the Senate Secretary to be attached to SB 87.

LETTER OF
INTENT
SB 87
ADOPTED

Vice-Chairman Hohman next moved that SB 118 (Act relating to small loans) be brought up for discussion, advising that Mr. Brecht, Director of Banking had previously testified on the bill as had Mr. Doug Bisbee.

SB 118

Senator Sumner moved that the Commerce Committee Substitute for SB 118 pass from committee with a do pass recommendation. His motion was amended to individual recommendation when Senator Hohman advised he intended to sign no recommendation. No objection to passage having been voiced, Commerce Committee Substitute for SB 118 passed from committee--Senators Sumner, Dankworth, and Bennett signing do pass, Senator Hohman signing no recommendation.

COMMERCE
COMMITTEE
SUBSTITUTE
SB 118

IND. REC.

Vice-Chairman Hohman requested that HB 237 (Act making a supplemental appropriation to the Department of Natural Resources for the Iditarod Trail Race) be passed from committee. No objection having been evidenced, HB 237 passed from committee--Senators Hohman, Ray, Bennett, Sumner and Hackney signing do pass.

HB 237

DO PASS

The meeting adjourned at approximately 3:45 p.m.

ADJOURN

STATE
of ALASKA

MEMORANDUM

TO: ☐ R. D. Stevenson
Special Assistant
Department of Revenue

DATE: February 8, 1979

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: Senate Bill No. 41

The proposed bill would exempt \$10,000 of gross income from Alaska income tax of an individual 65 years of age or older who meets the domicile test stated in the bill. There are several points which I think the Legislature should consider in dealing with this proposal. First, the way it is currently structured, if a husband and wife were age 65 and over and both meet the domiciliary requirements, it would appear that they could exempt up to \$20,000 of income from the individual income tax.

In its deliberations, I think the Legislature should also consider the tax benefits which are already provided to the elderly either through the Internal Revenue Code or by Alaska Statutes. These benefits include such things as, (1) the elderly tax credit, which for Alaska purposes has an effective rate of 2.4% of applicable income; (2) the recently enacted \$100,000 capital gain exemption from the sale of a residence for those age 55 and over; (3) the elderly currently receive the Alaska longevity bonus which is tax free for Alaska purposes; (4) any qualified pensions and annuities currently received by the elderly are exempt from Alaska taxation; (5) the recently enacted \$100 individual tax credit would operate to exempt up to \$12,500, of gross income which would normally be taxable, from being taxed.

Obviously, this is a question of public policy on which the Legislature must decide. There would appear, however, to be a question whether this additional exemption from tax is really necessary.

H. return

R. D. Stevenson
Special Assistant
Department of Revenue

February 16, 1979

Gary L. Jenkins
Director
Audit Division

CSSB 41

At the hearing held by the Senate HESS Committee, two amendments were made to Senate Bill 41. One would lower the age of a qualified individual from 65 to 62, while the second provides that only one exemption could be claimed by a married couple. I was requested by the Chairman of that committee to prepare an estimate of the maximum possible effect of the passage of this legislation, taking into consideration those amendments.

X Based on the information available from the Office of Aging as well as information available from the office handling the Alaska longevity bonus, it appears that there are an estimated 10,500 residents in the State of Alaska who would meet the requirements of this bill. Further, an estimated 15 percent of that group are married, thus reducing the total possible returns which could be filed claiming this exemption from 10,500 down to 9,712. For an individual filing as a single person, this bill would result in a \$420 tax savings if they had \$10,000 of taxable income. For a married couple, this would result in a tax reduction of \$340. The total potential loss of revenue to the State treasury would be \$4,016,000. As I explained to the HESS Committee, there are a substantial number of variables which could make this figure incorrect. However, we have no statistics on which to make any adjustments to this estimate.

abuse from out-of-staters

SENATE FINANCE COMMITTEE
March 14, 1979
8:40 a.m.

Chairman Sackett called the meeting to order at 8:40 a.m. Senators Sumner, Dankworth, Bennett, Hackney, Hohman, Sackett and Ray were present. Also present was John Messenger, Acting Commissioner for the Department of Revenue.

PRESENT

SB 2 (relating to the comprehensive recycling and reduction of litter and imposing a litter reduction assessment) and its companion bill SB 237 (relating to business license fees) was brought up for discussion. Senator Colletta gave a summary of the bills and stated that they have the support of the business community. He stated that the largest increase is only \$75.00 per year and that is for businesses which have a huge excess of litter.

SB 2

SB 237

There was discussion by the committee on "the power to arrest without warrant", why some business were excluded from business licenses, the alcohol industry in relation to this bill, additional revenue that would come in as a result of eliminating the exemptions and the fiscal note.

Chairman Sackett asked for the desire of the committee regarding SB 2. Senator Sumner moved and asked unanimous consent to pass the C & RA CS of SB 2 with individual recommendations. Without objection it was so ordered. CS SB 2 passed as follows: Senators Sumner, Dankworth, and Bennett voted do pass. Senators Hackney, Ray, Hohman and Sackett voted no recommendation.

MOTION

Chairman Sackett asked if any of the members had amendments to propose for SB 237. There being no response, Chairman Sackett proposed amendments: Place a comma after the word "manufacturing," and delete the remainder of line 17, page 2. Delete line 18 and the words "gaming machines " on line 19, page 2. Senator Sumner made a motion to move SB 237 amended from committee with individual recommendations. SB 237 passed as follows: Senator Sackett voted do pass. Senators Hohman, Hackney, Dankworth and Sumner voted no recommendation. Senators Ray and Bennett voted do not pass.

MOTION

Senator Hohman moved to bring up for discussion SB 128 (special appropriation to the Department of Natural Resources for a gas line feasibility study). Senator Colletta said the bill was self explanatory. Senator Colletta said the House had put \$300,000 in their bill, however, it was the feeling of the Resources Committee that \$200,000 would be sufficient.

SB 128

A Finance CS for SB 128 was requested. Senator Hohman moved the passage of CS SB 128 (Finance) with a do pass recommendation. Senator Ray objected. Chairman Sackett asked for a show of hands on the do pass motion. There being sufficient votes, Senator Ray's objection was overruled. CS SB 128 (Finance) passed as follows: Senators Sackett, Hohman, Dankworth, Sumner and Bennett voted do pass. Senators Ray and Hackney voted no recommendation.

SB 128

SB 228 (relating to the excise tax on and license fees for sale of intoxicating liquors) was brought up for discussion. Senator Colletta again brought testimony to the committee. He explained the bill and the CS that was being prepared. In response to Senator Sackett's question concerning how he arrived at the fee changes, Senator Colletta said he had discussed the matter at quite a length with the industries.

SB 228

Senator Ray advised the committee that he too is working on a similar aspect of this bill and suggested that the committee pass out only sections 8 and 9 of this bill and let him work with the other sections in the bill he is working on. Senator Sackett said the bill would be held one day for some amendments by Senator Colletta. He also requested that John Messenger come up with a new fiscal note for every section of the bill.

The meeting adjourned at 9:55 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

March 15, 1979

9:53 a.m.

Chairman Sackett called the meeting to order at 9:53 a.m. Senators Hohman, Sackett, Ray, Dankworth, Sumner, Bennett and Hackney were present. Also present were Senators Mulcahy, Stimson and Ferguson; from Health & Social Services Roger Lange, Art Holmberg, Lee Dalby, Rod Betit, Cathy Lloyd, Walt Jones; Dale Cheek, Director Wage & Hour, Dept. of Labor, and Gary Jenkins, Dept. of Revenue.

PRESENT

SB 103 (Act authorizing an advisory vote by the qualified voters of the state on amending the Constitution of the United States to require a balanced federal budget except in the event of a national emergency) was brought before the committee. Senator Mulcahy spoke on the bill saying that with the information he had, he felt the bill was not a good bill. He urged the committee to pass it to the Judiciary Committee.

SB 103

Senator Hohman made a motion to pass SB 103 from committee with the recommendation that it be referred to the Judiciary Committee. Senator Ray objected, but removed his objection. There being no other objection, the bill passed from committee with Senators Sackett, Hohman, Ray, Hackney simply signing the committee report under other recommendations. Senators Bennett and Dankworth signed no recommendation.

MOTION

SB 136 (Act relating to the plumbing code) was brought before the committee for consideration. Mr. Dale Cheek, Director Wage and Hour Division, Department of Labor, appeared before the committee to give testimony. Mr. Cheek said he was asking the committee to implement the most recent version of the plumbing code and to allow the Department to establish inspection fees. Mr. Cheek said this bill would generate about 50% of the program receipts.

SB 136

There was discussion with the committee on the inspection of existing structures. Mr. Cheek said the inspections would be only on new structures or for repair work. There was also discussion on exempting those communities with a population of under 4,000.

Senator Hohman moved for an amendment to change the number of residents to 3500. Senator Dankworth changed the motion to 5,000. No action taken at this point. Senator Bennett made a motion to delete section 2. No action taken.

MOTION

Senator Hohman moved to add a new section 2 AS 18.60.735 with increased figure to 4,000. Senator Ray moved and asked unanimous consent to rescind the committee's action in deleting section 2. Without objection, it was so ordered.

Action was taken on Senator Hohman's motion to change the number of people to 4,000. Without objection, it was so ordered. Senator Hohman moved to pass CS SB 136 (Finance) from committee with a do pass recommendation. It was so ordered. CS SB 136 passed as follows: Senators Sackett, Hohman, Ray, Bennett and Sumner voted do pass. Senators Hackney and Dankworth voted no recommendation. MOTION

SB 142 (Act making a supplemental appropriation to the Department of Health and Social Services) was brought before the committee. Mr. Holmberg, Mr. Lange and Mrs. Lloyd appeared before the committee to explain why the supplemental was being requested. Senator Hohman had a question on the position paper prepared by the Department. Mr. Betit answered the questions. SB 142

Senator Ray made a motion to move CS SB 142 (Finance) from committee with a do pass recommendation. Senator Bennett objected and asked for individual recommendations. There being no objection, CS SB 142 (Finance) was passed from committee with individual recommendations. Senators Hohman, Ray and Hackney voted do pass. Senators Bennett and Dankworth voted no recommendation. MOTION

SB 12 (Act establishing social services policy councils in the Department of Health and Social Services and providing for an adventure-based education program) was brought up for discussion. There was no discussion. SB 12

Senator Hackney moved and asked unanimous consent to pass SB 12 from committee with individual recommendations. There was no objection. SB 12 passed as follows: Senator Hohman voted do pass. Senator Hackney voted pass if amended. Senators Bennett and Dankworth voted no recommendation. MOTION

SB 192 (Act relating to the leasing and exploration of state land for oil and gas development) was brought up for discussion. Senator Bennett explained that the purpose of the bill is to change the time of report submission from the 15th day of the legislature to the 20th day of the legislative session. SB 192

Senator Bennett moved that SB 192 be passed from committee with a do pass recommendation. There being no objection, it was so ordered. SB 192 passed as follows: Senators Hohman, Ray, Hackney, Bennett and Dankworth voted do pass. MOTION

SB 41 (Act relating to exemption from the income tax for senior citizens) was brought before the committee for discussion. Ward Sattler, AA for Senator Bradley appeared for testimony. Mr. Sattler explained the bill and answered SB 41 questions for the members. Mr. Gary Jenkins from the Dept. of Revenue explained the mechanics of the bill.

Senator Ray said he did not understand the bill. He would go along with the desire of the committee, but he did not want to carry the bill on the Senate floor. Senator Sackett said if he was not comfortable with the bill, then it needed more research. The bill will be taken up at a later date.

SB 80 (Act making supplemental appropriations to the University of Alaska, working capital fund and grievance procedures) was brought before the committee for discussion. Fiscal analyst, Dave Scott, explained that a committee substitute had been prepared for SB 80 and what the CS would accomplish. SB 80

Senator Ray moved and asked unanimous consent that CS SB 80 (Finance) be passed from committee with individual recommendations and that a Letter of Intent accompany the bill. MOTION There being no objection, it was so ordered. Senators Hohman, Ray, Hackney, Bennett, Dankworth and Sackett voted do pass.

Senator Dankworth made a motion to bring SB 161 (Act requiring state agencies intending to submit grant applications to the federal government to notify certain committees of the legislature in advance) up for discussion. SB 161 Senator Dankworth offered two amendments.

Senator Dankworth moved and asked unanimous consent to pass SB 161 as amended with individual recommendations. MOTION There being no objection, it was so ordered. Senators Ray, Hackney, Dankworth and Sackett voted do pass.

The meeting adjourned at 11:25 until 1:30 p.m. ADJOURN

SENATE FINANCE COMMITTEE

March 15, 1979

1:35 p.m.

Chairman Sackett convened the meeting at approximately 1:35 p.m. All committee members were present. Also in attendance were Senators Ferguson and Fahrenkamp; Dr. Kerry Romesburg, Director of Postsecondary Education; Administrative Assistant to the Finance Committee Garrey Peska; and individuals listed on the attendance sheet attached to these minutes.

PRESENT

The Chairman moved that SB 202 (Act making a special appropriation from the International Airports Construction Fund to the Fairbanks International Airport) and companion legislation, SB 203 (Act authorizing the issuance and sale of an additional \$8,500,000 in revenue bonds for international airports) be brought up for discussion, advising that Senator Fahrenkamp was present to testify concerning the bills. She advised that the City of Fairbanks has been working toward the projects contemplated within the above appropriation through the Department of Commerce for the past 8 years with very little satisfaction. She directed committee attention to backup material in member file folders containing price breakdowns and cost estimates obtained from the Department of Transportation and Public Facilities.

SB 202

SB 203

SENATOR
FAHRENKAMP

The first item referred to by the Senator dealt with the runway turn-around (a safety feature which entails draining and filling an existing slough currently presenting a dangerous condition in the runway area). The state has two alternatives, it can either:

- (1) do nothing, or
- (2) extend the runway and turn-around.

Senator Fahrenkamp briefly described the Fairbanks airport facility, concluding with the statement that it has "run out of room."

Chairman Sackett inquired concerning the administration's position on the two above-mentioned bills, and Senator Fahrenkamp responded that she would hope it felt favorably toward them in that she had worked with them on the bills, and, in addition, the reports backing up the bills issued from DOT.

Senator Bennett moved that SB 202 pass from committee with individual recommendations. Upon a show of hands from members intending to sign do pass, Senator Bennett's motion was amended to reflect such passage. Thus SB 202 passed from Senate Finance with a do pass recommendation-- Senators Hackney, Bennett, Dankworth, Sumner and Sackett signing do pass, Senators Hohman and Ray signing no recommendation.

MOTION
SB 202

DO PASS

Senator Bennett next moved that SB 203 pass from committee with individual recommendations. There being no objection, SB 203 passed from committee--Senators Hackney, Dankworth, and Sackett signing do pass, Senators Hohman, Ray, and Sumner signing no recommendation.

MOTION
SB 203

IND. REC.

Senator Hohman moved that SB 1 (Act relating to the Alaska loan programs fund, the Alaska permanent fund, and state investment policy and other state revenues) be brought on for discussion, advising of and distributing his proposed Finance Committee Substitute for Sponsor Substitute for SB 1.

SB 1

Senator Sumner advised that confusion has developed concerning the title of the original bill and the Finance Committee Substitute clarifies the language, naming the fund the "Alaska State Permanent Fund."

Senator Hohman moved that Finance Committee Substitute for Sponsor Substitute for SB 1 pass from committee with a do pass recommendation. No objection having been voiced, it passed from committee--all members present signing do pass.

MOTION
FCS for
SS SB 1
DO PASS

Senator Sumner moved that SB 143 (Act making supplemental appropriations to the Department of Health and Social Services, Administration of Justice) be brought up for discussion. Mr. Lee Dalby and Chuck Sothan from the Division of Corrections appeared before committee for the purpose of testifying on the bill. Mr. Dalby advised that the bill contains three sections:

SB 143

MR. DALBY

- (1) Funding for unpaid bills in FY 78.
- (2) Funding for out-of-state placement for adult offenders.
- (3) Continual funding for this fiscal year to cover shortfalls for adult correctional institutions.

Speaking to current year shortfalls, Mr. Dalby advised that due to the need to rehire correction officers released because of arbitration, Corrections sent its supplemental request for \$26 thousand through the Governor's Office. The Chairman advised Mr. Dalby that the committee had not yet received the supplemental from Budget and Management.

Returning to Sections 1 and 2 of the original bill, Chairman Sackett inquired concerning prior year charges. Mr. Dalby responded that the original supplemental was based upon the first quarter activity. After the supplemental had been submitted, the Division received information on second quarter activity. He further advised that the Division deals with between 13 or 17 different federal prison facilities using a matrix range from \$26 per day to \$44. The Federal Bureau of Prisons assigns prisoners on "a space available basis."

FEDERAL
PRISON
COSTS

Responding to inquiries from the Chairman concerning Section 3, Mr. Dalby set forth the following figures:

334.0	vacancy assessment, adult confinement
85.5	veto
149.0	merit increase unfunded
<u>564.5</u>	

Mr. Dalby advised that because of staffing needs in institutions (24 hour guard) the Division does not have a vacancy factor built into its budget. Senator Ray advised that he believed the Division should fill its staffing needs by three eight-hour shifts within a contractual arrangement rather than continuing current staffing procedures.

STAFFING
NEEDS

Referring to Section 1, Senator Ray asked if the unpaid bills result from line item budgeting, and Mr. Dalby responded that the bills were unpaid because the Division was unable to transfer between components in time to get them paid. The same situation does not exist in the current budget where the Division is able to transfer between BRU's.

UNPAID
BILLS

Senator Ray next referred to the statement concerning the RCA rate increase which indicates that if the increase is not funded, all BRU's will be unfunded and disconnected, and Mr. Dalby responded "Yes, that is correct."

RCA

Chairman Sackett inquired concerning who makes the decision to send a prisoner outside the state for incarceration, and Mr. Dalby responded "Corrections." The Chairman then attested to the fact that there are empty beds in prisons within the state. Mr. Dalby responded that Alaskan prisons are not equipped to handle prisoners for a long period of time. The Chairman asked that Mr. Dalby concur, for the record, in the Chairman's understanding that not one of the people sent out-of-state could have stayed in state under Alaska's present prison system. Mr. Dalby attested to the fact that Corrections lost beds under the Singleton Order, but on the other hand OMVI violations have filled beds up. He further advised that the only offenders sent outside represent sophisticated management needs, hard to handle cases, or long-term offenders. Senator Bennett asked if prisoners have the option of going outside, and Mr. Dalby advised that a prisoner could request outside incarceration if he feels the federal prison system has more to offer than state facilities. It is not a common occurrence, but it also is not uncommon. The state, however, simply cannot accommodate a prisoner for 30 years.

OUT-OF-
STATE
CONFINEMENT

Senator Ray inquired concerning the ratio of prisoners to prison personnel, and Mr. Dalby advised that it varies between 1 and 5.

Chairman Sackett questioned Mr. Dalby concerning why the legislature should be expected to fund the 1% veto the Governor placed on Correction's budget, and Mr. Dalby responded that he could not answer the question, other than to state that Corrections is a unique Division

1% VETO

Senator Sumner inquired concerning advantages to be derived when a prisoner requests being sent outside. Mr. Dalby responded that the request may be favorably considered but the person would have to fall within criteria which necessitates outside confinement. Senator Ray attested to that fact that those serving long term prison sentences within the state have nothing functional to do.

Chairman Sackett moved to delete \$81.5 from Section 3 (the 1% veto taken by the Governor).

Senator Hohman suggested that \$100 be appropriated from the general fund to the Division of Health & Social Services as a grant to adventure-based education programs such as alternatives to juvenile confinement. In addition, he

JUVENILE
CONFINEMENT

suggested language allowing an immediate effective date on the bill and provision for the \$100 thousand grant to lapse June 30, 1980.

Senator Hohman advised that the suggested grant would operate a program similar to the current program operated by Colorado which allows "kids" to have some social experiences. He cited the cost of maintaining a juvenile at McLaughlin for a year (the average stay), and moved that the grant funding be included in a Senate Finance Committee Substitute.

Senator Sumner moved for a Finance Committee Substitute showing the following figures:

PROPOSED
FCS for
SB 143

Section 1	\$234.2
Section 2	232.4
Section 3	200.5
Section 4	100.0

The above figures to bear the bill's June 30, 1979, lapsing date.

Mr. Walt Jones appeared before the committee requesting that the \$100 thousand grant be placed within the Dept. of Education rather than Health & Social Services. He stated that under the suggested placement, children in individual school districts would be eligible as well as Health & Social Service children and correctional children. Mr. Jones advised that he doubted Corrections has enough children to effect the program in any one year, adding that the Department would like to experiment with the program first before going ahead and establishing a statewide program. He concluded by advising that the Department is very interested in the program, but it does not know what the eventual outcome will be.

MR. JONES

Senator Hohman responded that the subject bill would make funding for the program available immediately. He stated that he was aware the Department is not in favor of the program, but he believes the state is paying too much money for children who have been classified as juvenile delinquents.

Senator Sumner moved that the Finance Committee Substitute for SB 143 as set forth above (including the grant proposed by Senator Hohman, and the suggested effective and lapsing dates) pass from committee with individual recommendations. Senator Ray requested that the bill be held instead for further committee review. Upon committee concurrence the bill was held for later action.

SB 143
HELD IN
COMMITTEE

Senator Sumner moved that SB 223 (Act relating to homestead entry) be brought up for discussion, advising that Commissioner Robert LeResche was present to testify on the bill.

SB 223

Mr. LeResche set forth the following "high points" of the subject bill:

MR.
LeRESCHÉ

1. It provides larger tracts of land for those who want them (40 acres average). Agricultural tracts could be even larger.
2. An individual who wishes to secure the land has a choice as to how he will get title:
 - (a) He can pay \$200 per acre (\$100 per acre for agricultural land), or
 - (b) He can pay 10% down on the current market value and work off the remainder of the cost via improvements.
3. The amount of land offered would be determined by the legislature.
4. The Department would be responsible for making plats of the subject property available for inspection and would accept applications for 30 days. If there is only one applicant, the property would be awarded to that applicant. If there is more than one applicant, a drawing would be held. If no one applies for the property, it would be available to someone requesting it at a later date.
5. The bill also provides that proceeds from the land sale go into the permanent fund.
6. It also allows a resident credit of 10% a year up to 50%.

Senator Ray raised questions concerning the fee to be set by the Commissioner, and Mr. LeResche advised that he assumed the fee would be \$25 or \$50. Senator Ray suggested that since the Commissioner had not established a definite fee, it be set within the bill at \$25. He then formally moved that SB 223 be amended

APPLICA-
TION FEE

to provide that applications be accompanied by a \$25 fee.

Senator Bennett moved to amend the bill on page 1, line 20, allowing for a 60 consecutive day notice period under AS 38.05.345, rather than the stated 30 days. He further moved to amend page 1, line 22, allowing homestead application forms to be available to the public at least 30 days before each application period rather than the stated three weeks, advising that in rural areas more time is needed for mail service. Senator Ray objected to the above amendments advising that they appear to penalize the majority in favor of the minority. His objection was subsequently withdrawn and the proposed amendments (both Senator Ray's and Senator Bennett's) were adopted.

AMENDMENTS

Mr. Harold Pomeroy next appeared before the committee advising that he had homesteaded in 1949 and developed a garden area and sawmill. He advised that he was pleased to see the committee considering a bill which would allow others to do as he has done. He was supportive of the section of the bill allowing a 10% downpayment and credit for improvements. However, he concluded his remarks by advising of his concern that an artificial value may be attached to land in areas where there are many applicants.

MR.
POMEROY

Senator Hohman moved that SB 223 as amended by Senate Finance pass from committee with a do pass recommendation. No objection having been noted, SB 223 as amended passed from committee--all members present signing do pass.

MOTION
SB 223
AMENDED
DO PASS

RECESS 2:45 p.m.

RECONVENE 3:20 p.m.

Chairman Sackett moved that SB 199 (Act relating to the public School Foundation program) be brought up for discussion, advising that Senator Ferguson was present to testify on the bill.

SB 199

Senator Ferguson advised that he had assisted in the preparation of a Finance Committee Substitute for SB 199 which incorporates SB 233 (Relating to the public school foundation program). He further advised of a drafting error in the proposed committee substitute, stating

SENATOR
FERGUSON

that on page 2, Section 5 should be deleted; on page 3, Section 6 should be deleted; on pages 3 and 4, Section 8 should be deleted. He added that deletion of Section 8 would result in a zero fiscal note for 1980. The fiscal note is based on a 6% increase per instructional unit over 1980.

Responding to a question from Senator Hackney concerning the base instructional unit, Senator Ferguson stated that on page 6, line 25, the correct figure should be \$33,418.

Senator Hohman moved that the Finance Committee Substitute for SB 199 pass from committee with individual recommendations. No objection having been voiced, the Finance Committee Substitute passed from committee--all members present signing & pass.

MOTION
FCS for SB 199
DO PASS

Chairman Sackett moved that SB 25 (Act relating to withdrawal from the federal Social Security System) be brought up for discussion. Senator Ray advised that he had prepared a committee substitute for the bill, and discussion on the bill was temporarily suspended while copies of the proposed committee substitute were obtained for distribution to committee members.

SB 25

The Chairman next moved to bring up SB 222 (Act making a supplemental appropriation to the Department of Education, Pupil Transportation Component) advising that the committee had prepared a committee substitute. He advised that the committee substitute contains funding for previously requested school construction. He advised he had requested and received from the Dept. of Education, information on available funding about to lapse. However, requests for school construction went beyond those funds, so the committee substitute fills in with general funds (page 3, Sections 9 and 10). The remaining projects represent appropriated funds which were not going to be used.

SB 222

Dave Scott advised of corrective language suggested by Legislative Affairs (page 2, Section 10, line 6) dealing with payment of Bristol Bay Borough School District past construction indebtedness.

Senator Hohman moved that Finance Committee Substitute for SB 222 including the corrective language mentioned by Mr. Scott pass from committee with a do pass recommendation. No objection having been voiced, Finance Committee Substitute for SB 222 passed from committee--all members present signing do pass.

MOTION
FCS for
SB 222

DO PASS

Senator Sumner moved that SB 22 (Act extending the benefits of group insurance to certain temporary employees of the state and its governmental units) be brought up for discussion, advising of the following fiscal impact relative to qualification:

SB 22

30 days	-	\$1,700,000
90 days	-	691,000
120 days	-	615,000
180 days	-	322,000

Senator Sumner advised that he couldn't recommend expenditure of anything greater than amounts corresponding to 120 or 180 day qualification, and moved that a committee substitute issue changing page 1, line 14 to reflect 180 days as the employment qualification period rather than 30 days. He further moved that a new fiscal note be prepared reflecting the \$322,000 cost, and that the Finance Committee Substitute for SB 22 pass from committee with a do pass recommendation. No objection having been noted, the Finance Committee Substitute for SB 22 passed from committee--all members present signing do pass.

MOTION
FCS for
SB 22
DO PASS

Committee attention reverted to SB 25 (Act relating to withdrawal from the federal Social Security System) and Senator Ray presented his proposed Committee Substitute. He advised that the substitute provides that amounts both the state and state employees would otherwise apply to social security payments be paid into a special employee benefit program through the Department of Administration. The employee making the contribution may select the amount to be invested and the type of coverage he wishes.

SB 25

Section 2 of the substitute, if approved by the employees, would allow the state's notice of intention to withdraw from social security to become effective January 1, 1980.

Section 3 provides for an election on the question of withdrawal. Only upon certification of the election may the state employees withdraw if the majority so votes.

Senator Dankworth suggested that under Section 3, page 2, wording be added allowing that costs of alternative benefits be set forth for employee review when voting. Senator Ray advised that he had no objection to inserting "and the cost thereof" between the words "benefits" and "provided" on page 2, line 21.

Senator Ray moved that the Finance Committee Substitute for SB 25 including the language suggested by Senator Dankworth pass from committee with individual recommendations. No objection having been noted, Finance Committee Substitute for SB 25 passed from committee--Senators Ray and Hackney signing do pass, Senators Hohman, Bennett, Dankworth, and Sackett signing no recommendation.

MOTION
FCS for
SB 25

IND. REC.

The meeting adjourned at approximately 3:45 p.m.

ADJOURN

SF-79 #25, Side 1 (449-remainder
of cassette)
#26, Side 1 (start to 487)

-210-

3/15/79

3/15/79

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

NAME	TITLE	AGENCY
H.A. Lewis	Cons/t	—
Patti Macklin	Admin. Asst.	—
Kay Diebels	Salary Comm. Chairman	—
Rud. Hoops	Dep't of Nat. Resources	—
He. Resch	—	~~GRC~~
Harold Emeroy	member	G.P.C.
Tom Singer	~~DDDP~~	DDDP
James Conheady	Policy Analyst	DNR
Robert Voth	Spec. Asst.	DHSS
Michael Orlone	Budget Analyst	"
Walter Jones	Asst. Director	"
Chuck Sothman	Deputy Director	Corrections/DHSS
Bruce Cummings	Deputy Director	Retirement & Benefits/Admin
Lee Halby	Admin. Officer	AHSS - Gov.
Calvin Stegall	Deputy Commissioner	—
B.T. Waggon	Deputy Comm.	Comm. of Econ. Dev.

SENATE FINANCE COMMITTEE

March 16, 1979

8:40 a.m.

Chairman Sackett called the meeting to order at 8:40 a.m. Senators Sumner, Dankworth, Ray, Bennett, Hohman, Hackney and Sackett were present. Also present were: Kerry Romesburg, Director, Postsecondary Education, Pat Hunt, Director, Division of Personnel, Ken Cates, Assistant to the Director, Division of Personnel, and various news reporters.

PRESENT

SB 114 (Act relating to competitive bidding under the Fiscal Procedures Act) was the first order of business for the day. Senator Bradley gave testimony on the bill stating that the Commerce Committee had passed unanimously a CS on the bill. He spoke in favor of the bill, saying the State should certainly give bids to Alaskan bidders when at all possible.

SB 114

Senator Sumner moved and asked unanimous consent to pass CS SB 114 from committee with individual recommendations. There being no objection, it was so ordered. Senators Hohman, Dankworth and Sumner voted do pass. Senators Hackney and Bennett voted do pass if amended. Senators Sackett and Ray voted no recommendation.

MOTION

SB 59 (Act making a special appropriation for feasibility study of a Portage to Whittier transportation system) was brought before the committee.

SB 59

Senator Dankworth moved that SB 59 be passed from committee with individual recommendations. Senator Hohman objected, but removed his objection. There being no other objections, it was so ordered. SB 59 passed as follows: Senators Sackett and Dankworth voted do pass. Senators Hohman, Ray, Hackney, Bennett and Sumner voted no recommendation.

MOTION

SB 130 (Act relating to the student loan program) was brought before the committee for discussion with Kerry Romesburg from the Postsecondary Commission offering information. Mr. Romesburg indicated that he would like to address the fiscal note first which provides an incentive for Alaskans to attend colleges and universities in Alaska. After fulfilling residency requirements, students are qualified to apply for state loans to receive education. Each year spent in an Alaskan college or university will apply toward one year as having had worked for the State.

SB 130

The committee discussed various aspects of the bill: the two year residency requirement, challenge of that requirement, vulnerability of being a part of the federal program and cancellation benefits.

Senator Ray moved to delete section N on page 4. No action was taken on the motion. Senator Hohman moved to hold the bill with that amendment until the next meeting. Without objection, it was decided to hold SB 130 until Monday.

MOTION

SB 228 (Act relating to the excise tax on and license fees for sale of intoxicating liquors) was brought up for discussion. Senator Colletta brought additional information to the committee's attention explaining that the CS addresses only the excise tax.

SB 228

Senator Ray moved to increase the malt beverage tax to 30¢ per gallon. There was an objection by Senator Sackett. The chairman asked for a show of hands of those in favor of the motion. The motion failed.

MOTION

Senator Hackney moved and asked unanimous consent to move CS SB 228 from committee with individual recommendations. There being no objection, it was so ordered. Senators Sackett, Hohman, Hackney and Sumner voted do pass. Senators Ray, Bennett and Dankworth voted no recommendation.

MOTION

SB 182 (Act abolishing the Alaska Salary Commission and providing for compensation of public officers and employees) was brought before the committee for discussion. Again Senator Colletta appeared before the committee to provide testimony stating that the Salary Commission was not performing in the manner that it was created to perform. There was discussion regarding salaries of directors and deputy commissioners and how those salaries would remain at the current level under this bill. The bill would not raise legislative salaries.

SB 182

Pat Hunt, Director, Division of Personnel addressed some of the areas left out of the bill. Senator Sackett requested a recommendation to the committee of a level of salaries. Mr. Hunt responded that he had trouble with holding recommendations to salaries. He said he felt the bill in its entirety was not equitable. Directors now make over \$56,000 a year. The 3.75% longevity will still be in effect, making next years salaries over \$57,000.

There were questions regarding including directors and deputy commissioners in the bill. Garrey Peska read some language from HB 220. Chairman Sackett asked if there was any objection to including Sec. 2 of CSHB 220 in the language of SB 182. There was no objection.

Senator Sumner moved and asked unanimous consent to move CSSB 182 (Finance) from committee with individual recommendations. There was no objection. CSSB 182 (Finance) passed as follows: Senators Sackett, Hohman, Hackney, Bennett, Dankworth and Sumner voted do pass. Senator Ray vote no recommendation.

MOTION

Senator Hackney moved to bring up SB 24 (Act relating to insurance coverage for persons receiving benefits under the public employees' and teachers' retirement systems) for discussion. Senator Hackney stated that there had been an amendment passed in Senate HESS to change line 17 to read "90%" rather than "one half" and line 19 to read "10%" rather than "one half". Senator Ray said it was a good bill and he supported it.

SB 24

Senator Sackett moved that SB 24 am be passed from committee with individual recommendations. Without objection it was so ordered. Senators Sackett, Hohman, Ray, Hackney, Bennett, Dankworth and Sumner voted do pass. MOTION

Senator Hackney asked to bring up again SB 130 (Act relating to the Student loan program) and at least pass from the Finance Committee in order to meet the 60-day limit. Senator Hackney moved to pass SB 130 with individual recommendations. Without objection, it was so ordered. SB 130 passed as follows: Senators Sumner, Dankworth, Hackney and Bennett voted do pass if amended. Senators Hohman and Ray voted needs amendment. Senator Sackett voted no recommendation.

SB 130

MOTION

The meeting adjourned at 9:58 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

March 20, 1979

8:35 a.m.

Chairman Sackett called the meeting to order at 8:35 a.m. All members of the committee were present. Also present were Garrey Peska, AA to Senator Sackett, Bob Schroeder, fiscal analyst, and Senator Kerttula.

Chairman Sackett advised that the meeting would be to go over the Justice budget with his recommendations to the committee.

PUBLIC DEFENDER - First Judicial District - p. 5

Personal Services	248.8
Travel	12.8
Contractual	34.5
Commodities	3.9
Equipment	-0-
Lands/Buildings	7.0
TOTAL	307.0

PUBLIC DEFENDER - Second Judicial District - p. 7

Travel	5.4
Contractual	67.5
TOTAL	72.9

PUBLIC DEFENDER - Third Judicial District - p. 9

Personal Services	906.1
Travel	55.1
Contractual	260.7
Commodities	12.3
Equipment	1.1
Lands/Buildings	13.9
TOTAL	1229.2

PUBLIC DEFENDER - Fourth Judicial District - p. 11

Personal Services	514.6
Travel	14.2
Contractual	68.7
Commodities	5.7
Equipment	-0-
TOTAL	603.2

PUBLIC DEFENDER - Administration and Support - p. 13

Personal Services	113.1
Travel	12.7
Contractual	10.2
Commodities	3.0
Equipment	-0-
TOTAL	139.0

DUE PROCESS - Status of Women Commission - p. 17

Personal Services	86.2
Travel	13.6
Contractual	58.6
Commodities	1.9
Equipment	-0-

TOTAL	160.3
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DUE PROCESS - Human Rights Commission - p. 19

Personal Services	581.5
Travel	46.1
Contractual	270.8
Commodities	10.2
Equipment	-0-

TOTAL	908.6
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CRIMINAL JUSTICE SUPPORT - Police Standards Council - p. 21

Personal Services	69.2
Travel	15.1
Contractual	13.6
Commodities	1.1

TOTAL	99.0
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CRIMINAL JUSTICE PLANNING - Action Grants - p. 25

Grants, claims	2563.4
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TOTAL	2563.4
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CRIMINAL JUSTICE PLANNING - Discretionary Grants - p. 27

Grants, Claims	2350.0
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TOTAL	2350.0
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CRIMINAL JUSTICE PLANNING - Planning - p. 29

Personal Services	510.5
Travel	44.1
Contractual	111.8
Commodities	9.0
Grants, Claims	89.8

TOTAL	765.2
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PROSECUTION - First Judicial District - p. 33

Personal Services	354.0
Travel	26.7
Contractual	30.3
Commodities	4.0
Equipment	-0-
Lands/Buildings	54.6

TOTAL	469.6
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PROSECUTION - Second Judicial District - p. 35

Personal Services	115.9
Travel	14.9
Contractual	9.5
Commodities	1.3
Equipment	-0-

TOTAL	141.6
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PROSECUTION - Third Judicial District - p. 37

Personal Services	1878.7
Travel	217.3
Contractual	156.4
Commodities	18.0
Equipment	1.0
Lands/Buildings	67.9
TOTAL	2339.4

PROSECUTION - Fourth Judicial District - p. 39

Personal Services	672.3
Travel	133.6
Contractual	89.8
Commodities	6.6
Equipment	-0-
Lands/Buildings	8.9
TOTAL	911.2

PROSECUTION - Administration & Support - p. 41

Personal Services	232.8
Travel	7.2
Contractual	8.3
Commodities	1.5
Equipment	-0-
TOTAL	249.8

PROSECUTION - Criminal Appeals & Special Pro - p. 43

Personal Services	368.8
Travel	27.5
Contractual	38.5
Commodities	4.0
Equipment	-0-
TOTAL	438.8

ADULT CONFINEMENT - Palmer Correctional Center - p. 47

Personal Services	715.1
Travel	9.0
Contractual	114.8
Commodities	161.7
Equipment	4.1
Grants, Claims	55.0
TOTAL	1059.7

ADULT CONFINEMENT - Anch.State Corr - Center - p. 49

Personal Services	772.7
Travel	7.2
Contractual	51.4
Commodities	129.0
Equipment	1.4
Grants, Claims	10.0
TOTAL	971.7

ADULT CONFINEMENT - Juneau Correctional Center - p. 51

Personal Services	1118.0
Travel	9.8
Contractual	184.9
Commodities	228.7
Equipment	3.3
Lands/Buildings	203.5
Grants, Claims	22.0
TOTAL	1770.2

ADULT CONFINEMENT - Fairbanks Corr. Center - p. 53

Personal Services	1469.1
Travel	11.0
Contractual	168.1
Commodities	291.6
Equipment	10.0
Grants, Claims	41.0
TOTAL	1990.8

At this point Senator Ray voiced his objection to equipment reduction. He also said he does not approve of the 25% reduction in travel.

ADULT CONFINEMENT - Ketchikan Corr. Center - p. 55

Personal Services	544.6
Travel	4.9
Contractual	60.4
Commodities	80.2
Equipment	2.0
Grants, Claims	7.0
TOTAL	699.1

ADULT CONFINEMENT - Anch. Annex Corr. Center - p. 57

Personal Services	1131.5
Travel	10.1
Contractual	148.3
Commodities	228.1
Equipment	2.5
Grants, Claims	10.0
TOTAL	1530.5

ADULT CONFINEMENT - Eagle River Corr. Center - p. 59

Personal Services	1435.7
Travel	10.7
Contractual	213.8
Commodities	191.0
Equipment	1.7
TOTAL	1852.9

ADULT CONFINEMENT - Ridgeview Manor - p. 61

Personal Services	557.1
Travel	5.5
Contractual	255.4
Commodities	90.3
Equipment	1.3
Grants, Claims	8.0
TOTAL	917.6

ADULT CONFINEMENT - Nome Correctional Center - p. 63

Personal Services	61.4
Travel	4.7
Contractual	110.9
Commodities	66.3
Equipment	3.5
Lands/Buildings	6.0
TOTAL	652.8

ADULT CONFINEMENT - Local Facilities - p. 65

Travel	6.2
Contractual	742.7
Grants, Claims	2.0
TOTAL	750.9

ADULT CONFINEMENT - Out of State Contractual - p. 67

Travel	17.0
Contractual	1185.9
TOTAL	1202.9

This category has legislative intent as follows: Amend classification procedures to more fully utilize space in Alaska institutions.

INTENT

ADULT CONFINEMENT - Major Medical & Guard Hire - p. 69

Personal Services	199.4
Commodities	25.4
Grants, Claims	315.0
TOTAL	539.8

ADULT CONFINEMENT - Community Programs - p. 71

Contractual	299.4
TOTAL	299.4

JUVENILE CONFINEMENT - Mc Laughlin Youth Center - p. 75

Personal Services	3401.2
Travel	17.6
Contractual	380.3
Commodities	267.4
Equipment	10.0
Grants, Claims	23.7
TOTAL	4100.2

JUVENILE CONFINEMENT - Institutional Care - p. 77

Travel	75.0
Commodities	8.8
Grants, Claims	2642.3
TOTAL	2726.1

JUVENILE CONFINEMENT - Foster Care - p. 79

Travel	34.9
Commodities	3.6
Grants, Claims	172.2
TOTAL	210.7

<u>JUVENILE CONFINEMENT - Major Medical & Guard Hire - p. 81</u>	
Grants, Claims	<u>14.4</u>
TOTAL	14.4

It was the desire of the Chairman and the consensus of the committee to make the policy on travel a 25% reduction.

The meeting adjourned at 9:55 a.m. with the announcement that the remainder of the Justice budget and a portion of the NRMEC budget would be taken up tomorrow. ADJOURN

SENATE FINANCE COMMITTEE

March 21, 1979

8:40 a.m.

Chairman Sackett convened the meeting at approximately 8:40 a.m. All committee members were present. Also in attendance were Senator Stimson; Garrey Peska, Administrative Assistant to the Finance Committee; and Fiscal Analyst Bob Schroeder.

PRESENT

Senator Ray advised of problems surrounding the Committee Substitute for SB 22 (Act extending the benefits of group insurance to certain temporary employees of the state and its governmental units), urging that committee members support the Rules rather than the Finance version of the bill because, as worded, the Finance version would eliminate the ability of permanent employees to receive benefits until they had been employed for 180 days.

SB 22

The chairman advised that committee review of the JUSTICE BUDGET CATEGORY would continue, and directed committee attention to page 57 of the shortform.

JUSTICE

ADULT CONFINEMENT

Anc. Annex. Corr. Cntr., p. 57

Bob Schroeder advised that through conversation with the Division of Corrections, he learned that \$15 thousand was taken from Palmer by RP and put into Anchorage. He concluded by stating that "they are not funding this at all."

PROBATION & PAROLE

First Judicial District, p. 85

The committee recommended the following figures:

Personal Services	529.5
Travel	10.5
Contractual	62.5
Commodities	4.4
Equipment	-0-
Lands & Buildings ASHA	51.7
	<u>658.6</u>

PROBATION & PAROLE
Second Judicial District, p. 87

The committee recommended the following figures:

Personal Services	95.4
Travel	3.1
Contractual	14.2
Commodities	.4
Equipment	-0-
	<u>113.1</u>

PROBATION & PAROLE
Third Judicial District, p. 89

Senator Hohman inquired concerning the location of the Juvenile Probation office, and Bob Schroeder answered that it is located in the Alaska Cleaners Building. Senator Sumner attested to the availability of rental space in Anchorage, advising that there appears to be no reason for the probation office increase which went from 30.1 in FY 79 to 60.7 in the FY 80 budget with no significant increase in space. Rent for this office was thus held at the FY 79 authorized level of 49.1. The committee then recommended the following figures:

Personal Services	1417.0
Travel	14.7
Contractual	166.2
Commodities	16.8
Equipment	1.4
Lands and Buildings ASHA	27.8
	<u>1643.9</u>

PROBATION & PAROLE
Fourth Judicial District, p. 91

Chairman Sackett advised that Fairbanks rent was held to the FY 79 authorized figure of 18.0, stating that the adult probation office budgeted 2053 sq. feet of space at \$1.95/sq. ft. x 6%, for a total of 50.9 whereas the FY 79 budget request was 18.0. Senator Hackney attested to the easy availability of rental space in Fairbanks, advising that Fairbanks is in the same situation as Anchorage. The committee recommended the following figures:

Personal Services	607.8
Travel	16.6
Contractual	79.2
Commodities	9.3
Equipment	-0-
Lands and Buildings ASHA	9.0
	<u>721.9</u>

DIV. OF CORRECTIONS
Directors Office, p. 93

Chairman Sackett advised that under contractual the increase for RCA had been reduced by 50% (from the requested 24.0 to 12.0). The committee recommended the following figures:

Personal Services	854.2
Travel	39.6
Contractual	194.5
Commodities	17.7
Equipment	1.2
	<u>1107.2</u>

OFFENDER CONF. REF. & SUPV.
Parole Board, p. 95

The committee recommended the following figures:

Personal Services	94.4
Travel	29.6
Contractual	12.3
Commodities	1.5
Equipment	-0-
Misc. Board	
Member Compensation	8.3
	<u>146.1</u>

Chairman Sackett advised that the above funding for miscellaneous includes per diem and travel for board members at \$50 per day.

CRIME IDENT. & APPREHENSION
Community Relations, p. 99

The committee recommended the following figures:

Personal Services	81.0
Travel	6.7
Contractual	19.1
Commodities	5.0
Lands and Buildings ASHA	4.3
	<u>116.1</u>

CRIME IDENT & APPREHENSION
Detachments & CIB, p. 101

The committee recommended the following figures:

Personal Services	10585.5
Travel	485.4
Contractual	2775.1
Commodities	341.6
Equipment	76.0
Lands and Buildings ASHA	87.0
	<u>14350.6</u>

Senator Ray questioned the need for an additional radio dispatcher in Talkeetna, suggesting that additional support be provided which would "free up" a trooper. The Chairman advised that no new positions had been approved by the committee. Senator Ray suggested that a letter be sent to Commissioner Nix asking why, with more city police available, Anchorage troopers haven't been assigned somewhere else.

CRIME IDENT & APPREHENSION
Laboratory Services, p. 103

Bob Schroeder advised that 7 positions have been transferred into this BRU, some of which are from CIB. Chairman Sackett attested to the high degree of outside travel and questions concerning why laboratory employees have to travel out-of-state. He read a list of proposed travel advising that it appeared to consist mostly of training-related travel, and further advising that the \$50 thousand recommended by committee should be enough to take care of need. The committee recommended the following figures:

Personal Services	226.1
Travel	15.5
Contractual	85.5
Commodities	58.0
	<u>385.1</u>

Senator Ray requested that staff personnel re-examine laboratory positions, advising of his concern that the state could more profitably contract its lab work.

CRIME IDENT. & APPREHENSION
Narcotics Unit, p. 105

Senator Dankworth raised questions concerning the hiring of individuals to work narcotics, and Bob Schroeder advised that he did not believe the Department has that many people performing such function. The Chairman advised that he did not believe the Department uses salary as much as contractual funding for such purposes, further advising that he had not touched the "buy money."

The committee recommended the following figures:

Personal Services	293.1
Travel	29.2
Contractual	237.0
Commodities	4.4
Equipment	-0-
Lands and Building ASHA	8.2
	<u>571.9</u>

CRIME IDENT. & APPREHENSION

Alaska State Trooper Director's Office, p. 107

Concerning travel for this BRU, Bob Schroeder advised that current confusion rests in prior year budgets. Every year the Department reorganizes and one can't go back to prior years and pick out specific items. Some travel is attributable to Judicial Services, some to Lab work, etc. The committee recommended the following figures:

Personal Services	402.6
Travel	28.9
Contractual	35.9
Commodities	6.3
Equipment	-0-
Lands and Builings ASHA	12.6
	<u>486.3</u>

CRIME IDENT. & APPREHENSION

Commissioner's Office, p. 109

The committee recommended the following figures:

Personal Services	1402.3
Travel	63.2
Contractual	187.8
Commodities	42.5
Equipment	-0-
Lands and Buildings ASHA	17.2
	<u>1712.1</u>

CRIME IDENT. & APPREHENSION

Records & Identification, p. 111

The committee recommended the following figures:

Personal Services	174.3
Travel	2.5
Contractual	6.4
Commodities	6.5
Equipment	.5
	<u>190.2</u>

CRIME IDENT. & APPREHENSION

Central Communications, p. 113

The committee recommended the following figures:

Personal Services	941.7
Travel	9.3
Contractual	1024.4
Commodities	23.0
Equipment	-0-
Lands and Buildings	6.8
	<u>2005.2</u>

CRIME IDENT. & APPREHENSION
Research & Planning, p. 117

The committee recommended the following figures:

Personal Services	222.1
Travel	5.9
Contractual	252.4
Commodities	6.0
Equipment	-0-
	<u>486.4</u>

CRIME IDENT. & APPREHENSION
Training, p. 119

The committee recommended the following figures:

Personal Services	948.0
Travel	63.8
Contractual	232.5
Commodities	62.6
Equipment	-0-
Lands and Buildings ASHA	169.3
	<u>1476.2</u>

CRIME IDENT. & APPREHENSION
Judicial Services-AST, p. 121

The committee recommended the following figures:

Personal Services	1951.5
Travel	319.3
Contractual	236.2
Commodities	15.8
Equipment	.4
Lands and Buildings ASHA	40.0
	<u>2563.2</u>

Senator Ray requested that staff re-examine travel reductions, advising that travel funding includes the cost of transporting prisoners to outside prisons.

CRIME IDENT. & APPREHENSION
Contract Jails, p. 123

Bob Schroeder advised that there is no indication services are going to be increased or any other justification for the 31.9% increase in contractual. The Governor cut from the budget the individual who went out and inspected jails. The Department is going to have to make such inspections in accordance with contracts with communities throughout the state. The above BRU represents inspection costs and

travel expenses. Any jails used for non-sentencing prisoners are now under the state troopers.

The committee recommended the following figures:

Travel	4.4
Contractual	255.8
Commodities	1.2
	<u>261.4</u>

DUE PROCESS

Violent Crimes Comp. Board, p. 125

The committee recommended the following figures:

Personal Services	63.9
Travel	11.3
Contractual	15.4
Commodities	1.6
Equipment	-0-
Grants and Claims	265.0
	<u>357.2</u>

DEBT SERVICE

Justice Facilities, p. 127

Chairman Sackett recommended the Governor's total of 1434.0 appropriated under Miscellaneous.

ALASKA COURT SYSTEM

Supreme Court, p. 131

The committee recommended the following figures:

Personal Services	1114.0
Travel	58.7
Contractual	298.5
Commodities	27.3
Equipment	-0-
Misc.	109.6
	<u>1608.1</u>

ALASKA COURT SYSTEM

Trial Courts, p. 133

Senator Ray suggested that the staff again review personal services, advising that he believed the cost of outpatient care at API should be borne by the unit recommending that an individual be placed under such care. The committee recommended the following figures:

Personal Services	10002.2
Travel	333.0
Contractual	3276.3
Commodities	232.1
Equipment	85.2
Lands and Buildings	2510.8
Misc. - Judicial Retirement	280.0
	<u>16719.6</u>

ALASKA COURT SYSTEM

Administration & Support, p. 137

Chairman Sackett recommended the following figures:

Personal Services	1393.1
Travel	76.2
Contractual	1152.9
Commodities	62.8
Equipment	72.7
	<u>2757.7</u>

Senator Sumner recommended that \$10 thousand be allocated for the Chief Justice Conference to be held in Anchorage, advising that the conference would generate more than that amount in anticipated income. Chairman Sackett advised that the above figures contain 33.7 which could be used toward the conference. Senator Sumner suggested that \$10 thousand be picked out of the 33.7 and designated specifically for the conference. Bob Schroeder was directed to do so.

ALASKA COURT SYSTEM

Judicial Council, p. 139

The committee recommended the following figures:

Personal Services	158.1
Travel	33.7
Contractual	80.9
Commodities	3.0
Equipment	.7
	<u>276.4</u>

Senator Hohman directed committee attention to the March 20, 1979, memo from J. H. Hogan to Representative Duncan and members of the Legislative Budget and Audit Committee (copy attached to these minutes). He advised that at the Budget and Audit meeting a week ago it was suggested that the amount of April offerings be raised to \$60 million on advice of bond counsel. That amount represents the largest amount that could be sold without jeopardizing the state's bond rating.

The Lt. Governor has now stated that the administration has created 5,000 new jobs, and is claiming credit for the action. The administration would not have taken such a step without council prodding. The administration had no plans for increased bond sales until this week. Senator Hohman further advised that it is his understanding that not only have bond offerings been stepped up, but school construction projects (including health facilities) are being pushed also. He further advised that it is interesting to note where increases occurred:

\$1.5 million increase at the University of Alaska
3.0 million in senior citizen health programs.

Sometime between a week ago and yesterday these programs were accelerated and the administration, according to a press release issued yesterday, has taken credit for the action rather than crediting the legislature.

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

ADJOURN

SF-79 # 27
 Side 2 (472-end)
 # 28
 Side 1 (entire side)
 Side 2 (start-249)

-229-

3/21/79

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

MEMORANDUM

DATE: March 20, 1979

TO: Honorable Jim Duncan, Chairman
& Members, Legislative Budget
and Audit Committee

FROM: J. H. Hogan, Director
Legislative Finance Division

SUBJ: Enclosed Chart -- Schedule of G.O. Bond Sale

The enclosed chart reflects a "before and after" look at the April G.O. Bond Sale. The chart has been compiled from the original table of authorizations and the revised table, which reflected the concerns of the Budget and Audit Committee for increased bond sales to provide funds for a stepped-up construction program.

enclosure

JHH:bf

SCHEDULE OF G.O. BOND SALE - APRIL 1979

CHAPTER	SLA	PURPOSE	AUTHORIZED BUT UNISSUED	ORIGINAL APRIL OFFERING	REVISED APRIL OFFERING	REMAINING AUTHORIZATION UNISSUED
194	1972	Airports	\$ 1,000,000	\$-----	\$-----	\$ 1,000,000
201	1972	Flood Control Facilities & Sm. Boat Harbors	1,000,000	-----	-----	1,000,000
202	1972	Water Supply and Sewerage Systems	6,900,000	-----	-----	6,900,000
86	1974	Port Facilities Development	4,500,000	-----	-----	4,500,000
116	1974	Library Facilities	2,900,000	-----	-----	2,900,000
118	1974	Trunk and Secondary Airports	2,100,000	-----	-----	2,100,000
132	1974	Health Care Facilities	2,000,000	-----	-----	2,000,000
124	1976	Regional Fire Fighter Training Center	3,800,000	500,000	-----	3,800,000
131	1976	School Construction	11,840,000	-----	500,000	11,340,000
214	1976	Fish Management & Development Facilities	13,805,000	3,000,000	3,000,000	10,805,000
239	1976	Senior Citizen Housing Development	1,400,000	-----	-----	1,400,000
247	1976	Highways, Ferries & Local Svc. Roads	12,785,000	-----	-----	12,785,000
248	1976	Airports	2,396,000	500,000	500,000	1,896,000
271	1976	Water Supply & Sewerage Systems	24,000,000	1,000,000	1,400,000	22,600,000
95	1978	Flood Control, Port Facilities & Sm. Boat Landing	33,290,000	1,600,000	2,600,000	30,690,000
96	1978	Parks and Recreational Facilities	5,850,000	700,000	1,500,000	4,350,000
122	1978	Health Facilities, Sr. Citizen Ctrs/Pioneers Homes	25,000,000	1,500,000	4,500,000	20,500,000
137	1978	Voc. Educational Facilities & U of A	33,656,000	9,400,000	10,900,000	22,756,000
138	1978	Highway, Ferry, Airport & Local Svc. Roads	88,450,000	20,000,000	29,000,000	59,450,000
139	1978	Correctional & Public Safety Facilities	30,504,000	-----	-----	30,504,000
140	1978	Fisheries Mgmt. & Development Facilities	26,965,000	4,100,000	4,100,000	22,865,000
145	1978	Water Supply and Sewerage Systems	27,640,000	1,200,000	2,000,000	25,640,000
			<u>\$361,781,000</u>	<u>\$43,500,000</u>	<u>\$60,000,000</u>	<u>\$301,781,000</u>

SENATE FINANCE COMMITTEE

March 22, 1979

8:43 a.m.

Chairman Sackett called the meeting to order at 8:43 a.m. Senators Hackney, Ray, Hohman, Sackett, Sumner, Dankworth and Bennett were present. Also present were: Senator Stimson, Garry Peska, AA to Senator Sackett and fiscal analyst Milt Barker.

PRESENT

Chairman Sackett indicated that the committee would be going over the Development budget. But prior to going over that category, he wanted to make some corrections in the Justice budget. They are as follows:

JUSTICE
BUDGET
CHANGES

ADULT CONFINEMENT - Eagle River Corr. Center - p. 59
Include 71.0 for gratuities which would make the total figure 1923.9.

ALASKA COURT SYSTEM - Judicial Qualifications - p. 141
Take the Governor's figures all the way with a total figure of 27.6.

DEVELOPMENT BUDGET

DEVELOP-
MENT

Senator Sumner is the chairman of the Development category. The following are his recommendations for that budget:

ASIAN OFFICE - p. 3

Personal Services	101.5
Travel	8.5
Contractual	80.0
Commodities	6.0
TOTAL	196.0

POLICY DEVELOPMENT & PLANNING (now called HUD 701 PLANNING) P. 5

Contractual	300.0
TOTAL	300.0

SURPLUS PROPERTY - p. 7

Personal Services	122.4
Travel	.4
Contractual	8.5
Commodities	6.4
Equipment	-0-
TOTAL	137.7

ALASKA RENEWABLE RESOURCES CORPORATION - p. 9

Personal Services	294.4
Travel	29.8
Contractual	309.3
Commodities	5.1
TOTAL	638.6

<u>SHARED TAXES - Municipal Assistance - p. 13</u>	
Grants, Claims	<u>12,000.0</u>
TOTAL	12,000.0

<u>SHARED TAXES - Amusement and Gaming Tax - p. 15</u>	
Grants, Claims	<u>36.0</u>
TOTAL	36.0

<u>SHARED TAXES - Aviation Fuel Tax - p. 17</u>	
Grants, Claims	<u>110.0</u>
TOTAL	110.0

<u>SHARED TAXES - Electric & Telephone Coop Tax - p. 19</u>	
Grants, Claims	<u>1,250.0</u>
TOTAL	1,250.0

<u>SHARED TAXES - Liquor License Tax - p. 21</u>	
Grants, Claims	<u>555.0</u>
TOTAL	555.0

<u>SHARED TAXES - Fisheries Tax - p. 23</u>	
Grants, Claims	<u>1066.1</u>
TOTAL	1066.1

<u>MUNICIPAL BOND BANK AUTHORITY - p. 25</u>	
Personal Services	66.9
Travel	14.0
Contractual	169.6
Commodities	2.1
Equipment	-0-
TOTAL	<u>252.6</u>

<u>ECONOMIC ENTERPRISE - p. 27</u>	
Personal Services	629.9
Travel	85.5
Contractual	434.3
Commodities	7.7
Equipment	-0-
Lands/Buildings	39.5
TOTAL	<u>1196.9</u>

<u>LOAN FUND ADMINISTRATION - p. 29</u>	
Personal Services	506.8
Travel	60.0
Contractual	61.7
Commodities	5.6
Equipment	-0-
Lands/Buildings	27.5
TOTAL	<u>661.6</u>

VETERANS LOAN FUND - p. 31

Personal Services	675.7
Travel	15.0
Contractual	180.8
Commodities	7.0
Equipment	-0-
Lands/Buildings	30.0
Misc.	-0-
TOTAL	908.5

TOURISM - p. 33

Personal Services	436.6
Travel	29.6
Contractual	1018.2
Commodities	8.4
Equipment	-0-
Grants	235.0
TOTAL	1766.5

ENERGY & POWER DEVELOPMENT - Energy Planning & Assistance - p. 37
Total F& 80 Recommendation -0-

ENERGY & POWER DEVELOPMENT - State Energy Conservation Program - P. 39

Personal Services	200.1
Travel	15.0
Contractual	111.6
Commodities	2.4
Equipment	.9
TOTAL	330.0

ENERGY & POWER DEVELOPMENT - Energy Extension Service - p. 41

Personal Services	86.5
Travel	9.0
Contractual	180.5
Commodities	.8
Equipment	1.9
TOTAL	296.7

ALASKA POWER AUTHORITY - p. 43

Personal Services	161.9
Travel	30.0
Contractual	294.4
Commodities	3.6
Equipment	2.5
TOTAL	490.9

AGRICULTURAL DEVELOPMENT - State Fairs - p. 49

Grants	162.3
TOTAL	162.3

AGRICULTURAL DEVELOPMENT - Plant Materials Center - p. 51

Personal Services	270.8
Travel	5.6
Contractual	50.0
Commodities	27.2
TOTAL	353.6

AGRICULTURAL DEVELOPMENT - Administration & Support - p. 53

Personal Services	95.4
Travel	7.4
Contractual	32.2
Commodities	1.1
Equipment	-0-
TOTAL	136.1

AGRICULTURAL DEVELOPMENT - Agricultural Loan Fund - p. 55

Personal Services	88.6
Travel	14.2
Contractual	16.3
Commodities	1.0
Equipment	-0-
TOTAL	120.1

KING CRAB QUALITY CONTROL BOARD - p. 57

Travel	12.0
Contractual	269.8
Commodities	1.6
Equipment	.6
Miscellaneous	21.2
TOTAL	305.2

LOCAL TOVERNMENT ASSISTANCE - Training & Development - p. 61

Personal Services	329.8
Travel	37.2
Contractual	47.1
Commodities	5.1
Equipment	-0-
Lands & Buildings	1.5
TOTAL	420.7

LOCAL GOVERNMENT ASSISTANCE - State Assessor - p. 63

Personal Services	198.0
Travel	8.8
Contractual	35.3
Commodities	3.0
Equipment	-0-
Lands/Buildings	1.2
TOTAL	246.3

LOCAL GOVERNMENT ASSISTANCE - Local Boundary Commission -
Administration - p. 65

Personal Services	61.3
Travel	14.9
Contractual	9.5
Commodities	.3
Equipment	-0-
TOTAL	86.0

LOCAL GOVERNMENT ASSISTANCE - Local Boundary Commission -
Grants - p. 67

Grants, Claims	25.0
TOTAL	25.0

LOCAL GOVERNMENT ASSISTANCE - Revenue Sharing Admin. - p. 69

Personal Services	63.1
Travel	2.3
Contractual	6.3
Commodities	.4
Equipment	-0-
Lands/Buildings	.4
TOTAL	72.5

LOCAL GOVERNMENT ASSISTANCE - Coastal Energy Impact Program
p. 69

Personal Services	54.8
Travel	14.4
Contractual	12.4
Commodities	.6
Grants	294.7
TOTAL	376.9

LOCAL GOVERNMENT ASSISTANCE - Community Legal Assistance
p. 73

TOTAL FY 80 RECOMMENDATION	-0-
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COMMUNITY PLANNING SERVICES - Community Planning Assistance
p. 77

Personal Services	607.2
Travel	44.7
Contractual	3475.2
Commodities	10.6
Lands/Buildings	3.2
Grants	1538.6
TOTAL	5679.5

COMMUNITY PLANNING SERVICES - Municipal Lands Trust - p. 79

Personal Services	84.3
Travel	14.1
Contractual	80.8
Commodities	1.6
Equipment	-0-
TOTAL	180.8

COMMUNITY ASSISTANCE GRANTS - Municipal Revenue Sharing - p. 83

Grants	21,628.9
TOTAL	21,628.9

INTENT: It is the intent of the Legislature that 4211.7 of the appropriation be for hospital construction aid and that this amount be passed through municipalities to the entitled hospital. INTENT

COMMUNITY ASSISTANCE GRANTS - Agricultural Land Exemption p. 85

Grants, Claims	249.6
TOTAL	249.6

COMMUNITY ASSISTANCE GRANTS - National Forest Receipts - p. 87

Grants, Claims	910.1
TOTAL	910.1

ADMINISTRATION (C & RA) - Office of the Commissioner - p. 93

Personal Services	152.0
Travel	10.0
Contractual	16.3
Commodities	1.7
Equipment	-0-
Lands/Buildings	1.4
TOTAL	181.4

ADMINISTRATION (C & RA) - Administrative Services - p. 95

Personal Services	334.1
Travel	1.6
Contractual	30.3
Commodities	3.9
Equipment	-0-
Lands/Buildings	8.8
TOTAL	372.7

COMMUNITY & RURAL DEVELOPMENT - p. 99

Grants	841.9
TOTAL	841.9

COMMUNITY & RURAL DEVELOPMENT - Administration - p. 101

Personal Services	404.9
Travel	72.9
Contractual	74.9
Commodities	4.9
Lands/Buildings	.9
TOTAL	558.5

DEBT SERVICE - Remote Housing - p. 105

Miscellaneous	227.6
TOTAL	227.6

DEBT SERVICE - Port Facilities - p. 107

Miscellaneous	2296.4
TOTAL	2296.4

DEBT SERVICE - Waters & Harbors - p. 109

Miscellaneous	1054.0
TOTAL	1054.0

DEBT SERVICE - Natural Disaster - p. 111

Miscellaneous	384.5
TOTAL	384.5

TOTAL DEBT SERVICE	3962.5
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Thus ended the category of Development with recommendations submitted by subcommittee chairman Sumner.

Chairman Sackett announced a bill session for the following day and Natural Resources budget close out for Tuesday on the following week. The meeting adjourned at 10:00 a.m. ADJOURN

SENATE FINANCE COMMITTEE
March 23, 1979
8:40 a.m.

In the absence of Chairman Sackett, Vice-Chairman Hohman convened the meeting at approximately 8:40 a.m. All committee members were present with the exception of the Chairman and Senators Sumner and Ray who arrived shortly after the meeting commenced. Also in attendance were Senators Stimson and Kerttula; Charles Meacham, Director, Internal Fisheries and External Affairs, Office of the Governor; Peter Bushre, Deputy Commissioner of Revenue; Janet Bradley from the Human Rights Commission; Judith Holden; Warren Endicott, Director of Administrative Services for Legislative Affairs; Dick Pegues and Rich Burnham from the Department of Law; Fiscal Analysts Alison Farnan and John Lucas; and Garrey Peska, Administrative Assistant to the Finance Committee.

PRESENT

Vice-Chairman Hohman moved that SCR 25 (Directing the legislature to carry out a study of minority relations) be brought up for discussion, advising that Senator Stimson was present to testify concerning the Resolution.

SCR 25

SENATOR
STIMSON

Senator Stimson advised that the Resolution represents an idea evolving from experiences of the last few months while attempting to obtain information concerning minority relations. Due to the apparent overlap of responsibilities among agencies dealing with minorities, it appeared prudent to ask that an interim committee study the various committees, commissions, and boards dealing with problems concerning racial standards and minority relations. Senator Stimson read for committee members a listing of committees, boards, and commissions dealing with affirmative action problems.

(Senator Ray entered the meeting at this time, 8:45 a.m.)

Senator Stimson stated that some agencies are not sure where their areas of responsibility lie, and as a result, constituents are shuffled from agency to agency and never receive positive results. He added that it is the intent of the Resolution that the interim committee not become an investigative group but one which defines areas of responsibility, and provides understanding as to where an individual should go for assistance.

Senator Stimson referred to a letter from Alaska Legal Services outlining difficulty it has experienced due to overlapping agencies. He attested to problems surrounding the Alaska Plan Policy Board and mentioned research conducted concerning the Alaska Plan, advising that the Alaska Plan concept has served its purpose and is at the end of its cycle. Yet, concern remains as to what entity will assume its function. Will federal agencies take adequate care of this area of responsibility?

(Senator Sumner entered the meeting at this time, 8:55 a.m.)

Senator Hohman made reference to fiscal information attached to the Resolution, indicating a cost of approximately \$34,295.

Senator Ray moved that SCR 25 pass from committee with individual recommendations. No objection having been noted, SCR 25 passed from committee--Senators Hohman, Sumner, Bennett, and Ray signing do pass, Senators Dankworth and Hackney signing no recommendation.

MOTION
SCR 25

IND.REC.
DO PASS

Vice-Chairman Hohman moved that HB 44 (An Act making supplemental appropriations to the Legislative Affairs Agency) be brought up for consideration, advising that Mr. Warren Endicott was present to testify before the committee.

HB 44

Mr. Endicott indicated that Section 1 of the bill relates to federal receipt funding for research to be conducted by Legislative Affairs through contract with the University of Alaska.

MR. ENDICOTT

Section 2 relates to increased interagency receipts in the print shop, providing funding for an additional full time person.

Senator Ray raised questions concerning Section 1 and the \$25 thousand research project. Mr. Endicott responded that work under the contract is to be performed before July 1, 1979, although the contract may be extended through written agreement between the parties. The contract was entered into December 8, 1978, and grant funding will come from the National Science Foundation. Senator Sumner advised that according to his understanding, Section 1 merely provides for "pass through" of funding which came to Legislative Affairs as a grant. Mr. Endicott affirmed Senator Sumner's understanding.

Senator Sumner then moved that HB 44 pass from committee with individual recommendations. No objection having been noted, HB 44 passed from committee--Senators Hohman, Sumner, and Bennett signing do pass, Senators Dankworth, Hackney, and Ray signing no recommendation.

MOTION
HB 44

IND. REC.

Vice-Chairman Hohman moved that HB 89 (An Act making a supplemental appropriation to the Office of the Governor, Tokyo Office) be brought up for discussion, advising that Mr. Charles Meacham was present to testify concerning the bill.

HB 89

Mr. Meacham advised that \$261 thousand was put into the FY 79 budget for operation of the Tokyo Office. Due to current financial conditions (fluctuation of the dollar--current market value 179 yen to the dollar) additional funding is needed.

MR. MEACHAM

Responding to questions raised by Senator Bennett, Mr. Meacham advised that funding for the Tokyo Office is kept in Alaska until needed, then once a month funding is transferred to Tokyo to take care of expenses. In the past the Tokyo Office has submitted billings for approximately \$900 per month. Now, these monthly billings total \$1200 per month. Mr. Meacham advised that monthly expenses depend upon fluctuation of the yen. As long as the dollar is of floating value, it is difficult to predict what will be needed. He further advised that he did not anticipate the dollar weakening much over the year, but qualified his statement by advising that such feeling was merely a guess on his part.

Senator Sumner moved that HB 89 pass from committee with a do pass recommendation. No objection having been voiced, HB 89 passed from committee--all members present signing do pass.

MOTION
HB 89

DO PASS

Vice-Chairman Hohman next moved that Committee Substitute for House Bill No. 143 (Act making supplemental appropriations to the Department of Health and Social Services, division of public assistance) be brought up for consideration.

CSHB 143

Fiscal Analyst John Lucas appeared before the committee to testify on the Committee Substitute, advising that the funding sources attached to the bill (general fund, federal revenue sharing funds, and federal funds) create a misleading situation. He further advised that he believed

JOHN LUCAS

it to be the intent of the Department to mislead the Legislature in some small manner. Prudent management would require expenditure of revenue funds first and the general funds after. Social Services has done just the opposite. Mr. Lucas suggested legislative intent requiring that federal revenue funds be spent first, thus draining down revenue funds rather than building them up. He advised that the annual report shows \$12 million in revenue funds. Technically, these funds should have been transferred, resulting in a substantially smaller balance.

Senator Kerttula advised that he wished to testify concerning the bill because "I am being eaten up by health care providers in my district." He advised that some of the doctors in his area are years overdue as far as payment from social services is concerned. Senator Kerttula asked if the subject bill would pay these arrearages. Mr. Lucas responded "yes," the bill is supposed to clean up all prior year bills. He further advised that there are currently two bills before the legislature to provide such funding--one sponsored by the Rules Committee, the other by the Governor.

Senator Hackney advised of correspondence from a group in Fairbanks to the effect that members of the group must accept 69¢ on the dollar due to late payment by social services and inflation.

Vice-Chairman Hohman referred to Committee Substitute for House Bill 107 (Act making a supplemental appropriation for the payment of miscellaneous claims), the bill sponsored by the Governor, advising that the Administration had requested the bill be taken off the calendar because of an error in drafting. The Vice-Chairman inquired of Mr. Lucas concerning what portion of the funding under the above bill would be appropriated to Social Services. Mr. Lucas responded "approximately \$73 thousand." The Department has two years to spend federal revenue funding and six months to appropriate such funds. The Vice-Chairman asked if federal revenue funds were "turned back" by the Department, and Mr. Lucas replied that they were not turned back or transferred out of Social Services. He further advised that the funds can be used for anything which meets federal requirements, advising that they have basically become a source of funding for operating accounts.

REFERENCE
CSHB 107

Mr. Lucas advised that the pitfall attendant current Department function is that there is no incentive to collect funding or pay off bills. Senator Ray attested to the fact that the Department establishes federal programs, pays for them with general funds, and then when federal funding is or is not received, funding continues through general funds while excess funding is deposited in the federal account.

Mr. Lucas stated that the current process under which the Department functions represents one of the alternatives presented by the internal audit. Senator Sumner inquired concerning who had read the audit report and suggested that Social Services operate in the above manner, and Mr. Lucas responded that it would have been someone in the Commissioner's Office since the process appears to have started in Mental Health. Senator Ray voiced suspicion of conspiracy between the Directors of Mental Health and Internal Audit.

Mr. Lucas recommended passing CSHB 143 with a letter of legislative intent and appropriate new fiscal notes. He was directed by the Vice-Chairman to draft such intent. Mr. Lucas concluded his remarks by advising that the idea he is trying to get across to the Department is that it must appropriate federal revenue funds first and general funds thereafter. Senator Ray advised that he would follow up committee action with an appropriate Resolution.

LETTER OF
INTENT

Senator Sumner moved that CSHB 143 with the proposed letter of intent, pass from committee with a do pass recommendation. No objection having been noted, CSHB 143 with the letter of intent passed from committee--all members present signing do pass.

MOTION
CSHB 143
DO PASS

Vice-Chairman Hohman moved that HB 157 (Act making a supplemental appropriation to the Department of Revenue, treasury management) be brought up for consideration, advising that Mr. Bushre was present to testify concerning the bill.

HB 157

Mr. Bushre advised that the bill covers operation of the permanent fund for 1979. Funding is for contractual services. Revenue needs to be in a position to respond to requests by committees on the permanent fund or to particular issues which may arise in the course of permanent fund operation. Senator Ray inquired concerning

MR. BUSHRE

what has been accomplished to date, and Mr. Bushre replied that approximately \$17 thousand in the bill is allocated to safekeeping expenses for fund documents with Bank of America, while \$18 thousand represents funding for the annual audit to be accomplished by Haskins & Sells by the end of the fiscal year. Senator Ray inquired concerning why the above services had been committed to without appropriate funding, and Mr. Bushre responded that the Department did not know at the time arrangements were made that administrative funding provided through permanent fund legislation would not be forthcoming.

Senator Sumner asked if there wasn't a bank within Alaska capable of providing safekeeping services, and Mr. Bushre responded that only 3 banks in the state have trust departments, all of which function through correspondent banks. He advised that Revenue does use Bank of the North as a correspondent for other funds. Senator Kerttula advised that he had served on a board dealing with trust banking within the state, attesting to the fact that aside from Bank of the North, other Alaskan bank trust departments are lazy in the handling of state trust funds.

TRUST
SAFEKEEPING

Vic-Chairman Hohman asked if the FY 80 budget includes funding for permanent fund operational expenses, and Mr. Bushre replied "no it does not." Mr. Bushre further attested to the fact that income from the permanent fund goes into the general fund until otherwise provided for by law. There is no provision for alternate placement.

Senator Ray questioned the need for an outside audit. Mr. Bushre responded that the audit covers more than just disposition of income; it covers review of the assets being held, review of management practices, and provides management recommendations. The contract for performance of the audit was awarded on the basis of competitive bid. Mr. Bushre advised that Revenue feels that use of an outside firm to perform the audit lends credibility to and advances public acceptance of report findings. Garrey Peska advised committee members that there is no question but what legislative audit could "do the job."

OUTSIDE
AUDIT

Senator Sumner inquired concerning whether Revenue had already committed the funding, and Mr. Bushre advised that the state had already committed on the safekeeping funds. He further stated that the only problem surrounding having legislative audit perform the work is that the general public views the audit section as part of the state. For the public image, it would be better to employ an outside firm.

Vice-Chairman Hohman stated that it appeared the time had not yet come to pass the subject bill. Mr. Bushre urged passage of the bill, stressing the need for an independent audit and advising that Revenue is already committed to the safekeeping funding.

Senator Ray questioned Mr. Bushre concerning the amount of Revenue's Treasury Department budget, and Mr. Bushre responded that he believed it to be approximately \$1.3 million. Senator Ray next asked how much Revenue expected to lapse, and Mr. Bushre replied that he did not know. Senator Ray directed that Revenue determine the amount to be lapsed and then ask the Governor for an RP to provide funding for the audit.

Senator Sumner moved to amend CSHB 157, changing the sum listed on page 1, line 10 from \$54 thousand to \$17 thousand--thus providing Revenue the requested safekeeping funds but not audit funding. CSHB 157 as amended then passed from Senate Finance with a do pass recommendation--all members present signing do pass.

AMENDMENT
TO CSHB 157

MOTION CSHB
157 AS AMENDED

DO PASS

CSHB 91 am

Vice-Chairman Hohman moved that CSHB 91 am (Act making a supplemental appropriation to the Dept. of Law) be brought up for consideration, advising that Mr. Pegues and Mr. Burnham were present to testify concerning the legislation. Mr. Pegues advised that the bill requests a total of \$104,100 which is broken down into four areas:

MR. PEGUES

Election costs -

Travel expenses of the precinct registrar.

Court and attorney fees in Angaiak v. Beirne

Right-of-Way settlement - Juneau Airport

Right-of-Way settlement - Knik River Road

Mr. Burnham advised that the Dept. of Law had absorbed some of the expenses attendant the primary election, but it is unable to absorb the requested \$61,000.

MR. BURNHAM

Concerning the food stamp proceedings (Angaiak v. Beirne), Mr. Burnham advised that the Dept. of Law sat down with the plaintiff and agreed on a settlement calling for modification of state handling of the food stamp program. The \$24,000 settlement is to be paid through Alaska Legal Services. He further advised that according to state law, Legal Service attorneys, although salaried, are still entitled to collect costs and attorney fees.

The Right-of-Way settlements (Juneau \$14,100--Knik River \$5,000) represent good bargains on behalf of the state. Vice-Chairman advised that file backup indicates the state took possession of 9 acres of land during the above-mentioned road construction and asked if the above payments are agreeable to the landholders. Mr. Burnham responded "yes."

At this time Vice-Chairman Hohman directed committee attention to the Free Conference CS for House Bill 94 (Act making supplemental appropriations to the Departments of Education, Labor and Health and Social Services, to the University of Alaska, and to Legislative Agencies), advising that in regard to the insurance receipts mentioned on page 3 (\$120,000 in general funds appropriated to Dept. of Education for school construction at Allakaket--to be reimbursed by insurance proceeds), the Dept. of Law has notified the committee that insurance proceeds available to lapse into the general fund as reimbursement for the above construction total \$600 thousand rather than the anticipated \$100 thousand. The Vice-Chairman suggested an amendment be effected on page 3, line 2. Following the word "proceeds" insert "up to the amount appropriated under this section." The amendment would allow that only the amount appropriated in FCCS HB 94 lapse back into the general fund, permitting the school district to use the remainder. Vice-Chairman Hohman recommended that the amending language be added to CSHB 91 am.

FCCS for
HB 94

AMENDMENT
TO CSHB 91am

Concerning CSHB 91 am, Senator Sumner inquired concerning what would happen if none of the funds requested by the bill were forthcoming, and Mr. Burnham answered that the Dept. of Law would have to reduce its level of service. Senator Sumner next asked if all cases are accompanied by some form of cost tracking, and Mr. Burnham replied that the larger ones are (those involving over \$10 thousand).

Senator Sumner then raised questions concerning costs associated with the George Atkinson and Rodger Y. Ford cases, advising that he would recommend holding the bill in committee until such information is furnished. Senator Hackney added the Wells case and an extradition proceeding to the two previously mentioned cases. Senator Sumner citing the Atkinson case, advised that he believed the Dept. of Law proceeded beyond reasonable limits in pursuing the case. He added that Ford (mentioned above) had a \$90 thousand commitment to bond holders under the state law he violated, and the Dept. of Law pursued him for 5 or 6 years. He