

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2743

Development:

Dept. of Revenue: Alaska Municipal Bond Bank Reserve 2500.0
Dept. of Com & Ec Dev (AHFC) mortgage insurance fund 2500.0
Dept. of Com & Ec Dev - matching EDA 304 funds 123.5
Dept. of Com & Ec Dev - Alaska Power Authority Loans and
Grants 3000.0
DOT/PF - Nome Harbor Facilities 500.0
DOT/PF - Hole-In-Wall Breakwater 170.0
DOT/OF - Ketchikan Harbor Facilities 45.0
DOT/PF - Wrangel Harbor Facilities 400.0
DOT/PF - Petersburg Harbor Facilities 65.0
DOT/PF - Seward Harbor Facilities 400.0
DOT/PF - Elfin Cove Harbor Facilities 130.0
DOT/PF - Old Harbor Float Facilities 250.0
Dot/PF -Hyder Launching Ramp 60.0
DOT/PF - Contingencies & Emergencies Repairs 80.0
DOT/PF - Administration-Planning-General Engineering 300.0

Transportation:

Dredging, Haines Terminal 50.0
Power Pack Repairs 45.0
Navigational Lights Conversion 80.0
Piping Replacement 100.0
Vessel spare Parts 100.0
Anchorage Int'l Terminal (Suppl) 10,100.0
Anchorage Security Plan Development 650.0
Fairbanks Taxiway Extension 385.0
Anchorage Equipment 215.0
Fairbanks Runway IL Safety Area 235.0
Anchorage Skid Resistant Seal, E/W Runway 350.0
Major Repairs to Weigh Stations 25.0

General Government:

Dept. of Adm. - Division of Retirement & Benefits 450.0
Dept. of Adm. - Employee Housing 250.0
Dept. of Adm. - Division of Data Processing 40.0
DOT/PF - Heating & air conditioning maint. & repair 150.0
DOT/PF - Building & Equipment services 350.0
DOT/PF - Subport Building Fire Code Modifications 84.5
DOT/PF - State equipment fleet 118.2
DOT/PF - Computer terminals 30.6

That ended the presentation of the Governor's Capital Budget.
There being no further business, the meeting adjourned at 3:17 p.m. ADJOURN

SF 79-44-1 (531-end)
SF 79-44-2 (1-end)
SF 79-45-1 (1-end)
SF 79-45-2 (1-548)

SENATE FINANCE COMMITTEE

April 7, 1979

10:10 a.m.

Chairman Sackett called the meeting to order at 10:10 a.m. Senators Sumner, Hackney, Hohman, Dankworth, Ray, Sackett and Bennett were present. Also present were: Senators Stimson and Kerttula; fiscal analysts Alison Farnan, Dave Scott and John Lucas; and Garrey Peska, AA to Senator Sackett.

PRESENT

Chairman Sackett announced that the purpose of the meeting was to go over each budget category that had opened BRU's and get each category closed.

PURPOSE OF
MEETING

In the EDUCATION budget, the first BRU addressed was Public Broadcasting Commission - p. 89. Because of Budget Amendment #42, the committee accepted the following recommendations:

EDUCATION
BUDGET

Personal Services	146.1
Travel	26.2
Contractual	87.3
Commodities	17.0
Equipment	16.0
Grants/Claims	<u>2459.7</u>

TOTAL	2752.3
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FINANCIAL SUPPORT PROGRAMS - Local Formula REAA - p. 27

It was the recommendation of the committee to accept the figure of 8790.2 which would all be general funds.

FOUNDATION PROGRAM COMPONENTS - Student Adm Support - p. 57

It was the consensus of the committee to accept the figure of 168,031.1.

At this point the Education budget was closed.

The GENERAL GOVERNMENT budget was brought up for closing. LABOR SERVICES - Labor Relations Agency - p. 105

Fiscal analyst Alison Farnan said she had talked with Mr. Steve Haflin regarding this BRU. Mr. Haflin felt that a permanent full time person would not be satisfactory as the position does not require a full time person (about 5 days per month is the usual). The committee accepted the Governor's figure of 80.0. However, Senator Ray asked that the record show that he voted against it.

LEGAL SERVICES - p. 125

Revised total for this BRU is 3596.1 because of a 1000.0 reduction in personal services. The committee adopted the following intent: 1000.0 general fund, worth of Personal Services has been removed from the Legal Services budget as approved by the legislature and will be appropriated by the second session of the Eleventh Legislature, contingent upon Legal Services providing the legislature with a report reflecting all Legal Services costs involved with each individual case handled by Legal Services. INTENT

Senator Ray said he would like to make a recommendation for the Public Defenders Office. He felt that the Public Defender should be able to handle more than one client in a given case rather than farming some of the clients out to other attorneys. Senator Sackett said there had been a memo put out to all the committee members regarding a change in the law. However, Legal Research has not completed it yet.

RISK MANAGEMENT - Operations - p. 69

This BRU had been left open because the committee could not decide what positions to accept. John Haywood, Risk Management Director appeared before the committee to give testimony on the BRU. Mr. Haywood indicated that with the additional staff, no outside help would have to be brought in. He explained to the committee how funds could be saved in the various areas with the new staff.

Following are the figures accepted by the committee:

Personal Services	236.8
Travel	15.1
Contractual	33.4
Commodities	1.2
Equipment	-0-
TOTAL	286.5

The four positions requested were allowed and the committee asked that the following intent be included with the BRU: INTENT
The appropriation for Risk Management Operations and Risk Management Premiums are contingent upon the following: The Department of Administration shall present to the Second Session of the Eleventh Legislature a report detailing the savings to the State resulting from the In-House capabilities of four new positions established in the Risk Management Program.

FACILITIES PLANNING & RESEARCH

Office of the Deputy Commissioner - p. 161

This BRU had been left open due to the disagreement over the travel amount. Fiscal analyst Farnan said she had

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checked the balance of the travel funds at the end of February; there was 4.0 left, but by today's date it had already been drawn on, leaving a lesser balance. Senator Sackett said to put back the 15.9 in Travel. The committee agreed making a new total figure of 127.2.

PUBLIC FACILITIES - Maint. & Operations, Central - p. 167

Due to Budget Amendment #17, the total figure for this BRU has been reduced to 2187.4.

STATE EQUIPMENT FLEET - Central District - p. 187

This BRU had been held open due to the OPEC question. The committee agreed to the following figures:

Personal Services	1839.7
Travel	10.1
Contractual	447.3
Commodities	1580.0
Equipment	20.0
Lands/Bldgs	<u>27.3</u>
TOTAL	3924.4

DATA PROCESSING - Computing & Telecommunications - p. 99

Personal Services	1065.5
Travel	10.0
Contractual	2862.9
Commodities	163.0
Equipment	10.1
Lands/Bldgs.	<u>201.9</u>
TOTAL	4313.4

BUDGET & AUDIT COMMITTEE - Legislative Audit - p. 203

The committee accepted the Governor's figure of 1911.2 and added 18.0 for the permanent fund audit and subtracted 5.4 for travel, making a new total of 1923.8

Legislative Finance - p. 205

Personal Services	685.1
Travel	18.9
Contractual	137.6
Commodities	9.9
Equipment	2.8
Miscellaneous	<u>20.0</u>
TOTAL	874.3

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Committee Expenses - p. 207

Personal Services	74.3
Travel	18.2
Contractual	94.9
Commodities	2.2
Equipment	.4
Miscellaneous	<u>10.0</u>
TOTAL	200.0

LEGISLATIVE COUNCIL - Salaries & Allowances - p. 209-227

Salaries & Allowances	1216.0
Leadership	449.9
Executive Administration	142.5
Administrative Services	2415.1
Research Services	671.4
Legal Services	850.1
Session Expenses	2139.0
Council & Subcommittees	820.5
Office Space Rental	325.0
Equipment Account	<u>146.0</u>
TOTAL	9390.3

This closed the General Government category.

SOCIAL SERVICES budget

SOCIAL SERVICES ADMINISTRATION - Central Office p. 83

Senator Hohman requested that the following figures be accepted for this BRU:

Personal Services	603.0
Travel	147.8
Contractual	377.8
Commodities	<u>13.8</u>
TOTAL	142.4

The Personal Services figure would reflect a deletion of two positions: PCN 3001 and PCN 3009. Without objection it was so ordered.

At 11:45 a.m. the committee recessed until 1:00 p.m.

RECESS

At 1:15 p.m. the meeting reconvened with Senators Ray, Sackett, Hackney, Dankworth, Hohman, Sumner, and Bennett present. Also present were: Senator Stimson, fiscal analysts Alison Farnan, Milt Barker, Bob Grogan, Bob Schroeder, John Lucas and Dave Scott; Legislative Finance Director Jay Hogan; and Garrey Peska, AA to Senator Sackett.

RECONVENED

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Chairman Sackett proposed going through the Governor's capital projects. He said there were a couple of items that the committee would want to take out - the court building renovation in Anchorage, and the duplication of the Fairbanks International Airport (special appropriation already passed for that purpose).

Chairman Sackett's proposal for the Senate portion of the budget: would like to recommend taking the appropriations first; take Budget Act and change language on federal funds (those are not appropriated until the legislature appropriates them), and questions on whether or not components of legislation should be broken down into smaller components. Chairman Sackett's recommendation for this year is that the committee take all allocations and make those appropriations and then in each appropriation make personal services a separate appropriation with a letter of intent that this is going to be the format that the Senate Finance Committee will apply this year with the intent of applying specific line items to the next following year. He said there would probably be a lot of problems just with personal services, but the committee would be back in six months with appropriations. The committee was in agreement with these recommendations.

There was discussion as to whether or not the budget should be a senate bill or a house bill. The committee decided to use a senate bill number.

Chairman Sackett went over Budget Amendments that would affect the budget. Budget Amendments #12 and #48 both have to do with National Guard Armories. Together they increase program receipts 2770.3 and federal funds 3692.0. Senator Ray objected to both amendments. However, there were no other objections from the other members. BA #32 was for expansion at Anchorage International Airport with an increase in IARF of 5400.0. There was no objection to this BA. BA #45 is for four capital improvement projects with all funds being federal. There was no objection to this BA. Budget Amendment #2 is for Bottomfish, funded at 1500.0. Chairman Sackett said he would like to hold this amendment to do further research on it. There was no objection.

Mr. Jay Hogan, Director of Legislative Finance mentioned that 165.0 for dock maintenance and 46.9 for terminal repairs in Southcentral should be moved from the Transportation category to the capital budget category. There was no objection.

The committee then went through the Governor's capital budget. The entire budget was accepted with the exception of 489.5 in general funds for the Anchorage Court Building Remodeling (Phase I); 347.0 in federal funds and 38.0 IARF for the Fairbanks Taxiway Extension; and 210.0 in federal

funds and 25.0 IARF for the Fairbanks Runway IL Safety Area.

Senator Hackney brought up the University of Alaska and that the committee should put 2000.0 in their operating fund. There was discussion on this by the committee. Chairman Sackett said it was in a Free Conference bill at the present time and could be done there.

There being no further business, the meeting adjourned at 2:00 p.m.

ADJOURN

SF 79-45-2 (548-end)
SF 79-46-1 (1-end)
SF 79-46-2 (1-end)
SF 79-47-1 (1-583)

SENATE FINANCE COMMITTEE

April 9, 1979

9:05 a.m.

Chairman Sackett convened the meeting at approximately 9:05 a.m. All committee members were present. Also in attendance were Senator Stimson; Attorney General Gross and Assistant Attorney General Condon; Gerald Hiley from the Dept. of Education; Joe LaRocca; and Garrey Peska, Administrative Assistant to Senate Finance.

PRESENT

The Chairman advised that the Senate Budget was in the process of being printed and would be available for signature at approximately 9:30 a.m.

He moved that in the meantime CSHB 91 am (Act making a supplemental appropriation to the Department of Law) be brought up for discussion, advising that Mr. Gross and Mr. Condon were present to testify.

CSHB 91 am

Mr. Gross advised that the requested supplemental could be divided into three basic areas:

MR. GROSS

- (1) Fees owed on cases in which the state was involved.
- (2) Election suit costs
- (3) Right-of-way settlements.

Approximately \$60 thousand of the supplemental represents election costs. The Department of Law has attempted to absorb these costs but can no longer do so.

Mr. Gross stated that the Department has reached the point where if the supplemental is not soon forthcoming, it will have to begin laying people off.

Responding to questions concerning \$60 thousand in outside contractual, Mr. Gross advised that such funding relates to extra travel and costs on D-2.

Mr. Condon advised that the right-of-way settlements pertain to an access agreement reached with Vivian Erwin relating to Outer Drive and a settlement for property on the Knik River Road.

Senator Ray raised questions concerning attorney fees to be paid by the Department to Alaska Legal Service attorneys, and Mr. Condon responded that, in terms of the settlement reached, the Department felt it legitimately owed the fees.

Senator Sumner inquired concerning the manner in which funding appropriated to the Department is allocated. Is funding simply placed in a pool and allocated on a project basis? He further inquired concerning costs for cases handled by the Department, specifically those included on a listing of cases and costs furnished by the Department which Senator Sumner did not believe to be complete. He advised that he did not believe the figures supplied represent the total amounts spent on the cases. He further attested to instances where the Department of Law has unreasonably pursued a case even after having concluded that the other party was basically right. He stated that Department intention appears to be such that when it initiates a case it strives to win no matter what the cost. Mr. Gross responded that he believed Senator Sumner was referring to a case (and memorandum emanating from that case) handled by Ray Preston against A & G Contractors. Mr. Gross advised that the position stated in the memorandum does not represent the position of the Department.

Senator Sumner attested to the fact that in the Ford and Wells cases the Department appeared to have "persisted beyond reasonable means," advising that in the future he expected to see better tracking of costs on cases.

Senator Hackney concurred with Senator Sumner's statements, further attesting to threats made by the Department of Law in the course of the Wells case. Mr. Gross replied that the Wells case was very complicated and involved strong feelings on both sides. He concluded his statement concerning the case by advising that proper handling of a difficult lawsuit at times depends upon the tone and manner in which negotiations are undertaken.

Senator Ray inquired concerning whether or not attorneys within the Department could keep track of their time in a manner similar to that of the private bar. Mr. Gross advised that while federally funded attorneys do keep track of their time for matching fund purposes, it was his opinion that such timekeeping is not necessary. He advised of the method used for billing for time while he was in private practice, stating that in such practice detailed timekeeping is not practically used.

Chairman Sackett moved for acceptance of a Senate Committee Substitute for CS for House Bill 91 which would include the following funding:

\$15 thousand for the Fairbanks Breast Cancer Center.

\$26.1 thousand which would fund a Budget Amendment to pay six individuals previously fired from the Anchorage Annex.

\$24 thousand for a full-time police officer for McGrath. The town previously had funding but the officer quit in May. Revenue sharing requirements state that the city must have the officer on board by July 1 in order to receive its share of revenue funds. This was not the case last year (since the officer quit in May) and the city lost its revenue sharing funds as well as its alcoholic beverage revenue sharing funds.

The administration has come in with a supplemental for the RCA increase. The SCS would give 10% (\$8,600) to the office of the ombudsman for increased communication costs.

Senator Sumner moved that SCS for CS for HB 91 pass from committee with individual recommendations. No objection having been voiced, the SCS so passed--all Senators present signing no recommendation.

MOTION
SCS for CS
for HB 91

Chairman Sackett next moved that CS for Second Sponsor Substitute for House Bill 31 (Act creating the Delta Junction Bison Range Area) be brought up for discussion.

CS for 2nd
SS for
HB 31

Senator Ray requested an explanation of the \$200 thousand requested for establishment of the range. The Chairman advised that the funding Senator Ray was questioning was actually \$2 million relating to a different bill. Senator Ray persisted in his request for explanation, and again the Chairman assured him that the questioned funding related to another bill.

Senator Sumner advised that he would carry the bill on the Senate floor, stating that the range needs to be established in order for the bison to be properly fed.

Senator Sumner moved that CS for Second Sponsor Substitute for HB 31 pass from committee with individual recommendations. No objection having been voiced, the bill so passed--Senators Hackney and Sackett signing do pass, Senators Hohman, Ray, Bennett, and Sumner signing no recommendation, and Senator Dankworth signing do not pass.

MOTION
CS for
2nd SS
for HB 31

Chairman Sackett moved that HB 119am (Act making a special appropriation to the Department of Fish and Game for the implementation of a game management plan for bison in Delta Junction) be brought up for discussion.

HB 119am

Senator Sumner advised that the bill would accompany the previously passed legislation and provide \$20 thousand as funding for development of the management plan. He moved that HB 119 am pass from committee with individual recommendations. No objection having been voiced, HB 119 am so passed--Senators Sackett and Hackney signing do pass, Senators Hohman, Ray, Bennett, and Sumner signing no recommendation, and Senator Dankworth signing do not pass.

MOTION
HB 119am

Chairman Sackett next moved that SB 53 (Act making a special appropriation to the Office of the Governor for the state's efforts concerning federal withdrawal of Alaska land) be brought up for discussion, advising that the original bill would be replaced with a Committee Substitute containing the Senate Budget and a new title (CS for Senate Bill No. 53 (Finance) An Act appropriating for the operating and capital expenses of the state government).

SB 53

MOTION
CS for
SB 53
SENATE
BUDGET

The committee reviewed the printed version of the Senate Budget. Chairman Sackett advised that the budget does not include the Governor's Budget Amendments, stating that Legislative Finance was currently in the process of running totals on the amendments.

Senator Hohman moved that CS for SB 53 pass from committee with a do pass recommendation. Senator Sumner amended the motion to request a unanimous do pass recommendation. No objection having been voiced, CS for SB 53 passed from committee with a unanimous do pass recommendation (Senator Ray had left the room shortly before arrival of the budget and did not sign the committee report).

The meeting adjourned at approximately 9:40 a.m.

ADJOURN

SF-79 #47 Side 1 (589-end)
#47 Side 2 (start-461)

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SENATE FINANCE COMMITTEE

April 11, 1979

9:10 a.m.

Chairman Sackett called the meeting to order at 9:10 a.m. Senators Hackney, Dankworth, Ray, Sackett, Hohman and Bennett were present. Also present were: Senators Stimson, Ferguson and Colletta; from the Dept. of Education Joe Miguel, Kim Ratz and Gerry Hiley; Administrative Assistants Garrey Peska and Jean Kiser; and members of the press.

PRESENT

SR 7 (ownership of earth stations) was brought up for discussion. Chairman Sackett requested Senator Ferguson to testify on the bill. Senator Ferguson explained the bill and what it is intended to accomplish. There were questions by the committee regarding the Resolve clause. Chairman Sackett suggested that Senator Ferguson talk to one of the attorneys to get some clean-up language for that area of the bill. Senator Ferguson returned later in the meeting with the following amendment: Page 2, Line 25 "After 'Governor' insert 'to negotiate with the long line carrier the exchange of small earth stations for television service and if an accepted agreement is reached'". The amendment met with the committee's approval.

SR 7

Chairman Sackett asked if there was any objection to moving SR 7 from committee with individual recommendations with the above-mentioned amendment. There were no objections. SR 7 amended passed from committee as follows: Senator Sackett voted do pass. Senators Hackney, Bennett and Dankworth voted no recommendation.

MOTION

SB 170 (creating the Alaska General Stock Ownership Corporation) was brought before the committee with Senator Colletta beginning the testimony. Senator Colletta said SSSB 170 which was before the committee would not be the final bill which would pass; it simply would be used as a vehicle. The House, he said, had been holding hearings on the bill in their committees; the measure had generated sufficient interest that passage of the measure to the House would allow both bodies to address the issue simultaneously. He said he did not expect or request the committee to pass any appropriation for the bill.

SB 170

Senator Hackney suggested that the committee conduct hearings on the bill, both those who are in favor of the measure and those who are against it. He said he was not in favor of merely taking the views of the House and "rubber stamping" it.

Senator Hohman asked if Senator Colletta envisioned an interim joint committee to work on the bill. Senator Colletta responded that he wasn't aware of how far the House had progressed on the bill and that they still had not addressed a couple of problems with it.

INTERIM
JOINT
COMMITTEE?

Representative Duncan stated that the House State Affairs Committee had held hearings on SB 170 during the past month and at the present time were in the process of re-writing a major portion of the bill. His personal opinion, he said, was that the bill would probably not see final action in the House this session. "It's a major concept and a new concept" he said, "and needs a lot of study."

Chairman Sackett asked for the desire of the committee. Senator Hohman asked if it was essential that the bill pass from the committee today, or could they hold it for another day? Senator Colletta said there was no immediate rush. SB 170 was returned to the open bill file.

COMMITTEE
DESIRE

HB 438 am (relating to submission of a financial and Alaksa impact plan by the Alaska Gas Pipeline Financing Authority) and CSHCR 20 am (relating to the financial and Alaska impact plan submitted by the Alaska Gas Pipeline Financing Authority) were brought up for discussion. Chairman Sackett advised the committee that the bill and resolution were necessary requirements to legislation passed last year which created the Alaska Bonding Authority, and that they should be addressed together. "They do nothing more than continue the Bonding Authority" he said.

HB 438 am
CSHCR 20
amended

Senator Hohman moved and asked unanimous consent that CSHCR 20 am be passed from committee with individual recommendations. There was no objection. Senators Sackett and Hohman voted do pass. Senators Dankworth, Ray, Hackney and Bennett voted no recommendation.

MOTION

Senator Hohman moved and asked unanimous consent that HB 438 am be reported out of committee with individual recommendations. Senator Ray objected. Senator Sackett explained the time change - one year. Senator Ray removed his objection. Chairman Sackett indicated the bill would be passed from committee with individual recommendations without objection. Senators Sackett and Hohman voted do pass. Senators Ray, Hackney, Bennett and Dankworth voted no recommendation.

MOTION

At this time the committee took up CSHB 394 (state aid for community schools) with Representative Duncan offering testimony. Rep. Duncan said the concept of the bill was to extend the Community School Program with an increase in funds of 1/2% each year for the next four years. In

CSHB 394

response to a question concerning the number of districts that participated in the program, Gerry Hiley from the Department of Education said there were 36 districts out of 72 that participated. Senator Hohman questioned as to whether or not the Community Schools Program supported Parks and Rec. Rep. Duncan said he didn't believe so.

Chairman Sackett made a motion to pass CSHB 394 from committee with individual recommendations. There was no objection. CSHB 394 passed as follows: Senators Sackett, Hohman, Ray and Hackney voted do pass. Senators Bennett and Dankworth voted no recommendation.

MOTION

CSHB 147 (relating to registration fees for special request, personalized license plates) was brought up for discussion. Senator Ferguson explained a proposed SCS which would allow an exemption for communities whose roads do not connect to the State highway system.

CSHB 147

Chairman Sackett asked Senator Dankworth to do some research on the bill and the committee would work with it in their next meeting.

The meeting adjourned at 10:00 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

April 12, 1979

9:00 a.m.

The Chairman convened the meeting at approximately 9:00 a.m. All committee members were present with the exception of Senator Sumner who arrived shortly after the meeting commenced. Also in attendance were Senator Stimson; Representative Anderson; Senator Ferguson; Mr. Hilton Wolfe from the Dept. of Natural Resources; Al Anderson, Lobbyist for Alaska Wood Products; Marc Jensen, Lobbyist for Alaska Lumber & Pulp Co. and Kodiak Lumber Mills; Ruth Harris, Lobbyist for the Alaska State Chamber of Commerce; and Garrey Peska, Administrative Assistant to Senate Finance.

PRESENT

The Chairman moved that HB 195am (An act providing for an advisory committee on judicial sentencing practices) be brought up for discussion, advising that Mr. Anderson was present to testify concerning the bill.

HB 195am

Mr. Anderson advised that the bill resulted from a study emanating from the Judicial Council in 1978, which began as a study on plea bargaining and determined that there was discrimination in sentencing within the state. The study contemplated by HB 195am would take the data accumulated by the Judicial Council, expand it, and investigate conclusions reached by the study in order to make recommendations to the legislature concerning proper action to be taken. Basically the bill proposes a study to determine whether facts indicated in the first study are valid.

Rep.
Anderson

Mr. Anderson attested to problems surrounding the bill as introduced in the House. Three bills were originally introduced and it appeared Criminal Justice Planning had available funding. Although it appears that approximately \$55 thousand might be available, there is no guarantee that such funding will be available when needed. Designation of the funding for such a study would require approval of the board meeting in June. It is further understood that a request for this funding will compete with other requests and emergency need.

(Senator Sumner entered the meeting at this time 9:10 a.m.)

Mr. Anderson attested to the fact that he had tried to get other state funding for the study but to date had not succeeded.

Senator Ray moved to amend language in the bill in order to correctly identify the study as one dealing with minority sentencing practices, suggesting that in place of "advisory committee on judicial sentencing practices" the word "minority" be inserted between on and judicial, the new language to read "advisory committee on minority judicial sentencing practices."

AMENDMENT

Senator Ray then moved that HB 195am as further amended by Senate Finance pass from committee with individual recommendations. No objection having been voiced, the bill so passed--Senators Hohman, Ray, and Sackett signing do pass, Senators Hackney, Bennett, Dankworth, and Sumner signing no recommendation.

MOTION
HB 195am

The Chairman next moved that HB 177 (An Act relating to unemployment insurance) be brought up for discussion, advising that Senator Ferguson was present to testify.

HB 177

Senator Ferguson spoke to the Senate Committee Substitute for HB 177 as drafted by the Labor & Management Committee, advising that when preparing the CS Labor & Management took HB 177am (without change) and added to it the Governor's bill HB 214 (An Act relating to unemployment insurance) including its provisions dealing with corporate officers and their protection in bankruptcy proceedings. The Labor & Management committee also changed the benefit schedule concerning dependents.

HB 214

He advised that SCS for HB 177 would provide adequate benefits to claimants while causing little problem to the business community, adding that the bill represents the best compromise which can be made between management and labor.

MOTION
SCS for
HB 177

Senator Ferguson stated that the Fiscal Note for HB 214 is about \$100 thousand more than the cost of the SCS. The note also indicates that in the years to come it will be less costly to the state.

(Senator Kerttula arrived at the meeting at this time 9:20 a.m.)

Senator Ferguson attested to the need for action on the bill prior to the end of session. He further attested to the number of individuals drawing unemployment insurance while residing outside the State of Alaska. Approximately \$42 million is currently paid to claimants outside the state (pipeline workers claiming benefits from the state).

Senator Sumner moved to pass SCS for HB 177 (Labor & Management) from committee with individual recommendations. No Objection having been voiced, it so passed--Senators Hohman, Hackney, Dankworth, and Sackett signing do pass, Senators Ray, Bennett, and Sumner signing no recommendation. MOTION SCS for HB 177

Chairman Sackett moved that CSHB 147 (An Act relating to registration fees for special request, personalized license plates) be brought up for discussion, advising that Senator Ferguson would again testify. CSHB 147

Senator Ferguson referred to a proposed Senate Finance CS for CS for HB 147, specifically page 1, section 11, advising of the need that consideration be given vehicle owners driving on roads which do not connect with state highways. Chairman Sackett attested to the problem existing in Galena where there are no state roads yet the department has mandated that residents have license plates.

Senator Dankworth attested to earlier work done on the bill, advising that the provision for a \$20 special license plate corrects existing errors in the motor vehicle code.

Senator Ray raised questions concerning section (11), advising that the language appeared very broad, and asking whether in instances where communities receive money for roads and such funding comes from the general fund, individuals would not be required to have license plates when using these roads. The Chairman responded that if such roads are not connected to a state highway, licenses would not be necessary. Senator Ray responded that it does not seem right that roads not connected to state highways but receiving state funding and maintenance should be exempt from license requirements, suggesting that perhaps the language should pertain to roads systems not receiving state funding.

The Chairman attested to that fact that in most villages the airport is 1/4 to 1 mile away. Local service funds are used to construct and maintain the roads, and in order to use the 1/4 to 1 mile of road an individual is required to purchase license plates.

The Chairman advised that he had reviewed instances in Alaska where such roads exist in order to determine where the exemption would apply. Senator Kerttula spoke to such situations, citing an example relating to use of an old gold mining road and subsequent citation by state troopers.

The Chairman compared the Committee Substitute language with that of existing statutes, allowing that the department could determine which roadways would qualify.

Senator Sumner moved that SCS for CS for HB 147 (Finance) pass from committee with individual recommendations. No objection having been raised it so passed--Senators Hohman, Hackney, Dankworth, Sumner, and Sackett signing do pass, Senators Bennett and Ray signing no recommendation.

MOTION
SCS for CS
for HB 147

Chairman Sackett moved that SB 250 (An Act continuing the existence of the Alcoholic Beverage Control Board) be brought up for discussion, advising that the bill would continue the Board for a period of four years (1979 to 1983).

SB 250

Senator Ray moved that the bill pass from committee with a do pass recommendation. The Chairman asked Senator Ray if he had reviewed the performance audit by budget and audit, and Senator Ray responded that he had, advising that he had been in discussion with personnel at budget and audit. He stated that some areas of discrepancy resulted from the fact that some people were unfamiliar with the issues involved.

MOTION
SB 250

No objection to Senator Ray's motion having been raised, SB 250 passed from committee--all senators present signing do pass.

The Chairman next moved that CSHB 19am (Act relating to agricultural and industrial fairs) be brought up for discussion, advising that the bill would provide for a basic \$10 thousand grant and allow for fairs in existence for at least five years (or longer) to receive incremental increases of \$2,500 per year up to the maximum stated in the bill.

MOTION
CSHB 19am

Senator Ray alluded to the fact that language in the bill appeared cumbersome and suggested deleting "beyond four years" on page 1, line 14, to allow or more straightforward presentation of intent.

AMENDMENT

Senator Hohman moved that CS for HB 19am as further amended by Senate Finance pass from committee with a do pass recommendation. No objection having been noted, the bill so passed--all committee members present signing do pass.

MOTION
CS for
HB 19am

The meeting adjourned at approximately 9:45 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

April 16, 1979

9:05 a.m.

In Chairman Sackett's absence, Vice Chairman Hohman called the meeting to order at 9:05 a.m. Senators Hohman, Ray, Dankworth, Hackney and Bennett were present. Also present were: Senators Stimson and Ziegler, Representatives Haugen and Chatterton, Phil R. Holdsworth, lobbyist for S.E. Conference, from the Department of Health & Social Services Frances Fluk, Douglas R. Goldbach and Edna Crawford, Garrey Peska, AA to Senator Sackett, and members of the press.

PRESENT

CSHB 32 (An Act making special appropriations to the power project revolving fund of the Alaska Power Authority) was brought before the committee. The committee had previously heard testimony on the bill; thus Senator Hohman asked for the desire of the committee. CSHB 32

Senator Hackney moved that CSHB 32 be moved from committee with individual recommendations. Senator Hohman called for a show of hands. There were two do pass and two no recommendations. The committee report shows that the bill was reported back without recommendation. However, Senators Hohman, Hackney, Bennett and Dankworth voted do pass while Senator Ray voted no recommendation.

MOTION

At this time Mr. William Hudson appeared before the committee for a confirmation hearing for the position of Commissioner of Administration.

CONFIRMATION
HEARING

Mr. Hudson said he came from Idaho where he had worked in the mines. He was a product of the Coast Guard, he said, and took his training in California. Mr. Hudson headed the CG effort for Viet Nam and the commission in West Africa for three years where he trained 300 young African Coast Guardsmen and worked with 4,500 civilian CG volunteers. Most of his CG work was in the Alaska area. Upon retiring in 1972 he settled in the Kenai Peninsula area. In late 1974 he was appointed as Commissioner of Marine Transportation. WILLIAM HUDSON

Senator Ray said he recognized the difficulties Mr. Hudson had as Commissioner of Marine Transportation and asked him if he felt he would take an active and aggressive role in his new job. Mr. Hudson replied that he felt he had learned leadership while in the Coast Guard and that he could put it to use in the new position.

Senator Dankworth questioned Mr. Hudson on his feelings regarding purchasing for the State from Alaskan businessmen. Mr. Hudson replied that he would be an advocate of in-state purchasing while in the Hammond administration. "I would like to let Alaskan businessmen compete for some of the Alaskan bucks" he said.

CSHB 66 (An Act providing an exemption for senior citizens from payment for land leased from the state) was brought before the committee for discussion. Representative Chatterton spoke in favor of the bill saying the intent was to try to bring parity to the lives of the senior citizens as far as the State treated them in regard to their property taxes. Although the fiscal note showed zero, Rep. Chatterton stated there would be an undetermined loss of revenue, but the bill would apply to only about 18 people in Alaska.

CSHB 66

There was a question from the committee regarding "the annual appropriation from the general fund to a trust fund" and just what that trust fund was. Also there was a question as to whether or not University land should be included in the bill.

Senator Hohman said he would like to hold CSHB 66 until the next bill session to have the staff determine whether or not University lands should be included. There was no objection.

CSHB 107 (supplemental appropriation for the payment of miscellaneous claims) was brought before the committee for discussion. Mr. Douglas Goldbach, finance officer for the Department of Health & Social Services testified stating the majority of the bills fall under general relief or Medicaid for handicapped children as well as bills that had not been sent from the vendor's office at the time service was performed.

CSHB 107

Senator Ray wondered whether any of the bills were a result of the Department using federal funds incorrectly. Mr. Goldbach answered that they were not.

Senator Bennett made a motion to include \$239.82 for checks that had been returned to his constituent with the notation that he would have to resubmit next year. Vice Chairman Hohman said the staff would take care of it.

Due to lack of proper backup for the administration part of the bill, Senator Hohman said the bill would be considered at the next bill session.

HB 308 (Act making appropriations to the Department of Health and Social Services, and an amending condition on an appropriation made to the Department of Education in ch. 6 SLA 1979) was brought before the committee for discussion. Mr. Goldbach explained that the appropriation was for salary increases which had never "hit" the State accounting system.

HB 308

4/16/79

Senator Hohman advised the committee that a Senate CS has been prepared for HB 308 which included two new sections, one for the Upper Tanana aging program and one for school construction at Allakaket.

SCSHB 308

Senator Hohman called for the committee's pleasure. Senator Hackney moved and asked unanimous consent that SCSHB 308 be passed from committee with individual recommendations. There being no objection, it was so ordered. SCSHB 308 passed as follows: Senators Hohman, Hackney and Bennett voted do pass. Senator Dankworth voted no recommendation.

MOTION

There being no further business, the meeting adjourned at 9:50 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

April 17, 1979

9:00 a.m.

In the absence of Chairman Sackett, Vice-Chairman Hohman PRESENT convened the meeting at approximately 9:00 a.m. All committee members were present with the exception of the Chairman who was absent and Senator Sumner who arrived shortly after the meeting commenced. Also in attendance were Senator Stimson; Representative Chatterton; Robert Van Houte, Lobbyist for NEA/Alaska, Inc.; Bud Saylors from the Dept. of Transportation; Fred Notti, Director of Calista Corp.; Clint Finstad and James R. Ringstad, partners in Finstad/Ringstad & Associates; Pope Welch, Associate Broker with Bowler Co. Realtors; Hilton Wolfe from the Dept. of Natural Resources; Fiscal Analyst Alison Farnan; Joe LaRocca from the press; and Garrey Peska, Administrative Assistant to Senate Finance.

Vice-Chairman Hohman advised that the first portion of the meeting would be devoted to testimony from two businessmen from Anchorage concerning DOT's use of CIP employees to perform work which has traditionally been contracted. DOT PROBLEM
RE: CIP
POSITIONS

(Senator Sumner entered the meeting at this time, 9:05 a.m.)

Mr. Clint Finstad and James Ringstad appeared before the committee advising that they own and operate engineering and architectural firms in Anchorage and Fairbanks. Mr. Finstad attested to problems relating to highway construction projects. Traditionally such projects have been put out to bid and subcontracted. Last year his firm entered into competitive bidding for projects in Valdez. This year it has been determined that in-house surveying will precede construction rather than contracting the surveying in the private sector. Mr. Finstad stated that he had been told the contemplated project presents a good opportunity for employees of his firm to go to work for the Department of Highways. He advised that the above situation is discouraging to a private employer. Private firms depend on getting some of this type of work, as do the subsequent contractors. Mr. FINSTAD
& MR.
RINGSTAD

Mr. Finstad further stated that when he attempted to find out how much such CIP work is costing the state, he couldn't because such positions are not budgeted for due to the fact that they are CIP. He had hoped to be able to conduct some cost studies, but was unable to do so because financial information was unavailable.

The Highway Department at Valdez has said it will hire six survey crews (approximately 20 new employees).

Senator Ray asked Mr. Finstad if he had spoken with the Deputy Commissioner of Highways, and Mr. Finstad stated he had spoken with Mr. Shumway, and Mr. Shumway indicated that he leaves such decisions up to regional engineers throughout the state. Mr. Finstad stated that it appears these engineers are making decisions based on the way they view situations within their own districts--"they are building empires," (bureaucracies within bureaucracies). He further advised that Mr. Shumway stated that the situation at Valdez would not become state policy, but Mr. Finstad stated, by allowing these engineers to make such decisions, private firms are placed in an impossible position of having to fight local opinion without benefit of information on CIP positions.

He further advised that his firm had been trying to get attention for this matter for about two years, adding that he had been told this would happen--more and more work is being taken back by the state. Mr. Finstad stated that the above situation does not appear to represent state policy in that aviation projects are contracted out. There appears to be no consistency statewide.

Mr. Finstad further stated that he had requested information from a Highway employee in Fairbanks (Steve Cist sp?) concerning job information. The employee refused to release the information and appeared unwilling to take the time to determine what facts might be necessary. Mr. Finstad advised that if the state is going to hire 20 to 30 new employees, it will substantially increase the state payroll while decreasing payrolls in the private sector. Mr. Finstad expressed concern that if his employees end up working for the state, he might end up in that position also.

Mr. Saylor appeared on behalf of the Department, advising that the information requested by Mr. Finstad represents public information which should have been provided him. He assured Mr. Finstad that the Fairbanks office will furnish him the necessary financial information for both general fund and CIP positions, and directed that Mr. Finstad contact Mr. Arnold.

MR.
SAYLORS

Responding to questions concerning AS 19.10.170 enacted last year, Mr. Saylor advised that the statute had not yet been fully implemented. Mr. Saylor stated that while he couldn't speak specifically to the Valdez problem, Southeast and Central highway districts have always used contractually supplied engineering

work. He advised that he understood the decision to use in-house survey at Valdez was locally made, but did not know the basis for such decision. Mr. Saylor assured committee members that there has been no policy change within the Department regarding this type of work.

Senator Ray inquired concerning what the Department intends to do concerning the employee who refused to release public information, and Mr. Saylor advised that the matter would be brought to the employee's attention.

Senator Sumner requested that the CIP information to be supplied Mr. Finstad also be forwarded to the committee. He further requested information on the decision-making process within the Department as to whether work will be performed in-house or through contract, stating that he wished to see such decisions made at the top rather than at lower levels. Senator Sumner further attested to his concern over out-of-state hiring, advising that he would like to see every employee hired from out-of-state reviewed by the Commissioner in relation to job requirements.

Senator Ray suggested that Vice-Chairman Hohman as Vice-Chairman of Budget and Audit Committee could follow up on the complexity of the Valdez situation. Senator Hohman asked Mr. Finstad if he was familiar with the demands of the Valdez job and whether or not they are beyond the capability of his firm. Mr. Finstad replied that the work would not be beyond private capacity in that the members of his firm are all registered engineers or architects within the state. He said that the project did not scare him, that having been registered, one is assumed to have developed a certain level of expertise.

Vice-Chairman Hohman referred to the statutes requiring contractual arrangements on jobs of greater value than \$5,000, asking Mr. Saylor if the Valdez job exceeded that dollar figure. Mr. Saylor responded that the job probably exceeded statutory figures, and was directed by the Vice-Chairman to investigate the situation and report to committee as soon as possible.

Senator Sumner inquired of Mr. Saylor concerning whether an employee of the state Highway Department received specialized training, experience, or exposure through such employment which might be unavailable in the private sector, and Mr. Saylor responded "no," when we

need a surveyor, we call the union hall and ask that the union send out the needed number of surveyors.

Vice-Chairman Hohman advised that a decision has been made to force CIP budgeting, so next year the legislature should be able to look at the full cost of CIP positions.

Upon conclusion of Mr. Saylor's testimony, Vice-Chairman Hohman moved that CS for HB 66 (Act providing an exemption for senior citizens from payment for land leased from the state) be brought up for discussion, advising that Representative Chatterton was present to testify.

CS for
HB 66

Mr. Chatterton stated that during prior discussion on the bill, questions were raised concerning subsection (c) on page 2. He advised that he spoke with Mr. Berrier concerning general fund reimbursement of the trust fund relating to domicile under subsection (a) of the bill. At the present time there is no one eligible domiciled on University land.

AMENDMENT

Senator Ray advised that the title of the bill would have to be changed if it attempts to deal with land not controlled by the state, adding that he believed it would be commendable for the state to pick up the tab on University land, but further advising that he wasn't sure such action was legal. Mr. Chatterton stated that the intent of the bill contemplates dealing only with state land. Senator Ray then suggested it would be proper to strike subsection (c) since no one is currently covered by the subsection.

Senator Ray then moved that CS for HB 66 as amended by Senate Finance pass from committee with a do pass recommendation. No objection having been voiced, the bill passed from committee--all committee members present signing do pass.

MOTION
CS for
HB 66

Vice-Chairman Hohman next moved that CS for HB 260 (An act relating to the participation of legislators in state retirement systems) be brought up for discussion, advising that Mr. Van Houte was present to testify concerning the bill.

CS for
HB 260

Mr. Van Houte stated that the bill would allow teachers who become legislators to remain within the teacher's retirement system if they so wish. Instead of their retirement funds going into the public employees retirement

MR.
VAN HOUTE

system, they would go into the teachers' retirement fund. The bill entails very minor cost to the state due to the fact it would be placing retirement payments into one fund or the other without the proposed legislation.

Senator Hackney proposed that a Senate Finance Committee Substitute for CS for HB 260 be prepared which would leave CS for HB 260 intact while incorporating the essence of SB 85 (Act relating to the cost-of-living allowances provided under the public employees' and teachers' retirement system). The addition would allow absences from the state for a period of 90 days while retaining eligibility to receive cost-of-living allowances. In the case of illness, an individual could be absent from the state for 6 months with no loss of cost-of-living payments. SB 85 is currently in the Senate Labor & Management Committee and Senator Hackney advised that he had spoken with Senator Ferguson (Chairman of Labor & Management), and Senator Ferguson has no objection to incorporation of SB 85 within SCS for CS for HB 260. Mr. Van Houte also advised that he had no objection to the proposed committee substitute.

SB 85

Senator Hackney then moved that SCS for CS for HB 260 pass from committee with individual recommendations. No objection having been raised, it so passed--Senators Hohman, Hackney, Dankworth, and Sumner signing do pass, Senator Bennett signing no recommendation.

MOTION
SCS for
CS for
HB 260

Senator Sumner moved that CSHB 307 (Act making transfers between appropriations made for the fiscal year ending June 30, 1979 to the Department of Natural Resources) be brought up for discussion, advising that Hilton Wolfe was present to testify concerning the bill.

CSHB 307

Mr. Wolfe advised that the bill as originally sponsored in the House sought to increase the yearly appropriation for the Division of Parks and Recreation. The \$50 thousand budgeted did not allow for needs in the contractual services area. The increase sought was \$22.7. An additional \$18 thousand has become available to the Division as a result of reduced highway costs, and under HB 307, \$4.7 would issue from the general fund. The CS for HB 307 which issued from House Finance essentially changed the funding source and distribution.

MR. WOLFE

Senator Sumner advised of the need to add \$10 thousand within the transfer from Lands Administration and Support

Lands Management to Parks and Recreation for the Chugach District to provide funding for contracted snow removal at the Chugach State Park (request from Senator Colletta).

Note was also made, and incorporation agreed to by the committee, of a request for \$4.3 to be transferred to Parks and Recreation and designated for operation and maintenance of Gardiner Creek and Deadman Lake Waysides.

In addition, Mr. Wolfe requested \$6.6 for park development and \$7.6 to be placed in Administration and Support (allowing additional office space for CIP positions) to give the Department two months head start on CIP projects authorized during the recent election.

Also, Mr. Wolfe advised that language needs to be added relative to a prior year \$310 thousand appropriation for a feasibility study for the Tokositna Lodge. At the end of the year \$89 thousand in planning funds remain in the account. Contracts for the study will not be completed until FY 89, so there is need for the remaining \$89 thousand appropriation to be continued into the coming fiscal year by revising the lapse date on the appropriation from June 30, 1979 to June 30, 1980.

Senator Dankworth inquired concerning the amount of CIP costs charged against the bonds, and Mr. Wolfe responded that while the bonds were authorized in the last election, they have not yet been sold, but will be offered in the upcoming bond sale.

Senator Dankworth next inquired concerning why the Division of Parks was attempting to commence a CIP project before the bond sale, and Mr. Wolfe responded that it is attempting to implement a program of assistance in small communities in accordance with state law. The Division must either wait until the bonds are sold or find another source of funding to start helping these small communities. Approaching the situation as it has (requesting \$7.6 for CIP positions), the Department is saving the surcharge and buying two months' time.

Vice-Chairman Hohman attested to the practice by state agencies of borrowing from the general fund for start-up costs on bond projects while charging these same costs back against the bond sale, thus getting a "double dip."

Mr. Wolfe advised that the requested funding would provide technical services to small communities, the cost of which would not be chargeable to the bond or CIP project.

Vice-Chairman Hohman stated that he would prefer to see the subject funding considered a grant to specific areas.

Senator Sumner asked if the contemplated assistance could be accomplished through contract, and Mr. Wolfe responded that he supposed it could, but the Division would have to hire an expert to work with the communities. Senator Sumner then asked what would happen if the funding is not forthcoming, and Mr. Wolfe advised that requests for assistance from Bethel and three other areas would be held in abeyance. Vice-Chairman Hohman advised that Bethel is capable of handling park development on its own.

Mr. Wolfe advised that if it is the desire of the legislature to have the Division handle bond projects as grants, the \$14.2 (\$6.6 for park development and \$7.6 for CIP positions) would probably not be necessary.

Senator Sumner moved that the request for \$14.2 not be included within the Senate Finance Committee Substitute but that the lapsing date on Tokositna Lodge planning funds be revised within the bill, and that the SCS for CS for HB 307 with amendments relating to the Chugach State Park, Gardiner Creek, and Deadman Lake Waysides pass from committee with a do pass recommendation. No objection having been voiced, the bill passed--all committee members present signing do pass. Bob Grogan suggested that funding dealing with the Chugach State Park, Gardiner Creek, and Deadman Lake Wayside be set forth in a letter of intent rather than by amendment. No objection to his proposal having been voiced, Mr. Grogan was directed to draft appropriate letter of intent language to be reviewed at the next committee meeting.

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

SENATE FINANCE COMMITTEE

April 18, 1979

9:04 a.m.

Chairman Sackett called the meeting to order at 9:04 a.m. Senators Dankworth, Bennett, Hackney, Sackett, Ray and Hohman were present. Also present were: Senator Colletta; Warren W. Wiley, KINY AM-TV; Dennis Egin, president, Alaska Broadcasters Association; Warren Endicott, Admin. Director, Legislative Affairs Agency; Douglas Goldbach, Finance Officer, Department of Health & Social Services; Charles Northrip, general manager, KTOO FM-TV; Ted Lane, Alaska Video Productions; fiscal analysts Dave Scott and Alison Farnan; Garrey Peska, AA to Senator Sackett and members of the press.

PRESENT

Chairman Sackett advised the committee that they would first accept testimony from various television production businesses regarding bids for next year's Capital 80 program.

PURPOSE

Mr. Ted Lane, Alaska Video Productions in Fairbanks passed out a one-page summary of his proposal for the 1980 legislative coverage. He commented that his company used equipment that is identical to what is being used currently. Mr. Lane said he was not in the meeting to criticize what is now being done, but to offer the services of his company at what he thought would be a lower cost to the State than is currently being charged.

ALASKA
VIDEO
PRODUCTION

Senator Dankworth asked if Mr. Lane's figures were based on the use of State equipment. Mr. Lane responded in the affirmative and added that he had questions as to whether the equipment could be used in other areas than the legislature.

USE OF
STATE
EQUIPMENT

At this point Senator Ray brought up a question concerning the transfer of title on the television production equipment. Attached to these minutes is a letter to Capital Community Broadcasting, Inc. from John C. Doyle, Executive Director of the Legislative Affairs Agency for the State of Alaska concerning conveyance of legal title of specified television production equipment; also a memorandum of transfer of legal title for television production equipment to Capital Community Broadcasting, Inc. Senator Ray said he did not recall any meeting where authority had been given to John Doyle to make this legal transfer. Senator Ray requested that an opinion be obtained from the legal staff as to whether or not the above-mentioned document is legal. Chairman Sackett said an opinion would be obtained.

TRANSFER
OF TITLE
ON TV
PRODUCTION
EQUIPMENT

Senator Ray had a question concerning "would provide extension coverage of Fairbanks, Interior Alaska and the Anchorage area as events warrant." Mr. Lane explained that Alaska Video Productions currently has five people in Fairbanks. Many things that relate to government, he said, happen outside Juneau. These areas would be included in Capital 80 coverage. Mr. Lane said he was trying to suggest to the legislature that private enterprise could play an important role in the legislature and possibly save the state money at the same time.

MR.
LANE

As there were no more questions for Mr. Lane, the chairman thanked him for his testimony.

Mr. Warren Wiley, KINY, Juneau, began his testimony for Midnight Sun Broadcasters, Inc., by reading a letter from Ken Wiley, station manager, of KINY, Juneau (copy attached).

KINY

Senator Bennett mentioned that some of the equipment in the meeting had state identification stickers on it. He said surely that meant it belonged to the state. He said he had received numerous complaints of state equipment being used for advertising purposes rather than just the legislative sessions. Senator Bennett felt that something should be done about that at this time.

Charles Northrip from KTOO TV in Juneau (Capital Community Broadcasters, Inc.) stated the primary purpose of the equipment was for legislature coverage. However, some of the equipment used for the legislature coverage did not belong to the state. Senator Ray asked Mr. Northrip if the legislature decided to let another company cover Capital 80 would Capital Community Broadcasters, Inc. return the state equipment? Mr. Northrip replied "I don't see that we have any other option." Senator Ray said he would still feel better if he had a legal opinion on the matter.

KTOO

Senator Hohman, speaking to Warren Endicott from Legislative Affairs Agency, said he would like to find out if it would be necessary for private contractors to work through the Public Broadcasting Commission. He said he thought there was some language requiring that. Mr. Scott said he thought the statute did state that public broadcasting through the state should go through the Commission; however, it would have to be clarified through Mr. Barrier's office, he said.

PUBLIC
BROAD-
CASTING
COMMISSION

At this time CSHB 107 was brought before the committee. This bill had been discussed previously and a proposed Senate CS was presented to the committee. Fiscal analyst,

CSHB 107

4/18/79

Alison Farnan, explained the addition of \$232.00 as requested by Senator Bennett and the reduction of \$199.80 to the Department of Health & Social Services because of a discrepancy found in their figures.

Senator Dankworth suggested that a letter of intent accompany the bill which would give the departments reason why they should lapse funds. Chairman Sackett asked if the department did not lapse funds. Mr. Godlbach, finance officer for the Department of Health & Social Services, responded that had the department received the bills in a timely manner, the department could have transferred the funds. However, the bills were not received, and in 1978 the department did not have the provision to transfer funds.

LETTER
OF INTENT

Chairman Sackett asked for the desire of the committee. Senator Hohman moved and asked unanimous consent that SCS CSHB 107 (Fin) be passed from committee with individual recommendations and that a Letter of Intent be attached. There were no objections. SCS SCHB 107 passed as follows: Senators Sackett, Hohman, Hackney, Bennett and Dankworth voted do pass.

MOTION
SCS CSHB
107

CSHB 307 (making transfers between appropriations made for the fiscal year ending June 30, 1979 to Dept. of Natural Resources) was brought up for discussion. Testimony had been heard on this bill at the meeting of the previous day and a Senate CS had been proposed changing the lapse date for the Tok Susitna Lodge to June 30, 1980 and included funds for Gardiner Creek and Deadman Lake Waysides.

CSHB 307

Senator Hohman moved and asked unanimous consent that SCS CSHB 307 be passed from committee with a do pass recommendation and that a Letter of Intent be attached. There were no objections. SCS CSHB 307 passed as follows: Senators Hohman, Hackney, Bennett, Sackett and Dankworth voted do pass.

MOTION
SCS
CSHB 307

The meeting adjourned at 9:40 a.m.

ADJOURN

ALASKA VIDEO PRODUCTIONS

1080 Evergreen St., Fairbanks, Alaska 99701, (907) 452-8109

17 April 1979

SUMMARY OF PROPOSAL TO PROVIDE 1980 LEGISLATIVE COVERAGE

Operating budget - \$148,000 for 150 day legislative session. Add or subtract \$800 per day if length varies from 150 days. Price includes all operations plus the use of a new BVU-200 and a new BVE-500A during the coverage.

Capital Budget - \$14,000. Provides for the purchase of two BVU-100 portable recorders, retrofit of existing BVU-200's with dubbing adaptor, and new tripods and communications systems as required.

Main points

1. Operations would be supervised by Ted Lehne of AVP - long time Alaska journalist and broadcast executive.
2. Other AVP staff would provide training for people hired to produce programs.
3. Existing AVP staff of 5 would be supplemented by about 9 during legislative session. Existing AVP staff would provide peak coverage, training and special feature coverage. New hires would do bulk of daily work on programs.
4. As much as possible the staff members who have experience with the program would be retained, with salary increases as merited. All people would be employees of AVP - not the state.
5. Program would consist in the vast majority of non-studio material - sessions, committee meetings, interviews.
6. Special feature material would include explanations of the legislative process and profiles of legislators.
7. AVP staff located in Fairbanks would provide extension coverage of Fairbanks, Interior Alaska and the Anchorage area as events warrant.
8. We would subcontract with the Juneau public stations as much as possible (studio rental, sharing people, etc.) to lessen the impact on those stations of no longer providing these services.

4/18/79

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

NOV 15 1978

POUCH Y. STATE CAPITOL
JUNEAU, ALASKA 99811
907-455-3800

November 13, 1978

Mr. Charles Northrip
General Manager
KTOO FM & TV
Capital Community Broadcasting, Inc.
240 Main Street
Juneau, Alaska 99801

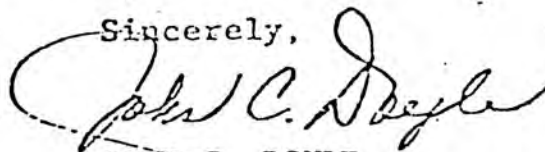
Dear Mr. Northrip:

This is in reply to your request of recent date for conveyance of legal title of specified television production equipment from this agency to Capital Community Broadcasting, Inc., per my letter of April 22, 1977.

I am pleased to enclose a Memorandum of Transfer of Legal Title, dated November 13, 1978, which accomplishes the transfer of the items of property.

I hope this will satisfy your needs.

Sincerely,



JOHN C. DOYLE
Executive Director

JCD:hg

Enclosure

cc: Myrton R. Charney, Director
Div. of Administrative Services

KTOO FM & TV

Capital Community Broadcasting, Inc.
a non-profit corporation

240 Main Street Juneau, Alaska 99801 907-586-1670

January 15, 1979

Warren Endicott
Director of Administration
Legislative Affairs Agency
Pouch Y
Juneau, Alaska 99811

Dear Warren:

This year, as in past Legislative Sessions, "Capital '79," Capital Community Broadcasting, Inc.'s daily televised coverage of the Alaska Legislature, has been funded for only a ninety-day period. The monies came to CCBI through the budget of the Alaska Public Broadcasting Commission.

Since "Capital '79" reporters and crew must begin work two weeks before the Legislature convenes, in order to be ready to provide a complete program on the first day of the session, the program will run out of funds on the 76th Legislative day. CCBI will have sufficient cash to cover the time between the 76th and 90th days, provided the first supplemental appropriation to cover legislative expenses beyond the 90th day reaches us prior to the end of April.

In view of the above, the first supplemental payment to CCBI should cover "Capital '79's" expenses from the 76th day forward to whatever final day the supplemental appropriation bill designates. I am attaching a budget for "Capital '79" which shows the program's expenses on a monthly basis. I have divided that monthly expenditure by 30 to arrive at a daily expense figure of \$950 for the program.

I hope the above figure and the attached budget will provide the information you need in order to factor "Capital '79's" costs into the first supplemental appropriation. If you need further information, please let me know.

Cordially,

Charlie

Charles M. Northrip
General Manager

CMN:md

444

4/18/79

Enclosure: Monthly Expenses, Capital '79

Monthly Expenses
Capital '79

Salaries:

Director/Editor	\$1,560
Engineer	1,670
Manager	1,669
Clerical/Accounting (25% secy 25% Bus.Mgr.)	1,325
Graphic Artist (1/2)	725
Crew (5)	6,000
	\$12,949
Benefits @ 21%	2,719

15,668

Services:

Reporters (1 @ 1650 + 2 @ 1600)	4,850
Space Rental (portion of CCBI)	745
Copier (portion of CCBI)	100
Office Machine Rental (portion of CCBI)	200
Communications	350
Postage & Shipping	100

6,345

Supplies:

Video Tape (70 hours for mastering; 2,900
cassettes for cable system
distr., 5 week supply to be
rotated: 1750; cassettes for
daily production @ 16.00 ea.-
assuming 3 uses per tape

Maintenance Supplies:

2,800

(portion of can. tube replacement
at 6,000 ea. set, plus routine
maint.)

Office Supplies:

100

Graphic Supplies

150

Set Materials

150

6,100

Grand Total (Monthly)

28,113

Daily Expense

\$950

Equipment Passed to
Capital Community Broadcasting, Inc.

11/78 Legislative Affairs
(FY76-79 from Voucher files) \$ 278,818

9/78 Alaska Public Broadcasting
Commission per Meeting
Minutes (portion came from
Office of Telecommunications) 65,000

\$ 343,818

MEMORANDUM OF TRANSFER OF LEGAL TITLE

The Legislative Affairs Agency hereby transfers legal title to the television production equipment described in this Memorandum to Capital Community Broadcasting, Inc. for good and valuable consideration. Title to the following property is transferred:

Quantity	Item
3	Ikegami HL-77 Portable cameras and related equipment (tripods, cam. heads, viewfinders, battery packs, etc.)
3	Lighting Kits (Berkley Colortran (2); Mole Richardson (1))
3	Sony BVU-200 Video Tape Recorders
1	Sony BVE-500 Editing System
2	Sony VO-2850A Video Tape Recorders
1	TRI EA3 Editing System
4	Sony CVM-115 TV Monitors
2	Unimedia 9" Color TV Monitors
2	DL-42 Microphones, Shotgun
2	RE-15 Microphones 7930
4	EV-635A Microphones 7910
2	Shure Microphone Mixers, M67
5	Shure SM-62 Microphones and Stands
1✓	Datavision D-3000 Character Generator and Cassette Interface
2	Microtime 2020 Time Base Correctors
3	Sony VO-3800 Portable Video Tape Recorders and AC Adapters
1	TV Cyclorama and Track
6	Fresnel Spotlights (Mole-Richardson)
2	"Scoop" Floodlights (Mole-Richardson)
2	Dynair V5-206A Video Switchers
2	Dynair DA-230 Video Distribution Amps
2	Dynair EQ-270 Video Equalizing Amps

The Agency also transfers title to the two Sony BVU-100 Portable Video Tape Recorders and AC Adapters ordered during October, 1978 which have not yet been received.

Dated at Juneau, Alaska this 13th day of November, 1978.

447

4/18/79


John C. Doyle
Executive Director

Minutes of APBC Meeting of Sept. 25-26, 1978

there be enough material and continuity. Also wondered if some of the decision shouldn't be made by the new organization.

A review of the motion made earlier by Anita McGrath to approve 200.0 for Alaska Review contingent up staff review was seconded by Ralph Fondell.

Motion Passes: 7 - 0.

No dissents.

COMMISSION BUDGET - We are asking six percent over what we had this year. However, according to Michael Porcaro, the Commission is not operating as effectively as it should and felt there was a need of a deputy director to assist in handling the work load. There are all sorts of programs, mini-TV, dubbing, Alaska Review process, funding of the Network is an additional burden. Also more office space is required.

Anita McGrath moved the Commission budget should be set at 389.5 and Lee Salisbury seconded the motion.

No discussion.

Motion passes: 7 - 0.

No dissents.

Michael Porcaro passed out a letter from Mike Harper regarding a \$100,000 appropriation for payment of line charges for distribution of television to Wrangell, Petersburg and Ketchikan. The funds came through our Capital budget in HB 627. Mr. Pettit in Washington, D.C. was contacted and a legal opinion was requested. His advice was that if material is taken off the air, with proper certification, a signal can be received. After considerable discussion it was the feeling of the Commission they objected to being put on the spot as being the disseminators of commercial TV and that a response should be made directly to the Governor that the money is to be used for the dissemination of public TV and not live commercial TV.

Based on the above, the Chairman asked the executive director to draft a letter for the signature of the Commission to be sent to the Governor to the effect that it was the Commission's resolve to provide Petersburg, Wrangell and Ketchikan, public television and not commercial television with the funds appropriated to the APBC.

*6. EQUIPMENT GRANT - CCBI, JUNEAU:

Chairman Johnstone asked Michael Porcaro to discuss: The Commission received the O.T.'s ATS-6 studio and equipment when Mr. Croll was director. The Commission allowed CCBI to use the equipment since it was in Juneau for production of Capital '77-78. Charles Northrip used and maintained all the benefit available from this equipment. Charles has applied for an HEW grant to activate the television station. Part was an equipment match and is now asking for a grant which would be right at \$65,000 for the title to the equipment which he has been using the past two years. Charles Northrip is now asking the Commission formally grant the title of the equipment to CCBI.

4/18/79

*Minutes of APBC meeting of Sept. 25-26
1978*

Ron Castle moved the Commission formally grant the title of the equipment to CCBI and Lee Salisbury seconded the motion.

No further discussion.

Motion passes 7 - 0.

No dissents.

8. NEW BUSINESS:

(a) George Geistaufs' Board Training Manual

Michael Porcaro: Mr. Geistaufs' proposal, which you now have before you, articulates the cost for the services he will provide in accordance with your direction at the last Commission meeting with regard to Board Training. Mr. Geistaufs would be responsible for five copies of the manual and the cost would be \$1800 for 60 hours of time for the development of this manual.

Jim McMillan moved to accept the proposal presented by Mr. Geistaufs for 60 hours at \$1800 to develop the board training manual and provide the Commission with five copies. Motion seconded by Ron Castle.

No further discussion.

Motion passes 7 - 0.

No dissents.

Michael Porcaro stated he had asked June Nelson to return her Commission Manual so it could be turned over to Ron Castle. Also, past commissioner Marco Pignalberi had been asked to return his manual since the cost of printing and assembling is expensive, and it was felt some money can be saved if these Manuals were returned.

Jim McMillan stated he would like to submit two proposals for consideration:

- 1) The matter of local contributions and in-kind services. Also, how to measure these services--on population, dollar level, etc. My thought is that perhaps we could ask for a written report with the budget submitted by the managers stating what has been done up to that point for the previous year to raise local funds and to receive in-kind services and what the individual station proposes to do for the next fiscal year to receive community support.
- 2) I would like to Commission to consider the video presentation that Charles Northrip offered to make of an overview of the APBC to the Legislature in presenting the Commission budget.

In the discussion that followed the general analysis was that the basic budget of the stations is an obligation of the State of Alaska. If a community was able to raise funds over and above the BMS level then they can use those funds to improve local programming.

(b) Insurance Package for Radio Stations

Michael Porcaro reported to the Commission that he had a meeting with Bob Lucas of Johnson & Higgins, Insurance brokers, of Seattle,

*cc - Myrt C.
Admin. Secs*

April 22, 1977

Capital Community Broadcasting, Inc.
240 Main Street
Juneau, Alaska 99801

Gentlemen:

The equipment on the enclosed list was purchased by the Legislative Affairs Agency under an appropriation from the Alaska State Legislature for the use of Capital Community Broadcasting, Inc. for the primary purpose of providing video coverage of the legislature. It was, and is, the understanding between the Legislative Affairs Agency and Capital Community Broadcasting, Inc. that Capital Community Broadcasting, Inc. is to have beneficial use of this equipment and is to be responsible for all maintenance and care of the equipment. Capital Community Broadcasting, Inc. may use the equipment for other purposes as long as the primary purpose of providing legislative coverage is met.

It is further understood by both parties that the retention of legal title by the Legislative Affairs Agency with the beneficial use, subject to the conditions above, in Capital Community Broadcasting, Inc., is a matter of convenience to both parties for inventory and accounting purposes. On request of Capital Community Broadcasting, Inc, the Legislative Affairs Agency will convey legal title to Capital Community Broadcasting, Inc., conditions on use as set out above.

Sincerely,

John C. Doyle
Executive Director

JCD/BGB:hjd

Enclosure

4/18/79

450

1 each Sony VO-3800 portable 3/4" video cassette recorder with battery pack, power adaptor ✓

Item 1 - Editing System

- 2 each Sony EVU-200 videocassette editors ✓
- 1 each Sony EVE-500 editor interface ✓
- 2 each Sony CVM-115 B/W monitors ✓
- 2 each Dynair VS-206A 6-input switcher ✓
- 2 each Dynair DA-230A video amplifier ✓

Item 2 - Time Base Corrector

- 1 each Microtime 2020 time base corrector ✓

Item 3 - Additional Remote Equipment (in descending priority)

- 2 each NCE 72851 fluid pan heads ✓
- 2 each Unimedia R/M 9" portable color monitors ✓
- 2 each Dynair EQ-270A ✓
- 2 each Dynair RP-200A-3 equalizing DA's w/rack mtg.
- 2 each Electrovoice DL-42 shotgun microphones ✓
w/wind screens
- 4 each Electrovoice 635A microphones ✓ omnidirectional
- 2 each Electrovoice RE15 microphones ✓
- 1 each Sony VO-3800 (demo) portable videocassette recorder ✓

PORTABLE CAMERA SYSTEM #1

Description

- 1 each Ikegami HL-77 one-piece ENG camera ✓
- 1 set Ampex 2/3" plumbicon pick-up tubes ✓
XQ1423G, XQ1423R, XQ1423B
- 1 each Ikegami HL-37-77-OP-17-2 manual zoom lens ✓
J10x9.5, F1.6, 10:1, 9.5mm to 95mm
- 1 each Ikegami HL-37-77-OP-9
Battery pack for 1.5 hour operation;
battery band, nicad battery, charger ✓
- 1 each Ikegami HL-37-77-OP-9-2 ✓
additional nicad battery
- 1 each Ikegami HL-37-77-OP-19-2 ✓
gen-lock unit for HL-77
- 1 each Sony VO-3800 portable 3/4" video cassette recorder with battery pack, power adaptor ✓

- 1 each Berkey-Colortran 150-025 light kit ✓
- 3 each Berkey-Colortran 156-001 gaffer grips ✓
- 1 each Quick-Set 4-74810-9 trolley ✓
- 1 each Quick-Set 4-72612-1 geared head ✓
- 1 each Shure M67 4-channel microphone mixer ✓
- 3 each Shure SM62 unidirectional microphones ✓
- 3 each Atlas DS-5 general purpose stands ✓
- 3 each Shure C50CN 20' cable plug assembly ✓

PORTABLE CAMERA SYSTEM #2

Description

As above,, plus following two items:

- 1 each Ikegami HL-37-77-OP-1 test adaptor ✓
- 1 each Ikegami HL-37-77-OP-2 test adaptor ✓

EDITING SYSTEM

Description

- 2 each Sony VO-2850 3/4" editing cassette recorder
- 1 each Television Research EA-3 editing control system with Sony VO-2850 mods
- 2 each Sony CVM-115 b/w monitor/receiver
- 1 each Television Microtime 2020 time base corrector with Auto-Trac, image enhancement, video noise reduction +2H line input window, Retrocolor, chroma-luminance delay comp. ✓
- ✓ 1 each Datavision D-3000 television character generator ✓
- 1 each Datavision D-3003 audio interface for above ✓



MIDNIGHT SUN BROADCASTERS, INC.

KENI - KENI TV
ANCHORAGE

KFAR - KFAR TV
FAIRBANKS

KINY - KINY TV
JUNEAU

KTKN
KETCHIKAN

Radio: NBC - ABC

Television: NBC

April 16, 1979

Reply to:
KINY RADIO & TV
1107 8TH ST., #2
JUNEAU, ALASKA
99801

The Honorable John Sackett
Chairman, Senate Finance
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett:

I would like to express my continuing interest in the assumption of the legislative television coverage by KINY.

While we hope to gather necessary details from your hearing of Wednesday April 18th by which to make a more specific proposal, I can say that we would propose a major restructuring of the format.

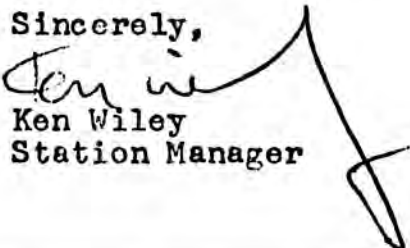
This coverage should inform the public of breaking or on going news, but it should also educate the viewers and help them understand the internal working--the mechanics of their system of government. Now, more than ever, people need to be given a true picture of government. A properly produced show could do this without sacrificing news worthiness.

We envision a return to the accepted and effective news anchor concept. The use of mini-cam reports would be on a "news worthiness" basis. I do not believe in poking cameras into committee meetings merely to fill a program. Perhaps a show with more content and a faster pace would enhance viewership, something apparently lacking in certain parts of the State.

Another important feature of our proposed coverage would be a daily graphic recap of legislative progress---something that lets the public chart the activity day by day of the session.

Essentially, with the information we have at this time, we would propose no new acquisition of equipment. We would simply assume operation of that gear all ready in use. Naturally, we would seek out seasoned personnel consistent with budgetary constraints. With additional data, we think we can offer the State and the public superior service.

Sincerely,


Ken Wiley
Station Manager

Explanation and Justification of "Capital '80" Operating and Capital Budget Requests

The attached operating budget is based on a six month operating term for "Capital '80". Experience over the last two years indicates that the reporters and camera crews need at least two weeks before and two weeks after the session in order to adequately prepare for the ensuing activity and close out the activity with end of session reports. Experience also shows that each session runs approximately five months.

One of the major difficulties uncovered in operating "Capital '77" and "Capital '78" was the fact that the present operating scheme provided no relief for either reporter in the event of illness. In addition, there were often too many committee meetings or other legislative activities taking place for two reporters alone to cover. It is also apparent that the press of business in each House kept the reporter assigned to a particular body completely immersed in those activities so that when bills from one House moved to the other, the reporter covering the House where the bill was now unfamiliar, was totally unprepared to provide the background information necessary to provide any continuity with previous reporting attempts in the original House. Similar personnel difficulties were encountered with the crew, particularly in the area of covering multiple committee meetings.

We are, therefore, proposing the addition of a senior reporter/producer, who will assign stories to the other two reporter/producers and cover additional assignments him/herself. We are also proposing a fifth crew person in order to reduce previous reliance on volunteer help during the daily production of the program and to help operate a third camera, acquired during the last session, in order to cover more than two committee hearings at one time.

Increased and more stringent enforcement by the Federal Communications Commission of its requirements for vertical blanking in the television picture transmitted by broadcast television stations has resulted in most television stations who carry the program, threatening to cancel it rather than operate in violation of the law. The actual difference on the home screen between the normal picture transmitted by "Capital '77/'78" and one that would be in absolute compliance with the law, is primarily a subjective one, but we must meet the legal requirement or face loss of exposure in the major communities of the state (Anchorage and Fairbanks).

The problem is caused primarily by our reliance of three-quarter inch cassette video recording at the source and in the editing and master recording process. The attached Capital budget request, therefore, is necessary in order to procure better quality remote recorders and editing equipment

plus a high band master recorder. These additions will allow the program to operate in compliance with the law.

As a consequence of the above equipment upgrading, the operating budget request supplies category has been substantially increased to allow for the purchase of the more costly one inch mastering tape. In addition, the maintenance supply category has been increased to provide for replacement camera tubes for the portable cameras. The tubes were replaced in the summer of 1978 on an emergency basis after two years of use. The picture quality had already degraded far below an acceptable level. The provision of these funds in fiscal '80 will allow for an annual replacement of the tubes.

The only other major differences in the operating budget request between "Capital '80" and previous years is a change of personnel from contract to salaried status. This change is an important and necessary one as the State of Alaska learned in 1976 in order to not encounter difficulty with the Internal Revenue Service by having personnel under contract status for long and regular periods of time.

Operating Budget Request for "Capital '80"

Salaries

Sr. Producer	\$2,000/mo. x 6	12,000	
(2) Reporter/Producers	1,800/mo. x 6	21,600	
(5) Crew	1,300/mo. x 6	39,000	
Director/Editor	1,655/mo. x 6	9,930	
Engineer	1,770/mo. x 6	10,620	
General Manager	1/2 time x 6	10,620	
Clerical/Accounting	25% secretary; 25% business manager	8,427	
			112,197
Benefits @ 22%			<u>24,683</u>
TOTAL SALARIES			136,880

Travel

Air Fare and Ferry	2,000	
Per Diem	<u>1,500</u>	3,500

Supplies

Video tape (70 hrs. for mastering; Cassettes for cable system distr. 5 week supply to be rotated @ 1750; cassettes for daily production @ 16.00 ea.-assuming 3 uses per tape.	17,350	
Maintenance Supplies (replacement camera tubes @ 6,000 per camera; plus routine maintenance)	15,500	
Office Supplies	500	
Graphic Supplies	500	
Set Materials	<u>500</u>	
		34,350

Operating Budget Request for "Capital '80", continued

Services

Space rental (portion of CCBI)	3,600	
Copier (portion of CCBI)	500	
Office Machine Rental (portion of CCBI)	300	
Communications	1,500	
Postage and Shipping	800	
Graphic Art	<u>800</u>	<u>7,500</u>
Grand Total Operating		<u><u>182,230</u></u>

CAPITAL BUDGET REQUEST
"CAPITAL '80"

(3)	BVU-100 Portable VTR 4,700 ea.	14,100 /
(1)	BVH-1000 1" High Band Color (mastering) VTR @ \$65,000	65,000 /
(1)	BVE-500A Video Tape Editor @ 6,000	6,000 /
(1)	BVU-200 (editing) Studio Recorder @ 9,400	<u>9,400</u> /
	GRAND TOTAL CAPITAL	<u>\$94,500</u>

SENATE FINANCE COMMITTEE

April 19, 1979

9:10 a.m.

Chairman Sackett convened the meeting at approximately 9:10 a.m. All committee members were present with the exception of Senator Sumner. Also in attendance were Senators Ferguson, Rodey, and Stimson; Representative Brian Rogers; Lynn A. Wegener from the Department of Community and Regional Affairs; Fiscal Analyst Bob Grogan; and Garrey Peska, Administrative Assistant to Senate Finance.

PRESENT

Chairman Sackett moved that SB 165 (An Act making a special appropriation to the mortgage insurance fund of the Alaska Housing Finance Corporation) and SB 205 (An Act making a special appropriation to the Alaska Housing Finance Corporation) be brought up for discussion.

SB 165

SB 205

Upon review of the file for SB 165, the Chairman advised that it contained no backup. He further remarked that no one from AHFC was present to testify on the bill.

Senator Rodey stated that he was prepared to testify on behalf of SB 205, advising that several years ago the legislature empowered AHFC to finance mobile homes as low income housing for Alaska. The \$1 million appropriation would allow AHFC to develop a mobile home loan program which is especially needed in the Fairbanks area. Senator Rodey further advised that while AHFC has not shown a great deal of enthusiasm for the mobile home program, it will undertake such financing.

SENATOR
RODEY

Senator Rodey advised that leveraging is currently 50 to 1 for mobile homes and while no one has been able to tell him what the leveraging factor might actually be, he advised it would probably be 20 or 10 to 1.

He attested to the fact that AHFC has been as reluctant to enter the mobile home market as it has been to enter into rural home financing even though it has authority to finance both kinds of housing.

Chairman Sackett referred to statutes allowing AHFC to finance in many areas, advising that in all instances dealing with other than normal situations, AHFC has taken the path of least resistance and made loans which are the most profitable.

Responding to questions from Senator Dankworth concerning bond sales, Senator Rodey replied that mobile home financing bonds can be sold, it depends upon how they are structured and of what priority they are to the state.

Senator Hohman inquired concerning whether the mobile homes to be financed would be new, and Senator Rodey advised that the bill should contain provisions for financing or refinancing of used homes as well. The feeling being that if people are unable to sell mobile homes, it will decrease the value of that commodity in the market place, and people will not use them as a step between apartment living and a home of their own.

Senator Hohman advised of his fear that money will be sucked up in refinancing, and Senator Rodey attested to the high degree of repossession in the mobile home industry. The ability to finance used mobile homes would allow a young couple to purchase a repossessed mobile home.

Senator Ray proposed amending SB 205 at page 1, line 15 by inserting "new or used" after the word of.

AMEND-
MENT

Senator Dankworth advised that he would like to hear from the people with AHFC before taking further action on the bill, and Chairman Sackett advised that AHFC would be contacted and requested to appear before committee at the 9:00 a.m. meeting Monday, April 23, 1979.

Senator Ray advised that AHFC has had two board meetings since its last presentation before the legislature, suggesting that he would like to hear what it proposes to do in the future before giving it additional funding.

Chairman Sackett next moved that SCR 16 (Requesting the Governor to direct the Department of Transportation and Public Facilities to conduct a feasibility study for the construction of a runway at Barrow) be brought up for discussion, advising that Senator Ferguson was present to testify concerning the resolution.

SCR 16

Senator Ferguson advised that the proposed runway project at Barrow goes back to 1972 when he requested that DOT attempt to extend the runway, the feeling being that larger aircraft flying into Barrow would lower the cost of freight per pound.

SENATOR
FERGUSON

He advised committee members of errors in drafting of the resolution, requesting that the language be modified at lines 15 and 16 to delete the words "air" and "air freight" replacing them with water freight. Chairman Sackett suggested that the deleted words be replaced with "surface transportation" instead, and Senator Ferguson concurred in the above choice of words.

AMENDMENT

Senator Ray moved that SCR 16, as amended, pass from committee with individual recommendations. Chairman Sackett asked Senator Ferguson if he had read the intent letter accompanying the resolution, and Senator Ferguson advised that he had, and that he had no objection to its passage with the resolution (letter directs that feasibility study is to be conducted within limits of DOT's budget).

No objection to Senator Ray's motion having been voiced, SCR 16 as amended with its letter of intent passed from committee--all members present signing do pass.

MOTION
SCR 16

Chairman Sackett next moved that CS for HB 34 (Act relating to the preparation and distribution of a taxpayers' summary of the budget) be brought up for discussion, advising that Representative Rogers was present to testify.

CS for HB 34

Mr. Rogers advised that the bill provides \$15,300 to cover the cost of printing a short form of the state budget to be sent out annually to the public attached to income tax forms (for the next two years). The budget summary will be limited to six pages in order not to incur additional postage costs. The information would be fairly general but would provide more information than the taxpayer currently receives.

REPRESENTATIVE
ROGERS

Senator Ray advised that he believed the summary to represent a good idea, but he would prefer to have it prepared by the legislature rather than the Department of Revenue. Mr. Rogers stated that he would have no objection to the summary being compiled by legislative budget and audit, but Senator Ray moved that the Legislative Finance Division prepare the summary rather than Revenue.

Chairman Sackett directed that Senator Ray's amendment be incorporated in a Senate Committee Substitute for CS for HB 34, and that the Senate Committee Substitute be reviewed at a later meeting.

SCS for
CS for
HB 34

Chairman Sackett next moved that HB 90 (Act making a supplemental appropriation to the Department of Community and Regional Affairs, Division of Local Government Assistance) be brought up for discussion, advising that Mr. Wegener was present to testify before the committee.

HB 90

Mr. Wegener advised that the bill provides a supplemental appropriation to C&RA to permit expenditure of the balance of federal funds in municipalities which have national forests within their boundries.

Senator Ray moved that HB 90 pass from committee with individual recommendations. No objection having been voiced, the bill passed from committee--all Senators present signing do pass.

MOTION
HB 90

The meeting adjourned at approximately 9:40 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

April 23, 1979

9:10 a.m.

Chairman Sackett called the meeting to order at 9:10 a.m. Senators Hohman, Hackney, Dankworth, Sackett and Sumner were present. Also present were Senators Stimson, Ferguson, Colletta and Rodey; Representative Meekins; Perry Eaton, 1st Vice Chairman AHFC, J. M. Linton, Executive Director, AHFC and R. W. Sullivan, Board of Directors, AHFC; Pete Peterson, mortgage banker with National Service Company, Garrey Peska, AA to Senator Sackett, and members of the press.

PRESENT

Chairman Sackett advised the committee that SB 165 (special appropriation to mortgage insurance fund of the Alaska Housing Finance Corp.) and SB 205 (special appropriation to the Alaska Housing Finance Corporation) would be of prime concern for the meeting. Perry Eaton and Jack Linton from Alaska Housing Finance Corporation appeared before the committee to provide testimony.

SB 165

SB 205

Mr. Eaton advised that the Board of Directors for AHFC met on April 6 and unanimously adopted the new program that AHFC had compiled. Currently the program is in the implementation stages with staff, taking applications, working with servicer/seller with the Housing authority. At the present time they are waiting for the interest rate to be set by the Department of Revenue.

MR. EATON

Mr. Linton said the bond council is preparing the final draft of the bond debenture for the State to purchase the bonds to finance the program and they could be in a position to purchase loans in 30 days. The rural area will have possibly the same interest rate as is currently available, that being 8 3/4%.

MR. LINTON

In response to Senator Hohman's question concerning the rate at which money was purchased at the last bond sale, Mr. Linton replied "just a little over 7%."

Senator Dankworth asked if the remote rural housing program would replace banks. Mr. Eaton said it would not.

Mr. Eaton gave a brief history of the program - goes back to last session of the legislature he said, when the people decided there was not enough penetration available for the rural areas. Seasonal employment was a problem in the bush area as well as title insurance, fire insurance and a lackadaisical attitude of the financial institutions.

AHFC
HISTORY

The AHFC implemented into their program the feature of seasonal payments (directed especially to those who do seasonal work), overcame problems of survey and appraisal for the rural areas by allowing those costs to be included in the mortgage amount.

COSTS
INCLUDED
IN MTG AMT

Senator Dankworth asked if these loans would be sold. Mr. Eaton explained that AHFC is the buyer. They do not sell. "AHFC is a mortgage company. We buy mortgages" Mr. Eaton said.

AHFC -
BUYER

When asked how the AHFC would get their money, Mr. Eaton said they proposed to get their money from a special sale of special bonds to the Department of Revenue, from the State of Alaska.

Mr. Linton explained the terms of the loans: \$90,000 maximum amount for a single family dwelling with 10% down for loans over \$72,500 and 5% down for loans under \$72,500. Maximum loan amount for duplexes would be \$130,000 with 20% down and a 30-year term for both duplexes and single family dwellings.

LOAN
TERMS

Senator Hohman asked if the program provided anything for the problem that they were seeing in the insurance rates. Mr. Eaton said that problem hadn't been addressed to his satisfaction. Senator Hohman suggested the possibility of "pool insurance" or "hailon".

INSURANCE
PROBLEMS

Chairman Sackett asked what specifically could Mr. Eaton do to prod banks along the lines of rural housing financing like AHFC wants. Mr. Eaton replied he wasn't sure there was an easy answer to that. If the State slows down economically, the competition for deposits at the banks will be of some help. "A few years ago when money was tight" Mr. Eaton said, "the banks put some limitations on their loan amounts, but the remote and rural areas were excluded from those restrictions." A slower economy would again move the banks into those limitations.

BANKS RE.
AHFC LOANS

Senator Hohman asked if the interest rate being set was the only thing holding them up on making the loans. Senator Kerttula said as he saw it, if there isn't some kind of fire insurance out there they will come back to the committee next year and say that's why they didn't put any loans out there. Senator Hohman wondered whether or not some of the new systems (for example hailon) could satisfy the insurance companies since fire hydrants are almost non-existent in the rural areas. Mr. Eaton said he didn't think that would be any problem.

INT. RATE
& INS.

Senator Kerttula said a pool risk arrangement at minimum should be considered for the rural area, or make a threat to the insurance companies to start a state insurance company to take care of the remote insurance matter. Again the committee stated that it seemed to them that nothing had been done in terms of research on the fire insurance matter. Mr. Linton explained that research had been done. Fire insurance companies have said that if there is another building within one half mile from one that is to be insured, or if the home in question had two hand fire extinguishers, the companies would insure them.

Senator Kerttula brought up the point that if there is one fire in an area, the fire insurance companies would cancel insurance for people all over the area. He said this had been done in the past. He stated that private enterprise just doesn't cover the bush area very well.

Senator Hohman requested to be able to read the responses from the insurance companies. Mr. Linton provided the committee with rates for some areas:

\$3.81 per \$1000 in Anchorage
\$6.76 per \$1000 in Nome
\$8.95 per \$1000 in Bethel
\$10.67 per \$1000 in unprotected areas

Senator Hohman stated that some of his constituents said they pay \$2200. in fire insurance on a \$60-70,000 home, which averages about 30%.

Representative Meekins addressed Mr. Eaton saying they were aware of these problems last year and had asked AHFC to alleviate the problems. Mr. Meekins said the first step was to get the loans out to the rural areas so a history of repayment can begin. Rep. Meekins continued, "If we can't get fire insurance, look into some of the other systems such as hailons." According to Mr. Meekins credit worthy borrowers in the bush should be able to have loans.

Mr. Eaton said the Treasury probably would not buy the bonds because of the lack of fire insurance and title policy, survey problems, etc.

Mr. Eaton became quite agitated by some of the remarks from the committee, saying "obviously I have missed something! The problem is creating adequate housing." He continued by asserting that could be accomplished by creating mortgagable security of some kind in the form of traditional bonds or they could be subsidized directly. The two problems involved were fire and title insurance.

Mr. Eaton gave a hypothetical case where a man with 4 children borrowed \$70,000 to purchase a home. He was unable to obtain fire insurance because of the remote area. His house burned down. He still owed the \$70,000 to the mortgage company and had no place to take his family. Mr. Eaton said he did not know about the members of the committee, but he did not want something like that on his conscience. At this point Senator Hohman again mentioned that AHFC had not looked into the hailon system.

Mr. Eaton explained what they had done during the past 12 months in trying to get the program on its feet. He advised that he would look into the hailon system. Senator Hohman said he felt it was the consensus of the committee that that wasn't even a start.

Chairman Sackett said "I'm sorry Perry. You've lost me. I don't understand what you're talking about anymore."

Senator Sumner commented how Mr. Eaton might feel that the committee wanted him to do something that might be irrational. Senator Sumner stated that there are many irrational programs in this state and that may have to be the case in this instance.

Senator Sumner followed up on the fire insurance aspect by asking Mr. Eaton if the state were to insure the houses, could they offset the costs by adding 1% to the interest rate? Mr. Eaton replied that would be a possibility.

Senator Hohman asked what happened to the one million dollar appropriation that was given to AHFC last year. Rep. Meekins said they still had it, had not used any of it.

Attached to these minutes is a copy of the conclusions AHFC had for their loans on mobile homes.

At this time Senator Rodey and Pete Peterson took the stand to testify regarding loans for mobile homes. Senator Rodey stated that mobile homes comprise about 30% of the housing in the state. Mr. Peterson said there is no problem in arranging a bonding facility for the mobile home paper. There could be a problem as pertains to personal property versus real property although it had not been a problem to his company. The average delinquency factor on mobile homes with 10% down has been about 3%, with the repossession ratio less than 1% Mr. Peterson said. Mr. Peterson said most mobile homes were purchased by low-income families or new couples just starting out and that within two years most of them would either buy a home or build an on-site home.

Senator Rodey said all the evidence points out that a program can be put together for mobile home loans. He indicated that he didn't want to wait a couple of years on AHFC. He stated his constituents want to see results, not excuses.

The meeting adjourned at 10:25 a.m.

ADJOURN

SF 79-50-2 (427-end)
SF 79-51-1 (1-end)
SF 79-51-2 (1-125)

sector, the use of State funds for this purpose is questionable. The ultimate acceptance by the bond market is also questionable. There are also serious concerns over the ability of AHFC to establish a private sector delivery system and to attract an experienced mobile home servicer willing to originate and service the loans.

C. Conclusion

1.) AHFC should continue its current policy of providing financing of 1-2 family residential homes, whether site-built or manufactured.

2). The State should examine current statutes and regulations relating to mobile homes and make necessary revisions to insure that purchasers of mobile homes receive consumer protection and tax treatment equal to that afforded other homeowners.

3). The State should develop the capacity to monitor the National Mobile Home Construction Standards to insure that they provide adequate protection to consumers and to make recommendations for revisions. The State should take full advantage of provisions within the National Mobile Home Construction and Safety Standards for State participation in the inspection system and in the overall monitoring of the enforcement system.

4). The State should develop mobile home installation standards and insure that they provide adequate protection to consumers.

5). The State should develop mobile home park standards to insure they provide adequate protection to consumers. A system to insure the parks remain in full compliance is also needed.

6). The State should develop a warranty law providing additional protection to consumers that the mobile homes they purchase comply with applicable construction standards and are properly installed on a support system with adequate anchoring systems.

7). The State should insure that statutes and regulations maintain the legal distinction between mobile homes and other forms of site-built and manufactured homes as long as mobile homes are constructed and installed under distinct standards and enforcement systems.

8). The State should address the problem of defining the mobile home as personal property vs. real property.

9). AHFC should endeavor to make possible the financing for the purchase of new mobile homes as long the program will be self-sustaining, provide for mortgageable loans, warrant a reasonable interest rate in the public market, and be of true benefit to the people of the state.

SENATE FINANCE COMMITTEE

April 26, 1979

8:15 a.m.

Vice Chairman Hohman called the meeting to order at 8:15 a.m. Senators Hohman, Ray, Sumner, Hackney, Dankworth and Bennett were present. Also present were Senators Stimson and Mulcahy; Ken Vassar, Legislative Counsel, Legislative Affairs Agency; Eric Yould, Executive Director, Alaska Power Authority; Representatives Brian Rogers and Terry Gardiner; fiscal analyst Milt Barker; Garrey Peska, AA to Senator Sackett; and members of the press.

PRESENT

CSHJR 30 (Relating to the sale of revenue bonds of the Alaska Power Authority for the Terror Lake hydroelectric generating project at Kodiak, Alaska, and for the Solomon Gulch hydroelectric generating project near Valdez, Alaska) was brought up for discussion. Senator Mulcahy and Eric Yould took the stand to provide testimony for the committee.

CSHJR 30

Senator Mulcahy advised that the Alaska Power Authority has completed their study of the feasibility for the sale of revenue bonds to finance the projects. HB 32 recently passed the Senate which advanced \$2000.0 for costs associated with the Terror Lake project, which funds will be repaid, Senator Mulcahy said. Estimated costs have been set at 81 million dollars with a maximum limit of 120 million dollars.

ALASKA
POWER
AUTHORITY

The cost of the bonds will be between six and seven per cent, depending on the market at the time of the sale. The Resolution is just to give the authority to go ahead with the sale of revenue bonds, Senator Mulcahy concluded.

6-7%
COST

Senator Ray moved to pass CSHJR 30 with individual recommendations. Vice Chairman Hohman asked for a show of hands on how many do pass votes there were. There being sufficient, the motion was changed to a do pass recommendation. There being no objection, it was so ordered.

MOTION

CSHB 12 (Finance) (An Act relating to northern technology) was brought before the committee with Rep. Brian Rogers advising the committee that it is a bill attempting to involve "back yard" inventors. Rep. Rogers went through the bill section by section, explaining each. The bill will allow grants up to \$5000 and would require any project that is funded to be available for public inspection. Patents and royalties belong to the inventor.

CSHB 12
(Finance)

Senator Ray made a motion to amend the interest rate from 8 per cent to nine and one-half per cent. There was no objection. Motion carried.

MOTION
TO AMEND

Senator Hackney made a motion to pass CSHB 12 (Fin) am from committee with individual recommendations. Vice Chairman Hohman asked for a show of hands for a do pass vote. There being a sufficient number, the motion was changed to a do pass recommendation. There being no objection, it was so ordered. Senators Hohman, Hackney, Bennett, Dankworth and Sackett voted do pass. Senator Ray voted no recommendation.

MOTION

CSHB 20 (Judiciary) (An Act relating to state loans) was brought before the committee for discussion. Representative Gardiner went over the Judiciary CS and explained each section. Senator Ray asked Rep. Gardiner if he would object to an amendment that no hand troll permits could be transferred. Rep. Gardiner said he didn't have any problem with that.

CSHB 20
(Judiciary)

The Senate Finance Committee prepared a SCS for CSHB 20 which incorporated the hand troll permit language and also included interest at nine and one-half per cent.

Senator Ray made a motion to report SCS for CSHB 20 from committee with individual recommendations. There being no objection, it was so ordered. SCS CSHB 20 passed as follows: Senators Bennett, Dankworth and Sackett voted do pass. Senators Hohman, Ray and Hackney voted no recommendation.

MOTION
SCS CSHB
20

SSHB 30 (An Act relating to the Commercial Fishing and Agriculture Bank) was brought before the committee with Representative Gardiner going over the bill section by section.

SSHB 30

Senator Bennett made a motion to pass SSHB 30 from committee with individual recommendations. There being no objection, SSHB 30 passed as follows: Senators Sackett and Bennett voted do pass. Senators Hohman, Hackney, Dankworth and Ray voted no recommendation.

MOTION

CSHB 34 (An Act relating to the preparation and distribution of a taxpayer's summary of the budget) was brought up for discussion. Senator Sackett advised the committee that this bill had been passed from committee a few weeks previously, but had been held pending a Committee Substitute.

CSHB 34

He said a fiscal note should accompany the bill at the time it is introduced. Senator Ray disagreed saying every committee would have a fiscal note attached if that were the case. Senator Sackett replied that it is the responsibility of the Finance Committee to determine which note is the right one.

Senator Ray said he had a problem with the language with what the intent was trying to achieve. Chairman Sackett requested that Senator Ray rewrite the bill and it would be brought before the committee at that time.

CSHB 141 am (An Act establishing the Legislative Limited Entry Study Committee) and HB 142 (An Act making a special appropriation to the Legislative Affairs Agency for the Limited Entry Study Committee) were brought before the committee simultaneously. Chairman Sackett advised that a SCS had been prepared for CSHB 141 am which addressed the fresh water limited entry problem. CSHB 141 amended HB 142

Senator Sackett moved that SCS for CSHB 141 am be moved from committee with individual recommendations. There being no objection, it was so ordered. MOTION

Senator Hohman advised that the fiscal note for HB 142 was inaccurate and suggested that a fiscal note be prepared for SCS CSHB 141 am and that the committee then would not have to deal with HB 142. That was in agreement with the committee. FISCAL NOTE

The motion was made to pass the bill from committee, but the Committee Report was not passed to the members for their signatures. SCS CSHB 141 am was held in file for the next meeting. HELD IN FILE

CSHB 266 (An Act increasing the number of superior court judges) was brought up for discussion. Mr. Rick Barrier from the Alaska Court System advised that the Nome court was transferred to Kotzebue and they were requesting that it be made a Superior Court as the Superior Court has more authority CSHB 266

Senator Hohman moved that CSHB 266 be passed from committee with individual recommendations. There was no objection. Senators Sackett, Hohman and Dankworth voted do pass. Senators Ray and Hackney voted no recommendation. MOTION

The meeting adjourned at 9:03 a.m. ADJOURN

SENATE FINANCE COMMITTEE

April 27, 1979

9:10 a.m.

In the absence of Chairman Sackett, Vice-Chairman Hohman convened the meeting at approximately 9:10 a.m. All committee members were present with the exception of the Chairman. Also in attendance were U. S. Senator Mike Gravel; Senators Colletta, Ferguson, Kelly, and Stimson; Bert Wagnon, Deputy Commissioner, Dept. of Commerce and Economic Development; Representative Cotten; Richard Holden from the Department of Transportation; representatives from the media including Marcia Alvar and Joe LaRocca; and Administrative Assistant to Senate Finance, Garrey Peska.

PRESENT

The Vice-Chairman moved that SB 170 (Act creating the Alaska General Stock Ownership Corporation) be brought up for discussion, advising that Senator Gravel was present to testify concerning it.

SB 170

Prior to commencement of Senator Gravel's testimony, the Vice-Chairman advised that a Senate Committee Substitute for Sponsor Substitute for SB 170 was in the process of final preparation and copying for distribution. The Committee Substitute incorporates the AGSOC concept conceived in the House in its entirety.

Senator Gravel advised that the work done by the House in preparing its legislation represents as fine a piece of work as he had seen. He advised that the contemplated AGSOC concept represents a prototype program in Alaska, allowing for public ownership. Senator Gravel attested to the fact that the Regional Corporation in Bristol Bay has effected a similar arrangement through contract with Phillips Petroleum, allowing for local control over hiring and ownership.

SENATOR
GRAVEL

Senator Gravel advised that the reason for pressing for passage this year is that greater scrutiny will not lead to more information. The information available has come from experts in the field. Attempts to further inform the public will be of no avail, because economics is considered to be a boring issue which most people (the public) are not interested in. However, when dividends begin to flow in, the public will become interested.

4/27/79

Senator Gravel distributed a PERT chart (copy appended to these minutes) setting forth a time schedule for organization and commencement of the AGSOC program. He also directed committee attention to a bill summary (copy attached) explaining various aspects of AGSOC.

Senator Gravel concluded his remarks by requesting that the committee pass the work issuing from the House and incorporated in the Senate Committee Substitute.

Responding to a question from Senator Ray relating to the motive of GSOC in relationship to the Governor's bill, Senator Gravel advised that the Governor's bill intended to take state assets and distribute them to the people, while GSOC involves use of a credit device to borrow money for investment, using a portion of the income from the investment to pay the debt while distributing the remainder. There should be no state funds involved aside from start-up costs, while the Governor's proposal contemplates using state funds.

AGSOC would study ownership of the pipeline by citizens of Alaska and would act in their best interests. Senator Gravel called committee attention to correspondence from his office dated April 26, 1979, refuting recent statements by the Governor concerning AGSOC (copy appended to these minutes).

Responding to questions raised by Senator Dankworth concerning Alaskan representation on the Board of Directors, Senator Gravel advised that a large portion of the proposed Senate Committee Substitute is devoted to extensive incorporation of existing corporate law. The chairman and 3/4 of the Board of Directors must be Alaskans, Senator Gravel advised, again directing committee attention to the bill summary prepared by his office. Senator Dankworth attested to his desire not to have someone from New York or elsewhere sitting on the board, and Senator Gravel advised that one would have to be a resident at the time the bill was signed into law in order to be eligible.

Senator Gravel set forth nominating provisions of the bill, advising that a booklet would be mailed to shareholders with names of those to be appointed to the board of directors. A member of the board may be dislodged by the amount of the electing vote plus one.

Senator Gravel attested to the fact that the state has been extremely narrow in relation to those to whom it has granted

benefits, and the fear that AGSOC might be used to thwart activity is not valid.

Responding to questions from Senator Ray concerning the manner in which the entity could be killed if necessary, Senator Gravel replied that it could be eliminated by legislation except in the instance of contracts which would have to be fulfilled. An initiative by the shareholders could not repeal the law; repeal would have to be effected by legislation. Senator Gravel advised that dissolution procedures take up a majority of the pages of the bill (pages 42 to 65). Dissolution procedures are "boilerplate" incorporation of existing law.

Vice-Chairman Hohman moved to defer action on Committee Substitute for Sponsor Substitute for SB 170 for approximately 10 to 15 minutes, suggesting that in the interim the committee consider CS for HB 141 am (Act establishing the Legislative Limited Entry Study Committee). He advised that the bill had been discussed at a prior meeting and a Senate Committee Substitute prepared, but the committee report had not been signed.

CSHB 141am

Without objection, the committee report was circulated for signature and SCS for CSHB 141 am passed from committee--all members present signing do pass (including Chairman Sackett who had previously signed the report).

MOTION
SCS for
CSHB 141am

Vice-Chairman Hohman next moved that SCR 33 (Relating to a continued study of a direct investment by the state in the Alaska natural gas pipeline project) be brought up for consideration, advising that Senator Colletta was present to testify.

SCR 33

Senator Colletta spoke to the proposed Committee Substitute for SCR 33, advising that it expands the scope of the study and provides that alternate methods of financing be explored. The intent is to hopefully resolve questions concerning the viability of financing the project through the private sector. Vice-Chairman stated that the fiscal note originally prepared for SCR 33 would provide sufficient funding for CS for SCR 33 as well.

Senator Sumner moved that CS for SCR 33 pass from committee with individual recommendations. No objection having been voiced, it passed from committee--Senators Hohman, Sumner and Hackney signing do pass, Senators

MOTION
CS FOR
SCR 33

Bennett and Ray signing no recommendation, and Senator Dankworth signing do not pass.

Vice-Chairman Hohman next moved that SCR 30 (Directing the Legislative Affairs Agency to study indexing the Alaska state personal income tax system) and SR 13 (Directing the legislative finance division to study indexing the Alaska state personal income tax system) be concurrently brought up for consideration, advising that committee substitutes had been prepared for both resolutions and that Senator Kelly was present to testify.

SCR 30

SR 13

Senator Kelly advised that both resolutions would direct study into indexing the Alaska state tax system in accordance with work done in other states, and provide study results to the legislature.

Senator Sumner initially moved that CS for SCR 30 pass from committee with individual recommendations, but following a request from Senator Kelly that the committee pass both resolutions, Senator Sumner amended his motion to move passage of the committee substitutes for both SCR 30 and SR 13. No objection having been voiced, the committee substitutes for both resolutions passed from committee--all members present signing do pass on both committee reports.

MOTION

CS for SCR 30

MOTION

CS for SR 13

Vice-Chairman Hohman next moved that CS for HB 34 (Relating to preparation and distribution of taxpayers summary of the budget) be brought up for discussion, advising that a Senate Finance Committee Substitute for the bill had been prepared.

CS for HB 34

Senator Ray advised that the SCS provides for budget summary preparation and distribution by the Division of Legislative Finance rather than the Dept. of Revenue, and requires that fiscal notes be prepared for all bills introduced to, or revised by, the legislature.

Senator Ray moved that the SCS for CS for HB 34 pass from committee with a do pass recommendation. No objection having been voiced, it so passed--all members present signing do pass.

MOTION

SCS for
CSHB 34

Committee attention at this time reverted to consideration of the CS for SSSB 170 (An Act relating to general stock ownership corporations and creating the Alaska General

SSSB 170

Stock Ownership Corporation; changing Rule 23.1, Rules of Civil Procedure) and Senator Sumner moved that the SCS pass with individual recommendations. No objection having been voiced, SCS for SSSB 170 passed from committee-- Senators Hohman, Hackney, and Bennett signing do pass, Senators Ray, Sumner, and Dankworth signing no recommendation.

MOTION
SCS for
SSSB 170

Senator Hackney moved that CS for HB 26 (Act relating to insurance coverage for persons receiving benefits under the public employees' and teachers' retirement systems) be brought up for discussion. He advised that the bill originally required that the state pay one half the cost for insurance for retired persons and the individual pay the other half, however, the committee substitute issuing from State Affairs requires the individual to pay the full cost of retirement insurance.

CS for
HB 26

He moved that CS for HB 26 pass from committee with a do pass recommendation. No objection having been voiced, it so passed--all committee members present signing do pass.

MOTION
CS for
HB 26

Vice-Chairman Hohman next moved that CS for HB 229 am (Act relating to fish and game licenses) be brought up for discussion, advising that Representative Cotten was present to testify.

CS for
HB 229am

Mr. Cotten attested to the upcoming opening to sport fishing of a portion of the Susitna River, advising that the coming season represents the first time such fish will be allowed to be taken in this area. The opening will necessitate additional streamguards and other administrative costs. CS for HB 229 am merely represents an effort by sport fishermen to pay their share of industry costs.

Senator Sumner raised questions concerning the form in which the \$5.00 fee is set forth on page 1, line 21 of the bill, and Mr. Cotten advised that the \$5.00 fee would be added to a listing of previously existing statutory fees, and was set forth in the bill in a form consistent with fees printed in the statutes.

Senator Hackney moved that CS for HB 229 am pass from committee with a do pass recommendation. No objection having been voiced, the CS passed--all members present signing do pass.

MOTION
CS for
HB 229 am

Vice-Chairman Hohman next moved that CS for HB 365 (Supplemental appropriation to the University of Alaska for acquisition of library books) be brought up for discussion advising that a Senate Committee Substitute had been prepared, and further advising that Senator Ferguson and Mr. Holden were present to testify.

CS for
HB 365

Senator Ferguson advised that the Senate Committee Substitute for CS for HB 365 deals with architectural barriers used during construction, specifically in small communities. Mr. Holden attested to the fact that federal law requires that when federal funding is used in building construction, protective barriers must be provided. The Department wants legislation which would permit the writing of less restrictive regulations concerning these barriers.

SCS for
CS for
HB 365

Senator Sumner moved that SCS for CS for HB 365 (An Act relating to architectural barriers) pass from committee with a do pass recommendation. No objection having been voiced, it so passed--all members present signing do pass.

Motion
SCS for
CS for
HB 365

Vice-Chairman Hohman next moved that SB 165 (An Act making a special appropriation to the mortgage insurance fund of the Alaska Housing Finance Corporation) and SB 205 (An Act making a special appropriation to the Alaska Housing Finance Corporation) be brought up for discussion. John Crandahl briefly appeared at the meeting to advise the committee that Representative Meekins would be unable to appear on behalf of the bills due to a call on the House floor.

SB 165

SB 205

Senator Hackney advised that he was prepared to take action on the bills, and Senator Sumner moved that SB 165 pass from committee with a do pass recommendation and that SB 205 with attached amendment, pass from committee with individual recommendations. No objection having been voiced, SB 165 passed with a do pass recommendation--all members present signing do pass. SB 205 as amended passed from committee with individual recommendations--all members present signing do pass with the exception of Senator Dankworth who signed no recommendation.

MOTION
SB 165
SB 205

Vice-Chairman Hohman next moved that HB 85 (Act authorizing state aid to municipalities for the construction and development of cultural facilities) be brought up for

HB 85

discussion, and Senator Sumner moved that it pass from committee with individual recommendations. No objection having been voiced, HB 85 passed from committee--all members present signing do pass with the exception of Senator Dankworth who signed no recommendation (Chairman Sackett also signed the committee report).

MOTION
HB 85

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

ADJOURN

SF-79 #51 Side 2 (approx. 1/2 way
through to end)
#52 Side 1 (start to 628)

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4/27/79

CRITICAL PATH

1979

1980

1981

1982

1983

1 2 3 4 5 6 7 8 9 10 11 12 1 2 3 4 5 6 7 8 9 10 11 12 1 2 3 4 5 6 7 8 9 10 11 12 1 2 3 4 5 6 7 8 9 10 11 12

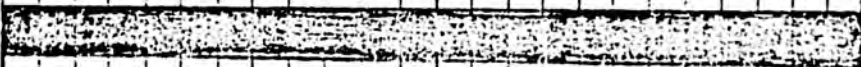
ALASKA LEGISLATIVE APPROVAL



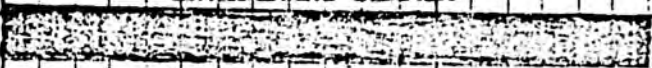
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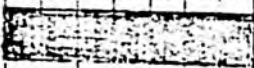
ROLL TAKING



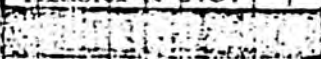
INVESTMENT SEARCH



BONDING EFFORT



LEGAL ERROR
Alaska & U.S.



PROVE
IT WORKS



4/27/79

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BILL SUMMARY

ALASKA GENERAL STOCK OWNERSHIP CORPORATION

The general stock ownership corporation (GSOC) bill provides for the creation of a GSOC in Alaska and a new chapter of Alaska Statutes to regulate it. The AGSOC, taking advantage of new federal law, will be exempt from corporate income taxes. Income will be distributed to the shareholders and they will pay tax at their personal rates. The shareholders will be all the residents of Alaska as of the bill's effective date and stock will be distributed to them free of charge. The AGSOC will borrow funds to finance investments.

FORMATION OF THE AGSOC

The Alaska General Stock Ownership Corporation is formed by three incorporators appointed one each by the Speaker, Senate President and Governor. The incorporators will select nine people to serve as the initial board of directors subject to disapproval within 15 days by two of the three state officials mentioned. The incorporators will prepare and file the articles of incorporation to begin the AGSOC. The articles will include technical requirements of federal law restricting transfer of shares for five years and mandating issue of stock to all Alaska residents.

The directors, appointed by the incorporators, adopt bylaws, hire officers and begin the process of shareholder identification. The initial board serves only until the first shareholder meeting when the appointed directors must stand for election. The initial articles and bylaws of the corporation must be submitted to the legislature within 30 days of adoption and the legislature has 60 legislative days within which to disapprove of any provision by concurrent resolution.

AGSOC SHARES

One share of stock will be distributed free of charge to each Alaskans resident who was a resident on the effective date of the bill. Resident means a person who lives in Alaska and intends to remain here permanently. Only individuals may own AGSOC shares and no one may own more than ten. Each week for three months before issuance of stock the AGSOC must by newspaper, radio and television notify residents of their eligibility to receive stock. A resident who does not wish to receive stock may decline. For one year after the initial stock issue a qualified resident may receive his share of stock without charge and for an additional year may purchase his share for book value.

Federal law requires GSOCs to have a charter providing for the issuance of "at least one share (of stock) to each eligible individual." To fulfill this requirement the first share of GSOC stock must be issued without charge to the shareholders. However, there is no restriction upon subsequent sales of GSOC stock. Thus, provision is made for the subsequent sale of AGSOC stock if the shareholders approve.

SHAREHOLDER POWERS

Each share of stock may be voted at shareholder meetings with 1/3 of the shares required for a quorum. Proxies are prohibited and in their place a corporate ballot and shareholder's pamphlet will be prepared, under regulations insuring fairness, and mailed to each shareholder. Shareholders vote their ballot by mail and cumulative voting is prohibited. The shareholders may nominate directors and place issues on the corporate ballot by petition of 1,000 shareholders. Notice of the right to nominate directors and place issues on the corporation ballot must be made by publication at least 150 days before the shareholder meeting and the meeting notice and ballot must be mailed at least 60 days before the meeting.

AGSOC is required to keep complete books and records available for shareholder inspection and any corporate agent wrongfully refusing shareholder access may be fined \$1,000 per day. Shareholders have the right to remove the entire board by a majority vote or any single director by a vote at least as large as that which elected him. The attorney general or 100 shareholders may file suit to remove a director for fraudulent or dishonest acts or gross abuse of authority. Any shareholder may file a derivative suit on behalf of the corporation if those responsible inside the AGSOC fail to do so. The shareholders have the right to amend the bylaws and with a 2/3 vote the articles of incorporation.

DIRECTORS AND OFFICERS

The board of directors has management responsibility for AGSOC. The chairman and at least 3/4 of the board must be Alaskans. Board meetings must be held in the state, but members may participate by conference telephone. Outside directors can never constitute a quorum except when meeting to fill vacancies in the board. AGSOC will have nine directors although the number may be changed in the bylaws. The entire appointed initial board will stand for election at the first annual meeting. Thereafter, members serve for two years with half the board elected each year. Criminal misdemeanor penalties are provided for directors making distributions designed to deceive creditors or shareholders of AGSOC and any agent of AGSOC who makes fraudulent statements regarding the value of shares.

Officers of the AGSOC are appointed by the board of directors and serve at their pleasure. The board establishes the duties of the officers and may replace them at any time.

OTHER PROVISIONS

AGSOC is prevented from making endorsements of political candidates or ballot issues and may not spend money for lobbying of the legislature. Many of the other provisions of the Committee bill have been carried over substantially from existing Alaska corporate law. The provisions regarding sales of assets outside the ordinary course of business, dissolution of the corporation, restatement of the articles of incorporation, requirements for annual reports to the Dept. of Commerce, filing fees and charges, procedural provisions and forms, and power of the Commissioner of Commerce are all basically the same provisions which apply to existing Alaska corporations. The bill does retain the right in the legislature to change the law with respect to AGSOC at any time so long as the creditors of the corporation are protected.

MIKE GRAVEL
ALASKA

United States Senate

April 26, 1979

Dear Friends:

Governor Hammond in his "Working Paper on Dividend Dispersal Programs" criticizes the House State Affairs Committee AGSOC bill. He assures me that his comments were not intended to give the impression that he would veto the AGSOC bill, but were offered as an aid in moving the bill forward. However, the Governor has made some assertions which are wrong and need to be corrected.

The Governor implies that AGSOC, like Alaska Inc., is merely a means of distributing "dividends" to Alaskans. AGSOC is not a scheme for distributing state assets to Alaskans, but a vehicle through which Alaskans can acquire new wealth independently of government. AGSOC is a vehicle for new capital ownership by the citizens of Alaska, not a scheme to distribute something they already own.

The Governor maintains that AGSOC would place the interests of the shareholders at odds with the interests of the state. The interests of the state are not independent of the interests of its people. The shareholders of AGSOC will be the people of Alaska. It is my conviction that people will be better citizens if they have a real economic interest in private enterprise and that they will act in their own best interests as economic shareholders and political citizens.

The Governor criticizes AGSOC because it will create two types of citizens, shareholders and non-shareholders, and proposes as a remedy a scheme which creates many classes of citizens shareholders based on length of residency in Alaska. The Governor misses the point of AGSOC. The rationale for AGSOC is not to "compensate" anyone for living in Alaska, but to provide a means other than the taxing power of the state for Alaskans to participate in the economic development of their state.

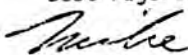
The House State Affairs Committee AGSOC bill prohibits ownership of AGSOC shares by outsiders. When a shareholder leaves the state he is required to sell his stock either to the corporation or another Alaskan.

The House Committee carefully considered the question of state financial assistance to AGSOC and made it clear that AGSOC was to be treated no differently than any other private corporation seeking state financial assistance. If, after full legislative action, the state decides to assist in AGSOC financing it will be doing no more than what it has already done for those Alaskans holding more than \$150 million in state low interest business loans.

The corporate doctrine of limited liability protects the shareholders of AGSOC from any liability for the debts of the corporation.

There is no requirement that an Alaskan become a shareholder of AGSOC. He may reject the stock offered to him at any time within one year of its issue. If he becomes a shareholder and does not want the corporation involved in a particular investment he may put the question to a vote of the shareholders.

Best regards,


Mike Gravel

SENATE FINANCE COMMITTEE

April 30, 1979

9:15 a.m.

Chairman Sackett called the meeting to order at 9:15 a.m. Senators Hackney, Ray, Hohman, Sackett, Dankworth, Sumner and Bennett were present. Also present were: Senator Stimson: Rep. Bucchholdt, Bruce Cummins, Deputy Commissioner, Division of Retirement & Benefits, Garrey Peska, AA to Senator Sackett, and members of the press.

PRESENT

Without objection, HB 81 (Act relating to trapping license receipts) was brought before the committee for discussion. Senator Bennett briefly summarized the bill stating that he had been approached by many from the trappers association requesting passage of the bill.

HB 81

Senator Ray moved that HB 81 be passed from committee with a do pass recommendation. There being no objection, it was so ordered. Senators Sackett, Hohman, Ray, Hackney, Bennett, Dankworth and Sumner voted do pass.

MOTION

SR 6 (relating to an amendment to the Icy Cape No. 1 timber sale, contract number SC-182, permitting exportation of round logs) was brought before the committee for discussion. Senator Ray explained the Resolution.

SR 6

Senator Hackney made a motion to move SR 6 from committee with a do pass recommendation. There being no objection, it was so ordered. Senators Sackett, Hohman, Ray, Hackney, Bennett, Dankworth and Sumner signed do pass.

MOTION

CSHB 29 (relating to the public employees' retirement system) was brought before the committee for discussion. Rep. Bucchholdt stated that the bill provided for certain types of employees to opt out of the retirement system after 25 years of service. Sec. 3 of the bill would allow the employees to vote on sections one and two of the bill. The fiscal note of 10.0 would allow for the election.

CSHB 29

Senator Hackney questioned whether the state amount would go up if the employee contribution went up. Mrs. Bucchholdt answered in the affirmative.

Mr. Cummins from the Division of Retirement & Benefits indicated that the vast majority of the employees would not be profitted by the bill as their contributions would be used as funding for others.

Senator Ray moved that an amendment be attached to the bill (copy attached to these minutes) which would add other employees to the bill. The fiscal note amount for those 14 others would be 18.0. Senator Hohman asked unanimous consent. There being no objection, it was so ordered.

AMENDMENT
MOTION

Senator Hohman made a motion to pass CSHB 29 as amended from committee with a do pass recommendation. There being no objection, it was so ordered. Senators Sackett, Hohman, Ray, Hackney, Bennett, Dankworth and Sumner voted do pass.

MOTION

CSHB 28 (Act providing for presidential party primary elections) was brought before the committee for discussion. CSHB 28 Senator Sumner proposed the following changes to SCS CSHB 28 (State Affairs): page 4, line 29 change "1980" to "1984"; page 5, line 4 change "1981" to "1985"; page 5, line 3 delete "each" and in its place insert "the next".

With these amendments incorporated into a Finance Committee Substitute for CSHB 28, Senator Sumner moved that SCS CSHB 28 be moved from committee with individual recommendations. There being no objection, it was so ordered. Senator Sray, Sackett, Hohman, Hackney and Sumner voted do pass. Senator Bennett voted no recommendation.

SCS
CSHB 28
MOTION

CSHB 243 am (relating to teachers' and public employees' retirement) was brought before the committee for discussion. CSHB 243am Chairman Sackett advised the committee that a Finance Committee Substitute had been prepared. Chairman Sackett said the Governor's Office had said there were no subsequent changes in the SCS, however, he had a question on one portion.

Mr. Bruce Cummins from the Division of Retirement and Benefits addressed the bill, stating that many of the changes were for clarity. Mr. Cummins, not having seen the SCS prior to the meeting, was not able to address all the changes. Chairman Sackett said the bill would be held until the committee had time to look it over.

Chairman Sackett advised there were confirmation letters on the appointments of William Hudson, Commissioner of Administration; Phillip Hubbard and William Spear, Renewable Resource Corp. Board of Trustees to be signed. The letters were passed to each member for their signature.

CONFIRMA-
TION
LETTERS

The meeting adjourned at 9:50 a.m.

ADJOURN

AMENDMENT

OFFERED IN THE SENATE:

By: Finance Committee

To: CS SENATE BILL No. _____

HOUSE BILL No. 29

PAGE: 1

LINE: 20

Add new Sec. 3 to read:

Amending Alaska Statute 39.35.360(a) An employee who completes three years of service with the State after January 1, 1961, for which he makes contributions required by this chapter is entitled to credited service rendered to the State and former Territory of Alaska before January 1, 1961, regardless of the office, department, division, or agency of the state or territory in which he was employed; or rendered service to a political subdivision of the state as a peace officer or correctional officer after January 1, 1961, provided the employee is vested in the State retirement program and is a participating member in the Peace Officers retirement system as of July 1, 1960, or if the service includes (1) service as a commissioned officer of the United States Public Health Service, (2) service with the United States District court and the United States Commissioner's court serving the Territory and State of Alaska succeeded to by the Alaska court system, (3) persons employed as United States marshals, United States deputy marshals, Civil Aeronautics Administration security guards and United States Corps of Engineers security guards, (4) employees of the Alaska Jail System of the United States Department of Justice, (5) Civil Aeronautics Administration heavy equipment operators, (6) employees of the United States Fish and Wildlife Service, (7) employees of the Alaska Road Commission and Bureau of Public Roads, (8) employees of the Alaska Communications System, and (9) those peace officers of the territory, or of a political subdivision of the territory, who are employees of the state or a participating political subdivision of the state on July 1, 1978. The retirement benefits payable to an employee under this section which are attributable to employment rendered to the State and former Territory of Alaska before January 1, 1961, shall be reduced by the amount of the retirement pension benefits paid to him by the United States government for the same period of service

Change existing Sec. 3 to Sec. 4.

JOINT
HOUSE & SENATE FINANCE COMMITTEE
Governor's Conference Room
March 15, 1979
8:35 a.m.

Members of the Finance Committees in attendance: Senators Sackett, Dankworth, Ray, Sumrer, Hohman, Bennett and Hackney; Representatives Meekins, Montgomery, Moss, Freeman, Smith, Schaeffer, McKinnon and Duncan.

PRESENT

Also present were: Representatives O'Connell and Osterback; Peter Bushre, Department of Revenue; Perry Eaton, Chairman, Alaska Housing Finance Corporation; Jack Tinsley, Director, Department Commerce & Economic Development; Bert Wagnor, Deputy Commissioner, Department of Commerce & Economic Development; Pete Jeans, Director, Division of Business Loans; Tony Dean, Assistant Vice President, John Nuveen & Co.; J. M. Linton, Executive Director, Alaska Housing Finance Corporation; Harold Pomeroy, GPC; Jessie Rodson, Governor's Office; Tom Barnes, Division of Budget and Management, Marsha Helton, Policy Analyst, Legislative Affairs; Ann Metcalfe, Legislative Reporting Service; William C. Kelm, Department Adjutant, The American Legion; Louis Fionella, Department Adjutant, Veterans of Foreign Wars; and Josh Wright, Consultant.

Chairman Meekins called the meeting to order and stated the purpose of the meeting was to look into problems with the loan programs.

LOAN
PROGRAM
PROBLEMS

Tape #
HFC/SFC 79-1

Description

009 Mr. Peter Bushre, Deputy Commissioner, Department of Revenue, gave background information on the general fund liquidity situation. He advised the statutes were amended years ago to require the Department of Revenue to process all state loans. He stated that approximately three years ago the Department began the policy of advance funding of loans on the basis of approved applications.

TESTIMONY
FROM PETE
BUSHRE,
DEPT. OF
REVENUE

Mr. Bushre stated that in years when the State has a balanced budget it means for loan programs the entire program will be funded with surplus reserves. In unbalanced years the general fund picks up loan programs and creates a deficit amount in the budget. He said that approximately one year ago they recognized that this policy, coupled with the rapidly increasing demand for loan funds, is creating a serious problem. He said projections indicate they will have zero surplus revenues for fiscal year 1979.

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Mr. Bushre stated their contention is that the most appropriate means of funding the Veterans Loans program is with the sale of tax exempt revenue bonds. He said they recognize that Alaska Housing Finance Corporation (AHFC) is a public company established strictly for the purpose of providing tax exempt single family housing. He stated this seems to be the most viable solution.

036 Mr. Bushre commented that Alaska is completely dependent on the oil pipeline. He said the general fund liquid surplus is at a "comfortable margin". He said they don't have enough to fund state loans and have the necessary surplus to stay where they are now. He advised the state spends an average of \$60 million a month, and in the summer that will probably double, which means they will need \$120 million a month at a minimum. He said an interruption in the flow of the oil pipeline could shut down the line for weeks or months, which would effect the state's revenues.

047 Mr. Bushre said that funding loan programs out of reserves without legislative oversight is not good fiscal management. He said they propose to put all loan programs on a sound financial basis. He said they are suggesting that business loans currently held by Treasury be appropriated to the business loan revolving loan fund, and that the Legislature appropriate \$45 million from the general fund as seed money to fund the business loan program. He said the loan program should have sufficient funds to meet the existing demand for money, and they should be able to generate amounts for future years. He said they believe the most sound method for financing residential loan programs is with the sale of tax exempt revenue bonds. In this regard, they believe the quickest way to do so is with AHFC.

Mr. Bushre said a proposal has been introduced to create a second AHFC for veterans loans only. They believe this legislation has some technical problems. They don't oppose the legislation. They support it in concept.

066 Mr. Bushre said they believe this legislation would simply be creating another AHFC. He requested that if this is done the alternative of AHFC be retained for at least the interim to provide financing at least until the new corporation is ready to begin operation.

072 Mr. Bushre referred to CSSB 152, Section 4, and stated they would prefer that this provision be left to the discretion of the Commissioner of Revenue. He said they believe it would be in the best interest of a new company to make this optional and at the discretion of the Commissioner.

CSSB 152
SEC. 4
COMMENTS

3/15/79

080 Mr. Bushre advised the Department of Commerce and Economic Development has had introduced Senate Bills 146 and 147, which his Department supports whole-heartedly.

DEPT.
SUPPORTS
SB 146 &
SB 147

090 Senator Sackett asked why they are asking the Legislature to appropriate funds back to the Department of Revenue when they can sell the existing loans back to the Department of Commerce and Economic Development. Mr. Bushre stated they felt this would be the quickest and most equitable means of funding a loan program in future years. He said if they retain the interest as general fund revenue, the business loan program will be short that much money. He said that if this goes through the general fund, the Legislature will have to appropriate funds each year.

119 Senator Ray asked why they can't have two sections within AHFC. Mr. Bushre stated that is what they are proposing.

123 Chairman Meekins asked when they entered into discussions with AHFC on the loan problems. Mr. Bushre said June 1978. Chairman Meekins said it appears they haven't gotten very far since then, and he asked what kind of response they got from AHFC. Mr. Bushre said at that time they were discussing a different arrangement than what they are talking about today. He advised that today AHFC is prepared to hold public hearings to include veterans among those eligible for AHFC funding. Chairman Meekins commented that it has been three months since they shut down, and AHFC is just beginning to hold public hearings. Mr. Bushre agreed the problem is serious. He said they made every attempt to hurry the situation along. He said he feels they have a workable solution today.

155 Brief discussion on the sale of veterans loans and audit reports made on loan programs. Mr. Bushre stated a substantial effort has been made to control the problems.

200 Mr. Perry Eaton, Chairman of the Board, Alaska Housing Finance Corporation, made opening comments. He said they finance 60% of all the single family residential financing outside the Anchorage bowl, and 40% of the single family residential financing within the Anchorage bowl. He said their bonds are eagerly sought.

TESTIMONY
FROM
PERRY
EATON,
AHFC

219 Senator Sackett stated AHFC was created in 1971 to take care of rural loan programs. He said nothing is being done in the remote areas, which is supposed to be their prime area of interest.

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- 227 Mr. Eaton said he thinks they have done an excellent job in the bush area. He said the banking industry has not been totally responsive in making loans in rural areas. He said AHFC took the ceiling off the income limitations for rural Alaska. He said they did everything within their means to make it an attractive market to the banks.
- 238 Senator Sackett referred to proposals suggested by AHFC staff which were turned down by the AHFC Board of Directors. He said he thinks the staff has been trying to resolve the problem, but it appears the Board is reluctant to get into an area that is questionable as far as returns are concerned. Mr. Eaton said he disagrees with that assumption. He said he didn't think the staff proposal addressed the problem. He said it didn't go far enough, but it is a beginning.
- 248 Chairman Meekins commented on the background of the \$2 million appropriation they made last year to AHFC. He stated now the Legislature has found that AHFC is just beginning to consider implementing a program they were funded for and said they would begin last year. He said he is hearing the same responses to his questions this year that he heard last year. Mr. Eaton said with regards to developing a program, nothing was said about it having to be implemented in one year. He stated the proposal will come before the Board again at the April meeting.
- 275 Chairman Meekins said no money is going to be lent out unless there is an implementation of a rural housing program. There was further discussion.
- 285 Mr. Eaton said he would do everything he can to get the program implemented. He said he cannot force implementation of the program. He said the issue will be discussed at the next Board meeting, and it does have his support. He said if the appropriation is not made as requested they will shut down 40% in Anchorage and 60% in the rest of the State of the market.
- 301 Chairman Meekins commented the choice of shutting down is not up to the Legislature but the AHFC Board of Directors. He said it is up to the Board to do something about implementing the program. He stated it is something that should have been done last year, and which the Board told the Legislature would be implemented last year.
- 312 Senator Sackett requested a recess be called. A recess was called at 9:30 a.m. Chairman Meekins recalled the meeting to order at 9:55 a.m. Senate Finance Committee members were not in attendance. House Finance Committee members present: Representatives Meekins, Schaeffer, Montgomery, Haugen, Moss and Duncan.

RECESS

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- 313 Chairman Meekins asked what AHFC's position was on rolling in veterans loans. Mr. Eaton stated as they understand the proposal, they have been asked to modify their existing program and not create a special program defined "veterans". He said the proposal is to waive the income limitations for veterans. He said the result of this is that any veteran will be eligible for a low interest AHFC rate. He said it doesn't mean there would be any special fund for veterans. He said this proposal will be coming before the Board on the 19th. He said he does not have a formal opinion on the Board yet, but the consensus of the Board is that they support the proposal. Mr. Eaton stated there is a question of whether they can give selective preference to one group.
- 340 Chairman Meekins asked what kind of money they would need and Mr. Eaton said he was not sure. He said the interest rate would be subject to market influences and bond sales. He said it would possibly be \$60 to \$75 million at the outside.
- 352 Chairman Meekins asked if they anticipate any problems with regard to the Bond market. Mr. Eaton said they do not feel there will be any adverse affects. He said he thinks they have come to the age to allow the bond market to absorb the bonds without any adverse affects.
- 360 Chairman Meekins asked if they anticipate any other problems. Mr. Eaton said they are concerned with the constitutionality of giving a preference to a select group. He said this is being explored.
- 374 Mr. Eaton commented on the definition of rural. He stated they have stimulated blighted and under developed areas. He commented that "rural" was an unfortunate choice of words -- Wasilla is considered rural. He said areas such as that were not intended to be impacted by the definition of rural. He stated this is a problem.
- 402 Chairman Meekins called a recess at 10:10 a.m. He said the meeting would reconvene in the House Finance Committee Room upon adjournment of the House Floor Session.

RECESS

Tape HFC/SFC 79-1 #001 to 402

3/15/79

JOINT
SENATE AND HOUSE FINANCE COMMITTEE MEETING
March 19, 1979
9:00 a.m.

In the absence of Representative Meekins, Representative Freeman called the meeting to order at approximately 9:00 a.m. All Senate Finance Committee members were present with the exception of Senators Sumner and Bennett. All House Finance Committee members were present with the exception of Representatives Meekins and Moss who arrived shortly after the meeting commenced, and absent members Smith, Rogers, and McKinnon. In addition, Senators Kerttula and Stimson attended as well as Fiscal Analyst Dave Scott, representatives of the media, and representatives from the Alaska Association of School Administrators listed on the attached attendance sheet.

PRESENT

ALASKA
ASSOCIATION
OF SCHOOL
ADMINIS-
TRATORS

The President of the Association of School Administrators, Ron Hohman, addressed the committees on issues of importance to the Superintendents of Schools and distributed a memo dated March 19, 1979 (copy attached to these minutes), outlining areas of specific concern.

The Association voted overwhelmingly to support the Finance Committee Substitute for SB 199 dealing with foundation formula funding. This issue represents the foremost priority for the Association.

SUPPORT
FINANCE
CS SB 199

The Association is opposed to an equalization adjustment which might be quickly accomplished without consideration for each of the school districts.

EQUALIZATION
ADJUSTMENT

The Association supports the need for differentials, but it is important that data be obtained to support the adjustments.

DIFFERENTIALS

Concerning school transportation, Mr. Hohman advised that the Association supports the contracts currently being negotiated between the Dept. of Education and individual contractors. Because of the shortfall in this area, some districts are experiencing difficulty. Individual districts should not have to bear the burden of the shortfall.

TRANSPORTA-
TION
CONTRACTS

3/19/79

Concerning taxes, Mr. Hohman expressed Association belief that the \$2.2 million tax at the local level should be shared by all districts and not just by the 21 REAA's.

LOCAL
TAXES

Mr. Hohman outlined the following areas, advising that they represent issues of varying importance:

1. Unemployment Insurance
2. Workman's Compensation
3. Tax Credits
4. Recall of Public Officials
5. Community Schools and Student Activity Associations.

Mr. Hohman advised that the last item on the Association's memo deals with district operating fund balances. The Association feels that the visibility available at this time and the interpretations made so far, do not present a complete picture. He further attested to district necessity to "do battle" with cash flows, federal funds, and auditors--all of whom have a different approach. Some of the interpretations made to date are inappropriate.

DISTRICT
OPERATING
FUND
BALANCES

(Representative Moss entered the meeting at this time 9:05 a.m.)

Mr. Hohman advised that the Association, within the next three weeks, will be sponsoring a work session in Anchorage for school administrators and auditors. Some figures relating to budgets should issue from the work session.

Mr. Hohman stated that the Association wished to recognize Representative Montgomery for his past dedicated service as a school administrator, advising that he (Montgomery) could render to the committee insight only a former administrator could give.

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

Mr. Montgomery was gifted by the Association with a radio in order that he might remain attuned to the "right frequency" concerning educational administrative need.

Mr. Hohman made several analogies concerning the proper function and use of audits, and Chairman Meekins briefly recessed the committee, allowing Association representatives to leave the committee room.

AUDITS

RECESS - 9:20 a.m.

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RECONVENE - 9:30 a.m.

Upon reconvening, only the House Finance Committee members returned to the meeting.

Chairman Meekins reviewed the daily House Calendar with committee members, and next advised that he is in the process of preparing a schedule which would, hopefully, alleviate future problems similar to those which arose concerning the 60-day deadline. He advised he had directed his staff to prepare a list of all bills likely to come before finance. Once a schedule of bills is compiled, the Finance Committee will be able to establish deadlines (such deadlines to be made known to other committee chairman) for bill arrival in Finance. Under the above arrangement, Mr. Meekins advised that the committee would be in a position to tell other chairmen that unless desired legislation reaches Finance according to schedule, allowing time for sufficient research, the committee will not work on the legislation. He stated that the committee is not about to "kick out" legislation without adequate review. He further advised committee members that he did not believe the legislature could adjourn in 100 days and do an adequate job on the bills passing through the legislature.

The meeting adjourned at approximately 9:45 a.m.

ADJOURN