

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2746

land and to distinguish general state management of those lands from university management. He added that all income from certain classes of university property go into a state fund, and the interest from those funds will eventually be used for university operating expenses.

General discussion concerning planning systems of the university and organizational priorities ensued.

The meeting adjourned at 9:50 a.m.

ADJOURN

SFC - 80 - TAPE # 14
(Side 1 000 - 731)
(Side 2 000 - 544)

2/19/80

MINUTES
SENATE FINANCE COMMITTEE
February 20, 1980
8:45 a.m.

The Chairman convened the meeting at approximately 8:45 a.m. All committee members were present. Also in attendance were Senator Stimson; Representative Briar Rogers; Dr. Jay Barton, President, University of Alaska; Dr. Sherman Carter, Vice-President for Finance, University of Alaska; Dr. Patrick O'Rourke, Chancellor, Community Colleges, Extension and Rural Education; Fiscal Analyst Dave Scott; and Budget Analyst for Senate Finance, Bill Hogan.

PRESENT

The Chairman advised that representatives from the University of Alaska were present to testify concerning the University Budget. He stated that the committee would hear first from President Barton, then from Dr. O'Rourke, and finally Dr. Carter. Senator Hohman made reference to a computer demonstration presented on behalf of committee members and Dr. Barton advised that Anchorage, Fairbanks, Kenai, Kodiak, and Juneau are now "on line." Current budget requests for computer expansion would bring Bethel, Sitka, Ketchikan, and MatSu on line also.

UNIVERSITY
OF ALASKA

Responding to questions concerning computer expansion costs, Dr. O'Rourke advised that \$370,104 represents "the cost of everything except hardware." Of the \$44,492 cost for Bethel, \$41,992 represents the cost of leasing the "dedicated" line for one site.

Committee members had no further questions to direct to Dr. Barton, and Dr. O'Rourke next appeared before committee, advising that as Chancellor for Community Colleges, Extension and Rural Education, he presides over 11 community colleges throughout the state, 9 education centers in rural areas, as well as statewide coordination of University extension centers. Throughout the state 135 separate communities receive course work through the University.

O'ROURKE

The FY 81 budget represents a \$3.9 million request over FY 80, or a 17.6% increase over FY 80 figures. Dr. O'Rourke heard budget testimony at all campuses and "came up" with a priority listing of budget requests.

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Of the request, \$1.5 million represents salary and in-step increases. The sum of \$614,000 will provide funding for the three newest community colleges: Prince William Sound (\$227,500), North West (\$225,200), and Chukchi (\$161,300).

In addition, \$563,000 represents operating costs for new facilities provided by the legislature through 1978 G.O. bond issues. Dr. O'Rourke attested to problems at Nenana and Ft. Yukon where facilities will be coming on line which are not budgeted for. The University originally planned "turnkey" projects for these areas. The Attorney General has ruled against such arrangements, and the University will therefore need additional funding for Nenana and Ft. Yukon.

The budget for Anchorage attempts to cure a fee short fall, cover increases in the instructional area, as well as fund increased commodities and equipment. Dr. O'Rourke advised he has available a break-out of all operating and capital costs for all community colleges.

Dr. O'Rourke additionally attested to the need for support (secretarial) staff at McGrath and Delta Junction, advising that such rural educational facilities consist of a basically one-man operation where the instructor keeps the books, teaches, and performs janitorial services. Individuals in these areas need relief and support.

The Kenai Community College budget does not reflect \$36,000 in operating expenses for a new facility constructed under G.O. bond funding. This facility is "coming on line" sooner than expected and has no funding.

Dr. O'Rourke further advised of capital budget needs relating to the aviation complex at Anchorage Community College. The construction budget is \$1.75 million short for construction of Phase I. He advised that the program would cover aircraft maintenance, air traffic control, etc. Displaying schematic drawings for the proposed aviation complex, Dr. O'Rourke advised that Phase I would construct the air frame and power plant facility while Phase II would provide accommodations for air traffic control, professional piloting, etc. Funding will only fund the air frame portion of Phase I but not the power plant.

Dr. O'Rourke attested to priority need, statewide, for instructional units as well as the need for additional equipment. The Governor has recommended 26%. The University needs the entire \$4 million to keep from falling behind in equipment.

Dr. O'Rourke advised of the following capital needs:

Capital project, new facility at Kenai	\$5.6 million
ADE Facility, Anchorage	220 thousand
Prince William Sound	\$1.5 million
Sitka (sewer project)	75 thousand
Galena	750 thousand
Kotzebue (vocational facility)	750 thousand

He added that the Kenai project is the only facility approved in the Governor's budget.

Dr. O'Rourke advised that, statewide, Kenai possesses the greatest knowledge in the area of petroleum offerings. The University approached the Dept. of Education with the hope of increasing this knowledge and spreading it to other areas of the state. Vocational training in this field will need substantial increases in the coming years.

Dave Scott raised questions pertaining to resource allocation and decreasing student credit hours at Anchorage CC, suggesting that general funds had been moved into that facility to take the place of lost student fees. Dr. O'Rourke advised that the situation at Anchorage CC was complicated by the impounding of \$400 thousand which caused the college to reduce its credit hours. Dr. O'Rourke advised that the impound was effected in order to effect good financial management, and the action was his own doing. The college had a shortfall last year and in an attempt to avert such a situation this year, the college was short funded. Anchorage CC also had a change in administration and a poor schedule (the schedule was almost unreadable as printed). The spring schedule is much better. The community college is also beginning to extend itself into the community.

When Dave Scott questioned Dr. O'Rourke further concerning correlation between ACC and the four year school at UAA, Dr. O'Rourke responded that indeed some students are making a cognizant choice to go "for the four-year course offering." This factor, plus scheduling problems, plus the shortage of student fees and impound are all part of ACC's larger problem.

Dave Scott advised that over the last two years there has been no great credit hour growth at either school, yet the University is projecting increases. Dr. O'Rourke responded that the University intends to expand outward and address a whole new student clientele.

Senator Sumner asked Dr. O'Rourke if he has total confidence in proposed projects for the coming year, advising that he feels it realistic to fund to the level of expectation which can be achieved. Dr. O'Rourke replied that he has confidence in the \$92 thousand for Anchorage CC.

Senator Bennett attested to the need for a "full-fledged" oil engineering degree. He further advised that it is difficult to support the University when it offers "soft courses" such as belly dancing, etc., and fails to provide courses needed for in-state expertise. Dr. O'Rourke responded that he could understand the senator's concern.

Dr. Sherman Carter, Vice-President for Finance, next appeared before committee to present highlights of the operating budget and speak to supplemental requests.

DR. CARTER

The FY 81 budget provides a 19% increase over past appropriations and gives more attention to priorities. There has also been some resource allocation to make better use of funding. Senator Sumner advised that it is difficult to understand and subsequently explain a 19% increase unless there is a specific area or specific program that needs the increase. Dr. Carter replied that inflation and previous levels of University funding represent the primary needs for the increase. Transportation and utility costs have gone up, and in the past the University was "frozen" and unable to make needed expenditures for equipment, etc. Funding requested this year will allow the University to "reach out and do a better job."

Responding to questions concerning University underfunding, Dr. Carter advised that such underfunding has created problems in the area of personal services. Underfunding kept to 6% required that the University hold some vacant positions open to the end of the year "to get a good picture of what we need." The University has had to absorb underfunding in a large number of areas and could not have done so had it not held positions open.

The Chairman inquired concerning historical data on the University's vacancy factor. Dave Scott advised that he has for years requested that the University provide salary information on a systemwide basis but the University has said it does not keep such information. Dr. Carter advised that the University would get the information and furnish it without delay. He added that he is unaware of any other requests of the University which have not yet been met.

The Chairman next questioned University funding for sabbatical leave, asking if Alaska is the only state providing full funding for sabbatical. Dr. Carter advised that he did not know of any university which provides full funding, adding that a number of people requesting sabbaticals will not be covered under the requested funding. He further attested to the need to keep professors updated in their respective fields. The \$190 thousand increase will not fund all requests but would fund requests approved by local chancellors, and the University will structure the number approved to the amount available.

Chairman Sackett asked Dr. Carter why figures for recruitment are up, and Dr. Carter responded that recruitment figures are high because of the number of positions requested. Funding will not be used to move individuals out-of-state. Last year's funding for recruitment was not sufficient, the University had to transfer money in to cover this area. Responding to questions from Senator Ray concerning turn-over percentage, Dr. Carter replied that turn-over has not caused the increase. The budget has some new positions--more than last year. The University must recruit. It has placed greater emphasis on recruitment within the state, but it is still necessary to go outside. The Chairman mentioned it appears the University is requesting a total of 189 new positions, asking Dr. Carter if that number is correct. Dr. Carter responded "I think that is about correct."

Representative Brian Rogers inquired concerning the status of University data processing, advising that the University was to provide the Budget & Audit Committee financial information, bill status, and other connections through its computer. Dr. Carter advised that it is technically impossible to provide all such services. The University is developing an accounting system that will provide budget information, but it has problems with hand-prepared data, getting it on the computer and to Mr. Hogan (Jay Hogan) in a timely fashion. The new accounting system will

provide the capability of daily update (now, the information is about a month old).

Responding to a question from Senator Bennett concerning management of University assets, Dr. Carter responded that such assets have currently generated approximately \$210 thousand as earnings from endowment funds. Over the years the University will earn more and more, but it cannot use money from gravel and timber sales from University lands. Such funds go into the University Permanent Fund and the University can only use the interest. The Department of Revenue advises the University of the amount available. The University is making an intense effort to improve management of its lands under its two-year plan. Effort is being made to earn increased moneys from these lands.

Concerning the capital budget, Dr. Carter advised that the University has requested \$71 million worth of its projects through G.O. bonds and \$4.7 million through direct appropriation. The request represents only a portion of the requests made by various chancellors. The University has thus prioritized its requests. The number one request statewide is for instructional equipment. A freeze was placed on such expenditures in the past. The \$4 million request would be spread throughout the University. The remaining priorities are listed in order on the University capital request print out.

Senator Kerttula advised of frustration over approved bond projects delayed to such an extent that it is impossible to build the facility for the funded amount when construction commences, advising that he wishes to see these facilities "brought up to snuff" before new projects are begun.

Responding to a question from Representative Rogers concerning the Seward Marine Center, Dr. Carter replied that the \$2 million request represents the University's second priority. The facility will provide conference rooms, a library and offices as well as a museum, and will be built on land provided by the city.

Referring to University supplemental requests, Dr. Carter advised that each one listed is needed by the University. The University has not requested money except to take care of emergency situations. The \$827 request relating to computer operations results from the fact that last year funding was appropriated at 75% with the caveat that the remainder would be provided if the University made strides in improving its accounting system.

The largest supplemental request, \$6.8 million would ease the University's working capital situation. This amount represents the funds the University lapsed to the state in FY 78 and 79. At the present the University is only able to pay its accounts receivable by borrowing from the state. The supplemental would help a great deal. The funding is especially needed because of increased accounts receivable generated by increased business at the University. Application of such funding can be accounted for by auditors who will verify its use.

Responding to questions from Dave Scott concerning 1979 COLA for University bargaining units not included in the recently passed "pay bills," Dr. Carter stated that such employees were definitely not included in the pay increase. The University seeks a 4.28% COLA increase for these individuals and has only enough funding for 1.5% of the increase; the requested funding is needed to pay the remainder.

Dr. Carter concluded his remarks by stating that he feels great improvements have been made in the University accounting system. He further advised that it is his hope the committee recognizes some consistency in University documents, and that the University is making financial progress. He is optimistic things will be better and anxious to provide Jay Hogan with timely data material.

Senator Frank Ferguson arrived at the meeting shortly prior to adjournment and spoke to the need for the legislature not to take action on the University budget without looking at the capital budget. He attested to need for support to rural community colleges, advising that he does not want benefits extended to the University of Alaska before the legislature looks at the "total picture."

Dr. Carter responded that of funding requested in the capital budget, \$17.6 million in G.O. bonds, \$1.8 million direct appropriation has been designated for community colleges. In addition, system reallocation has shifted funding from larger areas to smaller communities. He concluded his remarks stating, "I believe the community colleges are getting a fair shake."

The meeting adjourned at approximately 9:55 a.m.

ADJOURN

2/20/80

MINUTES
SENATE FINANCE COMMITTEE
February 21, 1980
8:40 a.m.

Vice-Chairman Hohman called the meeting to order at 8:40 a.m. ATTENDANCE
in the absence of Chairman Sackett. All other members were present. Also in attendance were Senator Stimson; Legislative Assistant to the Governor Keith Specking; Department of Revenue Deputy Commissioner of Taxation Joseph Donohue; Deputy Commissioner of Environmental Conservation Deming Cowles; Administrative Officer for Environmental Conservation Dale Wallington; Administrative Assistants to Senate Finance Garrey Peska and Nancy Harvey; and members of the press including Joe LaRocca.

Vice-Chairman Hohman stated that the first order of business SB 122
was consideration of SENATE BILL NO. 122 (An Act relating to the permanent fund; amending Appellate Rule 45, Alaska Rules of Court Procedure; and providing for an effective date). He advised the committee that they would also be considering the SENATE FINANCE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. CSSB 122
122 (An Act providing for a general tax refund under the Alaska Net Income Tax and relating to the use of income from the Alaska permanent fund for the general tax refund; and providing for an effective date). He then requested Administrative Assistant Garrey Peska to explain the basic differences between the two bills.

Concerning the original bill, Mr. Peska stated that the Department of Revenue had indicated they would be able to retrieve the information necessary to refund taxes on a five-year base period. The committee substitute differs in the portion of refund based on the amount of tax paid and the number of years a person had filed due to the fact that the Department of Revenue can only retrieve the necessary information for the preceeding year instead of all five.

Vice-Chairman Hohman requested that the Deputy Commissioner of MR. DONOHUE
Taxation in Department of Revenue, Mr. Joseph Donohue, come forward to elaborate on the system they had worked out for the Senate Finance Committee Substitute. Mr. Donohue stated that in the first version of the bill there was a percentage arrangement for sharing the refund. It was that 50% of the refund would be divided amongst people who had filed continuously for five years. He said that the new version would convert that slightly, though the dollar value of shares shouldn't be greatly effected; basically, it reads that five year filers get five shares and one year filers get one share. The value of the

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shares is computed by multiplying the taxes collected for a given year by .5 (which would be approximately \$50 million for 1978), and then divide it by the outstanding shares. At that point the individual taxpayer is considered and put into either a "Class A" or "Class B" category; then the per share value is multiplied by whatever number of shares the individual holds. Mr. Donohue continued, saying that everyone would get one equal share for each year filed (going back five years), and that the formula is not based on the dollar amount of taxes paid, but just on the number of years filed. The Classes (A and B) are another way of structuring the breakdown in the first draft of the bill.

General discussion and questioning followed on such aspects as joint returns, separate returns, residency, and other refund alternatives. Senator Sumner asked what the cost of this particular system would be. Mr. Donohue responded that it would run close to \$3 million (which could be spread over two fiscal years).

Vice-Chairman Hohman stated that a recess would be taken so that Mr. Donohue could consult with the Commissioner of Revenue and/or the Governor with the two following questions from the Senate Finance Committee:

1. Does the Governor support this bill?
2. Would he veto a tax repeal? (Does he support this bill over a tax repeal?)

The meeting recessed at approximately 9:05 a.m.

RECESS

AFTER RECESS

The meeting was called to order at approximately 9:15 a.m. Vice-Chairman Hohman stated that the committee would consider SENATE BILL NO. 424 (An Act making a special appropriation to the Office of the Governor, for the Arctic Winter Games) while awaiting Mr. Donohue's return. He asked that Ms. Karen Ward, of the Lieutenant Governor's Office come forward to speak for the bill. Ms. Ward stated that the funding needs were \$50,000, and that it would be re-imbursable. She distributed the proposed budget prepared by Don Cather, Games Coordinator for Alaska. Senator Sumner moved that the bill be moved from Committee with a "do pass" recommendation. There being no objections, it was so ordered.

SB 424

MS. WARD

MOTION
SB 424

Vice-Chairman Hohman advised the committee that the next order of business would be consideration of COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 577 (Finance) amended (An Act making supplemental appropriations for the operating expenses of state government), and asked Deputy Commissioner of Department

CSHB 577
(Fin) am

of Environmental Conservation Deming Cowles and the Administrative Officer of the same department Dale Wallington, to testify before the committee on the bill.

Mr. Cowles stated that the House Finance Committee had removed the Department of Environmental Conservation from this \$42.5 million supplemental appropriation bill. Senator Sumner asked why they had been removed. Mr. Cowles stated that it was his understanding that there had been a misunderstanding in relation to a situation with DEC regulations and a land disposal issue in Ketchikan. He said he felt the situation had been corrected, and that it was his understanding that the House Finance Committee had passed a bill out of committee which would provide funding to the Department of Environmental Conservation, and that they are on record now to provide the supplemental for the rest of the year. Senator Sumner asked Mr. Cowles to elaborate on the situation that had been corrected. Mr. Cowles responded that if he understood the problem correctly, there was some confusion over whether or not DEC waste water regulations were holding up a land disposal package. The misunderstanding was created when the DEC regulations did not meet the issuance of the piece of property; they merely said that in that particular area the soil was not capable of taking on a lot of sewage systems and that some other closed type system would have to be installed. However, the land disposal could still proceed. The "correction" entailed an attempt by the Department of Natural Resources, the Department of Environmental Conservation and the Ketchikan Borough to come up with a sub-division that is acceptable to everyone. They have arrived at a tentative agreement which encompasses forming a local improvement district in the Ketchikan area. He said the Ketchikan Borough Assembly will have a forum on Tuesday evening and a work session on Saturday to decide whether or not they want to accept the plan. He concluded by saying that in any case, the sub-division will go through and the land sale will take place June 30; the DEC regulations would not prohibit the land sale in any way.

MR. COWLES

Senator Sumner asked that the bill be held over so that he could check out some things. Senator Hackney made the same request. Senator Bennett stated that he would like to make an amendment to the bill before it leaves the committee, and asked that when the bill came up again he would like to have the Commissioner of the Department of Transportation present. Without objection, the bill was held in committee.

Vice-Chairman Hohman brought up the next order of business, SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 243 (An Act relating to teachers' and public employees' retirement; and providing for an effective date), and asked Mr. Paul Arnoldt, Director of Division of Retirement and Benefits, to come forward.

SCSCSHB 243

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After some discussion, it was concluded that all the changes being made to the bill had already been discussed during previous meetings. Senator Hackney asked Mr. Arnoldt to testify to that fact; he did. Senator Hackney moved that the bill be moved from committee with a "do pass" recommendation. There being no objection, it was so ordered.

MOTION
SCSCSHB 243

Mr. Donohue returned to the meeting, and Vice-Chairman Hohman stated that the committee would revert to discussion of SENATE FINANCE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 122 (An Act providing for a general tax refund under the Alaska Net Income Tax and relating to the use of income from the Alaska permanent fund for the general tax refund; and providing for an effective date). He asked Mr. Donohue to answer the questions posed earlier in the meeting. In response to the first question, Mr. Donohue stated that, yes, the Governor supports the bill, but that he would prefer to see the distribution program effecting non-taxpaying classes treated in the same bill and that his ultimate decision will depend on how people outside the tax system will be treated. In response to the second question, Mr. Donohue stated that the Governor (with regard to his veto power) never takes a position in advance of the bill actually being before him; he would have to consider how the Legislature had treated the major issues put before them by the Administration. But, he did say that he would probably veto a tax repeal.

CSSB 122

MR. DONOHUE

Senator Tillion and Legislative Assistant to the Governor Keith Specking arrived at the meeting at this time. Further discussion of the ramifications of the bill followed. There was a great deal of confusion among the committee members as to how the proposed tax refund system would actually work. Senator Hackney asked that the Department of Revenue provide the committee with various samples of the process, worked out with different sets of individual circumstances. Senator Kerttula asked that these samples include an arithmetic formula. He also requested a sectional analysis of the bill.

Senator Tillion stated that the bill in question only changes the mechanics of the process, but does not change the concept of the original bill.

Senator Sumner moved that the committee take a five minute recess. There being no objection, it was so ordered.

RECESS

AFTER RECESS

Vice-Chairman Hohman reconvened the meeting at 9:55 a.m.

Senator Sumner urged that the committee move the Senate Finance CSSB 122 from committee in its present form. He advised that it was his intent to provide a vehicle wherein the Legislature can effect tax repeal. He further stated

CSSB 122

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that while CSSB 122 may require amendment from the floor, or negotiation in free conference, it is important that such legislation be passed. He thus moved for passage of the committee substitute with individual recommendations. There being no objections, it was so ordered, with committee members signing the committee report as follows: Senators Hohman and Sumner signed "do pass", and Senators Hackney, Kerttula and Bennett signed "no recommendation".

MOTION
CSSB 122

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

ADJOURN

SFC - Tape # 16
 (Side 1 000 - 734)
 (Side 2 000 - 339)

2/21/80

MINUTES
SENATE FINANCE COMMITTEE
February 22, 1980
8:47 a.m.

Chairman Sackett convened the meeting at approximately 8:47 a.m. All committee members were present with the exception of Senator Sumner who arrived shortly after the meeting commenced and Senator Hohman who was absent. Also in attendance were Senator Stimson; Dr. Kerry D. Romesburg, Executive Director, Postsecondary Education Commission; Ron Lind, Deputy Commissioner, Department of Transportation and Public Facilities; Sharon Traylor, Director, Division of Business Loans; Deming Cowles, Deputy Commissioner, Department of Environmental Conservation; Dale Wallington, Administrative Officer, Department of Environmental Conservation; Fiscal Analyst Dave Scott; Administrative Assistants to Senate Finance Garrey Peska and Bill Hogan; and for a portion of the meeting, Representative Meekins.

PRESENT

The Chairman moved that CSHB 577 (Finance)am (Act making supplemental appropriations for the operating expenses of state government) be brought up for discussion, advising that Ron Lind from the Dept. of Transportation was present to testify. Mr. Lind advised that the House currently "has a supplemental for the haul road." That bill will be heard before House State Affairs this afternoon. The director for DOT's interior region is enroute and will appear and testify before the House on the haul road supplemental. Last year \$2.4 million was appropriated for haul road operation. "It will take an additional \$3.6 to \$3.7 million for full year operation." Garrey Peska advised that 85% of the funding within the fiscal note for HB 367 (\$2.4 million) was funded. Mr. Lind advised that the department made some line item adjustments and transfers in interior region funds and airport funds (accomplished under RP 80-355). Mr. Lind further stated that by directive of the foregoing RP, all funds transferred to operate the haul road must be reimbursed.

CSHB 577
(FINANCE)AM

DOT

NORTH SLOPE
HAUL ROAD

Responding to a question from Senator Ray concerning current maintenance of the road, Mr. Lind replied that maintenance is presently contracted through private contractors, Doyon and AIA.

Senator Bennett asked if the above transferring and borrowing of funds has hampered maintenance in the interior, and Mr. Lind replied "no, but the interior district has been tight on funds. They have been very conservative with their funds. Last year they had to have a supplemental."

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

Responding to a question from Senator Kerttula asking if it makes any difference where "the money comes from," Mr. Lind advised that he would prefer to let the House bill pass in order not to impede North Slope funding.

Senator Hackney advised that it appears "the Department has been robbing Peter to pay Paul, and it's pay up time."

Senator Ray stated that it is obvious that 85% funding is not the best approach to budgeting. Funding should not depend upon political idiosyncrasies.

Senator Bennett moved to add \$3,685,000 for maintenance and operation of the North Slope Haul Road to CSHB 577 (Finance)am. No objection to the motion having been voiced, it was adopted.

ENVIRONMENTAL
CONSERVATION
ON CSHB 577
(FINANCE)AM

Mr. Deming Cowles and Dale Wallington next appeared before committee to testify on behalf of the Dept. of Environmental Conservation concerning CSHB 577 (Finance)am. Senator Kerttula asked if the funding for Environmental Conservation would be "sufficient to take care of Department problems," and Mr. Wallington replied "we just have enough money to go to March 1 unless we get this funding."

Senator Ray attested to his concern for Environmental Conservation's budget problems, voicing dismay at the fact that the commissioner and representatives from the department appeared before Senate Finance, failed to mention the Department's impending lack of funding, but instead "went to the press saying it (the Department) was going to have to lay off a bunch of people." The Senator concluded his remarks advising "if this is your approach to funding, you people have a lot to learn." Mr. Cowles stated that the problem arose over a proposed subdivision in the Ketchikan area, but that the problem has now been resolved.

Senator Kerttula advised that CSHB 577 (Finance)am would "provide a vehicle" for funding agricultural loans for the Delta Project and suggested adding the \$5.7 million needed for spring planting. The Chairman advised that he did not wish to jeopardize passage of CSHB 577 although he recognized the need at Delta. He stated that he would amend the bill in Rules or from the floor if funding for agricultural loans is not forthcoming. Senator Sumner advised that he would report agricultural legislation out of Resources and send it to Finance within the coming week.

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The Chairman recommended passage of CSHB 577 (Finance)am at this time, subject to later amendment if necessary.

Senator Kerttula moved to add to CSHB 577 (Finance)am funding provided the Department of Environmental Conservation on pages 4 and 5 of the original bill. Senator Bennett voiced support of the motion. No objection having been heard, the amendment was adopted.

MOTION
CSHB 577
(FINANCE)AM

Senator Hackney moved that the adopted amendments be included in a Senate Committee Substitute for CSHB 577 (Finance)am and that the Committee Substitute pass from committee with a do pass recommendation. The Chairman amended the motion in favor of individual recommendation and Senate CS for CS for HB 577 passed from Senate Finance--Senators Hackney and Bennett signing do pass, Senators Sumner, Ray, and Sackett signing no recommendation.

PROPOSED
SCS for
CSHB 577

SCS for
CSHB 577
INC.REC.

Senator Hackney next moved that SB 425 (Act making a supplemental appropriation to the Department of Education, Commission on Postsecondary Education) be brought up for discussion, advising that Dr. Romesburg was present to testify concerning the bill.

SB 425

Dr. Romesburg advised that funding contained within the bill is needed due to the fact that over the last 5 years the cancellation rate (cancelled loans) has been running between 18 and 20%. Cancellations refer to students who attend school for only one semester or become otherwise ineligible for continued loan payments. The result to such consistent cancellation has been that each year the Commission overawards approved loans. The Commission has operated on this basis in the past and with the steady cancellation rate has never overextended.

DR.
ROMESBURG

This year the cancellation rate is running approximately 5%. Because of poor job market prospects individuals are not dropping out of school and, as a result, the Commission is overextended. SB 425 includes funding to cover this overextension as well as funding for temporary staff to help process loan applications.

The commission thought it would fund approximately 3,000 students. It actually has over 4,600, and a lot more people asking for loans (more people in school asking for money-- not more people going to school). These are different kinds of loans, smaller loans of between \$500 to \$1,000. The commission is still receiving applications although it stopped making loans January 4, 1980. To this date

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the Commission has before it 80 applications asking for approximately \$180 thousand. The Commission expects to receive an estimated 220 additional applications during the remainder of the year including summer school, second semester loans, etc. Dr. Romesburg concluded his statement advising that the Commission is still receiving requests for loans, not processing any more loans, and over its funding.

Responding to a question from Senator Bennett concerning the "cut-off" date, Dr. Romesburg advised that the bill will accommodate individuals to whom the Commission has already made commitments. He further advised that he was instructed by the Governor's Office that, in terms of a supplemental, he was to ask for funding just for those to whom the Commission has committed, adding that he would like to see the supplemental increased by \$450 thousand to cover additional applications which have not yet come in. Senator Kerttula expressed his belief that if the Commission is going to need an additional half million, the legislature should provide funding for student loans for the remainder of the year. He moved that the funding within SB 425 be increased to include the additional \$450 thousand. Dr. Romesburg advised that the increased funding would "take care of all approved loans and those we anticipate coming in this year." No objection to increasing the funding having been voiced, Senator Kerttula's motion carried.

MOTION
SB 425

Senator Hackney moved that SB 425 as amended pass from committee with a do pass recommendation. SB 425 as amended thus passed from committee--Senators Sackett, Hackney, Bennett, and Kerttula signing do pass, Senators Sumner and Ray signing no recommendation.

SB 425
AS AMENDED
DO PASS

Responding to inquiry from Senator Kerttula concerning committee assignments, Senator Sackett advised that when a committee member is assigned a bill, he is to conduct research on the bill, gather backup information, and if the member is in favor of the bill, bring it up before committee. The Chairman made a further point of noting that concerning supplementals, regardless of whether or not a member or assignee is in favor of the appropriation, the funding is going to be needed and the committee should do its best "to get these appropriations out this year.

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The Chairman made the following bill assignments:

SB 158	-	Sackett
SB 312	-	Sumner
SB 323	-	Ray
SB 335	-	Bennett
SB 364	-	Hackney
SB 421	-	Kerttula
SB 422	-	Hohman
SB 423	-	Sackett
SB 426	-	Hackney

BILL
ASSIGNMENT

The Chairman further advised that the Department of Natural Resources would appear before committee next Monday for continued budget review. The Chairman hopes to conclude committee-of-the-whole budget review by Tuesday and devote subsequent committee meetings to bill consideration. He further attested to the need for a deadline for supplementals and advised of the following additional supplemental requests:

Department of Law for TAPS tariff
Governor's Office for D-2
Governor's Office for Natural Gas Pipeline
Governor's Office for Reapportionment Board

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

ADJOURN

MINUTES
SENATE FINANCE COMMITTEE
February 25, 1980
8:40 a.m.

Chairman Sackett called the meeting to order at 8:40 a.m. All committee members were present. Also in attendance were Senator Stimson; Director of Department of Public Safety Division of Fish and Wildlife Protection Mr. Bob Stickles; Commissioner of Department of Natural Resources Mr. Bob LaResch; Deputy Commissioner of Department of Natural Resources Mr. Geoffrey Haynes; Natural Resources Director of Division of Administration and Management Mr. Tom Bergstrom; Administrative Assistants to Senate Finance Bill Hogan and Garrey Peska; and representatives from the press including Joe LaRocca.

ATTENDANCE

Chairman Sackett made the following bill assignments to the committee:

BILL
ASSIGNMENTS

SB 110	Senator Bennett
SB 131	Senator Sumner
SB 397	Senator Sackett
SB 398	Senator Sackett
SB 436	Senator Sumner
SB 437	Senator Kerttula
SB 447	Senator Hackney
SB 496	Senator Sumner
SB 597	Senator Hackney

Chairman Sackett requested that committee members having requests for supplementals provide him with a listing as soon as possible; he would like to combine these requests from different departments and individuals for this fiscal year.

REQUEST FOR
SUPPLEMENTALS

Chairman Sackett then advised the committee that the first order of business would be the consideration of the budget for the Fish and Wildlife Protection Division of the Department of Public Safety. He asked that Mr. Bob Stickles, Director of the Division, come forward to give testimony.

TAPE # 17

DESCRIPTION

SFC-80-Side 2

112 Mr. Stickles proceeded to give a summary of the differences between the FY 80 and FY 81 budget requests. He stated that the division is broken down into the four following allocation units:

MR. STICKLES
FISH & WILDLIFE
PROTECTION,
DEPT. PUBLIC
SAFETY

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1. Detachments
2. Director's Office
3. Aircraft
4. Vessels Program

Mr. Stickles explained the line item changes in each allocation unit, and said that inflation was the primary reason for any increases in requests over the last fiscal year.

268 Senator Bennett asked why one of the two helicopters in the Aircraft allocation was in "mothballs". Mr. Stickles responded that last year they had enough money to keep both helicopters running during sheep and fishing seasons, but that this year, with increases in fuel costs, repair and maintenance, they aren't able to find the funds. Chairman Sackett asked why, with a total budget of \$7.6 million, they couldn't find the funds. Mr. Stickles responded that it was because of general increases in cost throughout the division. Senator Ray asked if it wasn't true that if the division really wanted to run the second helicopter, they could ask for a supplemental from the Governor's Office. Mr. Stickles said that yes, that would be a possibility if the situation were that crucial.

392 Senator Hohman asked how much money was in Contractual Services for the helicopters. Mr. Stickles said that there was \$12,235 for the first helicopter. Senator Sumner requested a cost breakdown of all aircraft. Senator Hohman asked that leased aircraft be included in the breakdown.

482 Chairman Sackett stated that the committee would then hear from the Commissioner of Natural Resources, Mr. Bob LaResch; the Deputy Commissioner of Natural Resources, Mr. Geoffry Haynes; and the Director of the Division of Administration and Management, Mr. Tom Bergstrom, on the FY 81 proposed Department of Natural Resources budget. He stated that this budget would be different from the others, and asked Commissioner LaResch explain in detail the new budget format and why they came up with it.

COMMISSIONER
LARESCH
DEPT. OF NAT.
RESOURCES

525 Commissioner LaResch passed out a packet of budget format papers, and stated that these should illustrate the reconciliation of the new budget with the old one. He said that what they set out to do basically, was to reduce everything the department does during the year to what they termed "performance contracts"; they have broken down all next year's work into projects, with funding requests by project. The breakdown provides the committee with each PCN, the portion of time for that PCN, as well as funding sources for each project.

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He said that the intent of the new format is to allow the committee to fund DNR by project and to show exactly what job each of the approximately 600 employees of the department should do during the next year. He added that the "slip side" of this would be that DNR would know exactly what tasks they are expected to accomplish on a specific quarterly time table during the year. He said that they would keep their accounting on that basis also. He then described the intent of each of the following forms previously passed out to each committee member:

1. DNR Continuation and Incremental Projects
2. Priority Ranking of Non-Continuation Projects
3. DNR New Positions and Funding Source
4. Individual Project Budget

He then requested that Deputy Commissioner of the Department of Natural Resources, Geoffry Haynes, explain how they arrived at the project descriptions and priorities, and how the system would reconcile with the old system.

DEPUTY COMM.
HAYNES
DEPT. OF NAT.
RESOURCES

600 Mr. Haynes stated that because of DNR budget problems the previous year, which was based on department entities, a new one was devised which is broken down into programs. Each program is then divided into project levels, with a cost put on each project. He said that the advantage is that each project is separate from all the others, so that a project could be funded or not; if not, the lack of funding would not effect other projects. An added advantage would be that performance judgements could be made according to these specific projects. He said that the result departs from the continuation process budget system of other departments because you lose track of money once it goes into that type of system. He concluded that the net benefit would be that proposed projects would be entirely visible and that performance evaluations could be made at any point in time.

697 General discussion and questioning followed on the pros and cons of the project system. Senator Kerttula asked Mr. LaResch if this budget was just for DNR or if it was an experiment for future use with all the departments in the state. Mr. LaResch responded that it was his personal feeling that this system would be an improvement for all departments, but that DNR had done this entirely on their own. He said that they had had some trouble with the BRC letting them go this far, but that it is the most "zero-based" budget in the state.

TAPE # 18

SFC-80-Side 1

000 Chairman Sackett stated that he had become concerned that

this type of budget was being used in other departments also. He said that FRED (Fisheries Rehabilitation and Enhancement Division) had already come in with this kind of budget. He said that the committee needs to work with only one department for a year before any more change-overs are made.

- 110 The Individual Project Budget forms Commissioner LaResch had passed out earlier were discussed. They had been left blank, and it was stated that the completed forms would be available to the committee by Thursday, February 29, 1980. Chairman Sackett stated that the committee would request their appearance at a later date to continue discussion of the new budget format.
- 123 Chairman Sackett advised the committee that the question of the Agricultural Revolving Loan Fund would be dealt with next, and asked Senator Kerttula to explain the problem to the committee. AGRICULTURAL
LOAN FUND
- 150 Senator Kerttula stated that he had a letter from the Governor requesting an increase in advance of the Governor's budget. The problem is with the farming community near Delta, and due to the forest fire there recently, the contract to clear the area will reduce the Agriculture Revolving Loan Fund by \$1.5 million. In addition, there is apparently more land than was previously thought available for planting, which involves a need for feed, fertilizer, and equipment "front" money. People from Delta have varified this need. He added that he felt it was of such urgency that emergency money should be provided. He said the Governor has agreed to it in the general budget, but that he felt the process should be hurried up.
- 197 Senator Bennett asked if there were records of the money spent on the Delta fire. Senator Sackett stated that an audit had been completed and asked the Administrative Assistant to provide a copy to Senator Bennett. He added that he felt the department involved should have a policy for this type of situation. He asked Senator Kerttula what the monetary request was; Senator Kerttula responded that it was for \$6.8 million. That is the Governor's request (either for \$5.6 million or \$6.8 million). Senator Sackett stated that if Senator Kerttula could provide the proof that \$4.6 million is already approved for the Agricultural Loan Fund, and that they expect the need for \$3.2 million for spring planting, then he could not see any question about the \$1 million for purchases, Department of Revenue, or the \$1.2 million for the fire suppression repayment. He added that the committee would conclude its decision when that information was provided.

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300 Chairman Sackett stated that the committee would take up consideration of bills the following day, and that he would like to prioritize supplementals.

The meeting adjourned at 9:50 a.m.

ADJOURNMENT

SFC-80-TAPE # 17
(Side 2 000 - end)
SFC-80 TAPE # 18
(Side 1 000 - 343)

2/25/80

MINUTES
SENATE FINANCE COMMITTEE
February 26, 1980
9:00 a.m.

Chairman Sackett convened the meeting at approximately 9:00 a.m. All committee members were present with the exception of Senator Hohman. Also in attendance were Senator Stimson, Mr. Frank Geiger, Manager, Alaska Farmers Cooperative, Inc., Fiscal Analyst Milt Barker, and Administrative Assistant to Senate Finance Garrey Peska. ATTENDANCE

The Chairman advised that HB 275 (relating to agricultural loans) passed the House and would receive Senate committee referral at the morning floor session. He introduced Mr. Frank Geiger, advising that Mr. Geiger was before the committee to testify to the need for agricultural loans. HB 275

Mr. Geiger advised of the need for funding for small farmers in the Delta area as well as the twenty-two designated tracts. Some individuals want to farm so badly they actually lived in tents on the land last winter. This year most have built log cabins and are living on and attempting to farm the land. Mr. Geiger advised committee members of a proposed cattle program the cooperative is hoping to commence, as well as a gasohol program. MR. GEIGER

Mr. Geiger concluded his statement by saying that the farmers are not asking for grants, they are seeking money which can be borrowed and paid back. There are currently approximately 1500 acres available and costs are "running" about \$75 per acre.

Following Mr. Geiger's testimony, Senator Sumner moved that HB 207 (Transportation of employees) be brought up for discussion, advising that his research indicates the legislation is aimed at Alaska processing facilities which bring workers to Alaska to work at canneries during the summer, pay minimum wages, and leave employees stranded in Alaska without transportation back to their point of origin. Senator Sumner stated his concern that legislating that return fares be paid might leave open the possibility of abuse by state agencies such as that practiced by the University of Alaska. Senator Sumner further advised that he isn't sure the state should become involved in dictating that employers pay these costs. HB 207

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Senator Sumner advised that he believes the committee should make a decision concerning whether the transportation requirement could be "stretched" as it has been by the University, adding that he believes it could be unless amended.

Senator Ray suggested amending language excluding state entities from the return fare requirement, advising that if such a "loophole" exists in current law it should be "shut."

Senator Sumner recommended that the bill not pass from committee in its present form, advising that he doesn't feel "the emergency that the department seems to think exists." He further added he has no enthusiasm for the bill but wanted to bring it before the committee for review.

Senator Hackney advised that REAAs provide return trips for employees, and Senator Sumner stated his opposition to state intervention in the private sector as proposed within the subject bill. Senator Hackney advised of his concern that individuals "dumped" in Alaska end up on welfare rolls.

The Chairman advised that the important question pertaining to the legislation is whether or not it would apply to state agencies. Administrative Assistant Garrey Peska advised of backup material in the bill file consisting of (1) a 1974 opinion from the Attorney General saying that as a sovereign state the law would not apply (2) a 1976 opinion stating that it would apply, and (3) a letter from the University stating its position.

Senator Ray again attested to need to amend the bill in order that it apply only to the private sector. He moved that the bill be returned to its assignee (Sen. Sumner) and rewritten to exclude state agencies and the University.

Senator Sumner next moved that SB 168 (Act relating to earlier service retirement credit for territorial employees) be brought up for discussion, advising that the bill originally added U.S. Corps of Engineer civil section employees to those eligible for state retirement (approximately 25 people at a cost of \$15,000). The Senate State Affairs Committee prepared a Committee Substitute for SB 168 which adds 10 Civil Aeronautics employees to the bill, increasing the fiscal note to \$21,800.

SB 168

Senator Ray suggested that the bill be rewritten to cover all individuals who should be within the retirement system, advising that he has had similar requests from individuals working for various school districts.

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Senator Kerttula concurred in Senator Ray's suggestion, advising that Legislative Affairs should be directed to draft legislation with appropriate coverage. He informed committee members that he also has a constituent (a former Alaska Powerhouse employee) whose retirement "is screwed up."

Responding to a question from the Chairman concerning the number of individuals the redrafted legislation might cover, Senator Sumner advised that it would be difficult to prepare fiscal information to accompany a committee substitute without "knowing who all is involved." The Chairman directed Senator Sumner to have his staff and Mr. Arnoldt (Paul Arnoldt, Director of Retirement Benefits) prepare estimated financial information. Senator Ray suggested that the Committee Substitute incorporate the cutoff date recommended by Mr. Arnoldt in his letter of February 14, 1980.

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

ADJOURN

Tape Malfunction
No recording for this meeting

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MINUTES
SENATE FINANCE COMMITTEE
February 27, 1980
9:00 a.m.

Chairman Sackett called the meeting to order at 8:40 a.m. All committee members were present with the exception of Senator Sumner. Also in attendance were Senator Stimson; Administrative Assistant of Office of Coastal Zone Management Naomi Kipp; Commissioner of Limited Entry Commission Mr. John Williams; Director of Administration for Limited Entry Mr. Harold Johnson; Administrative Assistant to Senate Finance Garrey Peska; and representatives from the press including Joe LaRocca.

ATTENDANCE

Chairman Sackett referred the committee to the Environmental Conservation Budget, volume 1, page 3, Coastal Zone Management, and requested that Ms. Kipp, Administrative Assistant, come forward to present the budget requests.

BUDGET
COASTAL ZONE
MANAGEMENT

Ms. Kipp stated that the office acts as staff to the Alaska Coastal Policy Council, comprised of nine elected members of local government appointed by the Governor, and six commissioners of the State of Alaska. The purpose of the office is to maintain a balanced management of Alaska's coastal resources. Money is received from the federal government, part of which is passed through to local governments by going through Community and Regional Affairs, with the rest being used to provide assistance and administration to the program.

MS. KIPP

Senator Ray, referring to page 5, Management Administration, asked if the three new positions weren't really three old temporary positions that are being changed to permanent part-time. Ms. Kipp stated that was true; Senator Ray said that he felt this was a mis-interpretation of the budget. Chairman Sackett asked if there had been any additional general funding when the RP was approved. Ms. Kipp responded that there was not. She added that this RP just transferred some of the money between line items in the budget and that it was not an additional item. She said that there were two RP's and that one moved money from one budget category to another, and the second RP added federal money but not General Funds.

Senator Ray asked why grant money had been moved into Contractual. Ms. Kipp stated that this action had been based on instructions from Budget and Management. In FY '80 they had the money in Grants to try to identify it separately, but were told that since they are not the agency that actually gives the money directly to the local government that they should have it in contractual instead. So, the money was

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transferred back to Contractual. Both Senators Sackett and Ray felt that the grant monies should be kept separately. Senator Ray asked if \$2,500,000 was the total amount of grants monies. Ms. Kipp responded that it had been in FY 80, but that \$500,000 of that was transferred by the vehicle of an RP; part of it went from Contractual to other categories to cover underfunding in salaries for the three Research Analysts, and the balance went into Contractual to fund specific studies to provide information to the local government. This left them with \$2 million in grants monies (with an added \$102.8 for inflation), which has just been transferred into Contractual.

Chairman Sackett asked if the transfers had been recommended in the last years budget as things the office planned to do with the \$2.5 million. Ms. Kipp said yes, but that specific programs that were going to be performed had probably not been delineated. She added that part of the problem was that a certain amount of the money was to be used, assimilated and matched by the local government. It was found that additional services or information needed to be provided by other agencies, either by the Office of Coastal Management, other state agencies, or by private contractors. That was why the transfers were made. She added that she felt the intent had been referred to.

Chairman Sackett stated that it was always his understanding that grant money was only to be issued through the State, and was not to be used by an office of the State for operating expenses or for studies, etc., without notifying the Legislature. He added that the Senate Finance Committee would look into this matter further. Ms. Kipp stated that the RP in question was "80-97 X".

Senator Hohman asked if unused federal monies had every been returned to the federal government. Ms. Kipp said that they had been, but was unsure of exact amounts. Chairman Sackett asked that this information be provided to the entire Senate Finance Committee.

Chairman Sackett advised the committee that the next order of business would be the consideration of the Limited Entry budget, and asked Mr. John Williams, a Commissioner with the Limited Entry Commission, and Mr. Harold Johnson, Director of Administration for the Commission, to come forward.

BUDGET
LIMITED
ENTRY
COMMISSION

Chairman Sackett noted that the Commission has asked for three new positions and asked Mr. Williams what the changes were between the Governor's and the Commission's Personal Services requests. Mr. Williams stated that based on their own "in-house" research they had found that the Commission's staff was significantly behind the rest of State government in terms of pay for equivalent classifications. Budget and Management requested that they then contract out to an

MR. WILLIAMS

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independent agency to varify the "in-house" findings. The result of that comparative study is shown in the \$66.3 increment. The \$8.8 figure was the additional money that came out of the pay raise to carry through into FY 81 - it was added to the original request that went to the BRC.

Chairman Sackett queried Mr. Williams about the card embossing machine for \$24,000. Mr. Williams stated that it is a computer driven machine. He said that presently they are sending magnetic tapes to a contractor in California to have their plastic permit cards embossed. They have two machines that are used for new issues, which are embossed "in-house". He explained that these cards are used like credit cards and the information is embossed on the fish ticket; they are asking to lease a computer driven printer to avoid any necessary increases in Personal Services to handle the increased licensing that they are facing.

Chairman Sackett asked Mr. Williams to elaborate on why they are facing increased licensing. Mr. Williams stated that in 1974 they began issuing permit licenses (embossed cards), and in 1978 they started issuing vessel licenses. At that time, there was no increased funding for additional staff. Since 1974, with permit licenses and vessel licenses, issues have increased about 136% (about 15% per annum). He said that was the biggest problem in the Commission - keeping up with the tremendous backlog.

Senator Ray brought up the subject of Data Processing charges to State agencies, and asked Mr. Johnson his opinion. Mr. Johnson responded that he didn't agree with the Data Processing charge-back system and that he didn't think the charges actually reflect computer time. He said that he didn't feel the figure (\$184,000) should be in their budget at all, but rather should be in the Data Processing budget. Both Senators Sackett and Ray agreed that if Data Processing were to request funds needed to perform services for State agencies, it would cut down on confusion concerning estimates, time lags, and paperwork.

MR. JOHNSON

Senator Hohman requested that Mr. Williams summarize the potential effects of HOUSE BILL NO. 665 (relating to late applications for limited entry permits; effective date) if it were to pass. Mr. Williams stated that the bill, as presently worded, would provide for another application period for those persons who were eligible to apply when the salmon fisheries were originally limited, but that he felt that it would be over-inclusive. He said there were a number of people who consciously did not apply as they were retiring from the fisheries, etc., and then there were a number of people who did not know about the importance of the one-time application process, or were out of state, or didn't know they could submit multiple applications and consequently didn't take full advantage of the application process. As presently

HB 665
MR. WILLIAMS

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drawn, the bill would not distinguish between those two groups of people, and would open up the potential for several thousand permits to be issued.

Senator Hohman asked if that would have a negative impact. Mr. Williams said that aside from the increased cost factors, the biological factors in the fisheries themselves would be adversely effected. He pointed to the Bristol Bay Drift Gillnet fisheries expect as many as 560 additional permits (about a 30% increase), and considering the tenuous situation in Bristol Bay now, that increase could set up the fishery for a major "fall". General discussion concerning the Bristol Bay fisheries problems ensued. A "glutted" fish market across the world was felt to be the major reason for the potential fisheries disaster.

Senator Hohman asked Mr. Williams if he had drafted amendments to the bill and Mr. Williams stated that at the request of Representative Anderson he had prepared an analysis of the bill. On page 2 of the summary there were nine points that could be considered as amendments to the bill to alleviate what he considered to be the more adverse impacts should it be decided that the equities lie with having another application period. Senator Hohman asked for a copy of the analysis.

Chairman Sackett asked for further questions or discussion and there being none, he advised the committee that they would take up consideration of bills at their next meeting.

The meeting adjourned at 9:35 a.m.

ADJOURNMENT

MINUTES
SENATE FINANCE COMMITTEE
February 28, 1980
9:03 a.m.

Chairman Sackett convened the meeting at approximately 9:03 a.m. All committee members were present. Also in attendance were Senators Stimson, Kelly, and Ziegler; Julius J. Brecht, Director, Division of Banking, Securities, and Corporations; Janet Bradley, Assistant Director, Human Rights Commission; Charles Campbell, Director, Division of Corrections; Roger Lange, Administrative Officer, Division of Corrections; Fiscal Analyst Bob Schroeder; and Administrative Assistant to Senate Finance Garrey Peska.

PRESENT

Senator Kerttula moved that SB 310 (Act exempting interest earned from certain financial institutions from the Alaska net income tax) be brought up for committee discussion, advising that both Senator Ziegler and the bill's sponsor, Senator Kelly, were present to testify concerning the legislation.

SB 310

Senator Kelly advised that the purpose of the bill is to increase capital amounts available within financial institutions in the State of Alaska thereby increasing the amount of money available for loan. A similar idea is currently being looked at very seriously in Congress. Senator Kelly stated again that the legislation would increase capital available for loan within the state and encourage savings.

SENATOR
KELLY

Mr. Brecht, Director of Banking appeared before committee at this time and distributed to members a copy of an article from the Washington Post outlining the processes involved in effecting this type of savings.

Senator Kelly advised he has not "heard" of any opposition to the bill. Senator Ray stated that while he feels no opposition to the concept, the bill "seems" to discriminate against those who don't have savings accounts--those who have invested their money in other areas. He stated his belief that the bill is too narrow.

Senator Kelly responded that encouraging savings is only the minor thrust of the legislation. The "major idea" is to build up capital savings in Alaska banks.

Chairman Sackett referred to the fiscal note attached to the bill and a memorandum from Gary Jenkins (copies appended to these minutes), advising of the lack of exact data for the bill.

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Senator Kelly responded that he had written Mr. Jenkins advising him that he, Jenkins, had missed "the thrust" of the bill which is to increase capital in Alaska financial institutions in order that it can be used to benefit Alaskans.

Senator Kerttula suggested the committee hear from Mr. Brecht concerning Division of Banking's position on the legislation. Mr. Brecht advised that he is in favor of the bill in that it will encourage savers, large and small, to put their money in Alaska financial institutions.

Senator Kerttula asked if the \$5 million loss in general fund revenue would be offset by economic activity in the banks. Mr. Brecht replied that a multiplying effect would derive from the bill. By not taxing earned interest, it is available for reinvestment in mortgages which are in turn sold, creating more capital and multiplying the effect many times over. He advised that the effect is difficult to estimate since one would have to know approximately how much capital would be generated and how much economic activity would subsequently follow. Mr. Brecht "guessed" that the capital derived from such non-taxed interest would "at least be increased by a factor of two." It depends upon how quickly an institution can roll its money.

Senator Ray advised of his belief that the legislation represents "a very clever disguise for 'big-brother' action, telling people what to do with their money." Senator Ziegler voiced disagreement with Senator Ray's statement, advising that the bill allows all individuals who save a tax break and would be a "great thing for all savers in the State of Alaska, small and large."

Senator Hohman requested additional time to evaluate the Washington Post article as well as additional backup material relating to the bill and suggested that the bill be returned to committee files at this time. No objection to the Senator's suggestion having been voiced, SB 310 was retained in committee.

SB 310
HELD IN
COMMITTEE

Senator Hackney moved that SJR 16 (Relating to an amendment to the Constitution of the United States which would require that total federal appropriations not exceed total estimated federal revenues in a fiscal year in the absence of a national emergency) be brought up for discussion, advising that Senator Ziegler was present to testify.

SJR 16

Senator Ziegler stated that 30 states have passed resolutions similar to SJR 16. The Resolution represents a philosophical attempt to curb governmental expenditures. In recommending SENATOR passage, Senator Ziegler attested to the need to "slow down ZIEGLER federal spending before we go completely bankrupt." Secondly,

considering what the state has been subjected to by the present administration in Washington, the Resolution represents a means of "fighting back," a method of saying "we don't like the way we have been treated on the national level." Senator Ziegler briefly referred to needed minor amendments (Page 2, Line 1, change "five" to "four," and Page 2, Line 6, after "alternatively" insert "this body makes application and requests that") and then requested committee passage of the Resolution.

AMENDMENT
SJR 16

Senator Ray expressed his opinion that passage of the Resolution might be analogous to "sticking your hand in a piranha's mouth, specifically at appropriation time." Senator Ziegler replied that no other states passing similar legislation have been penalized to any extent. The Senator concluded his remarks asking "What more can they do to us?"

Senator Sumner moved for passage of SJR 16 as amended with individual recommendations. No objection having been voiced, SJR 16 as amended passed from committee-- Senators Sackett, Hohman, Bennett, Hackney, and Sumner signing do pass, Senators Ray and Kerttula signing no recommendation.

MOTION
SJR 16
(AMENDED)
DO PASS

The Chairman moved to bring SB 382 (Act making a supplemental appropriation to the Department of Health and Social Services, Division of Corrections, for FY 79 bills) and SB 396 (Act making supplemental appropriations to the Department of Health and Social Services, Division of Corrections) up for discussion, advising that the two bills have been combined within Committee Substitute for SB 396.

SB 382
SB 396
CS for SB 396

Mr. Charles Campbell, Director of the Division of Corrections, and Roger Lange, the Division's Finance Officer, appeared before committee to testify on the legislation. Mr. Campbell stated that, essentially, the bill addresses supplemental needs in order to continue operation of the Division of Corrections on a maintenance level. Mr. Campbell attested to the Division's inability to deal with the 6% vacancy factor because of the need for 24 hour guard coverage. In addition, the Division needs major medical funding and funding for out-of-state placement of prisoners.

CAMPBELL
& LANGE

Mr. Lange advised that the Committee Substitute also includes salary costs and \$575 thousand for in-state juvenile care in private institutions. The Division has restored the vacancy assessment and the probation officer position. Mr. Lang stated that restriction

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of the probation position would be unfair to those about to be released from institutions. Funding is also requested within the legislation to cover the cost of unbudgeted lease costs.

Senator Ray advised that the Committee Substitute also includes \$22 thousand for a refrigerator/freezer unit at the Fairbanks Correctional Center, \$16 thousand for psychological counseling and a teaching position at Ridgeview Manor, and \$400 thousand needed by the Division to pay accumulated unpaid bills. Mr. Lange stated that the unpaid bills consist of charges made by the Federal Bureau of Prisons for out-of-state care, payment for juvenile care in private institutions, and miscellaneous small bills.

Mr. Campbell advised that the number of individuals housed out-of-state has escalated rather dramatically. The Division was previously put on notice to reduce the number of prisoners so housed since the Palmer and Eagle River facilities were not being utilized to full capacity. The division agreed to such a reduction, advising that it is opposed to sending prisoners out-of-state. Seventeen prisoners were brought back to the state and the Division noted increased tension within its facilities as a result of their return. Seventeen represents the greatest number of prisoners the system could bring back. The state continues to "have people out-of-state in excess of what it can pay for."

Responding to a question from Senator Hackney concerning juvenile care, Mr. Campbell advised that McLaughlin had been underfunded by a substantial amount. The Division is in favor of reducing this kind of incarceration for juveniles, but it does not have enough funding to place all juveniles in private care. The Division moved money from private care into foster homes and made an attempt to identify more foster homes. Out-of-state care was reduced by 82% while foster care was increased 52%. Mr. Campbell advised that the department's problem is that it must continue to use McLaughlin until it can implement other programs. To date 28 children have participated in adventure-based programs. The department has also reorganized and set up a specific unit for handling youth, but the Division is "seriously lacking in funding for placing children in private institutions."

Senator Hohman asked how last year's figures for McLaughlin compare with this year's, and Mr. Lange stated he would furnish a comparison

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Responding to questions from Senator Hohman concerning adventure-based education, Mr. Campbell advised that the Division has utilized such a program, adding that the programs have been "dramatically successful," although the Division's tracking system has not been the best. The Division strongly supports the adventure-based concept although it has encountered problems developing in-state resources for the programs.

Responding to a question from Chairman Sackett, Mr. Lange advised that the exact amount needed for McLaughlin is \$365,000, such funding to be in addition to that already in the budget.

Senator Ray attested to the need for legislative understanding that "it takes 'x' amount of dollars" to operate such a facility as McLaughlin whether it houses 5 or 50 individuals. Such an amount represents "the basic cost of running an institution." Cutting down on the number of people housed therein does not necessarily cut costs proportionately.

Senator Hohman referred to an analysis by Fiscal Analyst Bob Schroeder suggesting that Sec. 10 (\$400,000 to division of corrections for outstanding 1979 bills) is inflated by 6%.

Mr. Lange responded that the \$400,000 request was prepared last October. At that time the Division had \$368,000 in unpaid bills. The Division, in correspondence to Budget & Management, stated that the amount requested could be reduced to the actual dollar amount of its outstanding bills at the time the supplemental was formalized.

Senator Ray moved that the bill be held in committee until the division could provide more information on its unpaid bills. Senator Hohman asked if the \$400,000 request was inflated by 6%, and Mr. Lange replied, "yes." Senator Hohman stated his belief that the Division should have advised the committee of this fact on its own.

The Chairman advised the bill would be held in committee.

In his closing remarks Mr. Campbell stated that the Division "couldn't be more pleased at the opportunity to exchange complete information." The Division wants to develop alternative plans for young people, but until such plans are concrete, the Division must continue to use McLaughlin.

CS for SB 396
HELD IN
COMMITTEE

2/28/80

Senator Hohman attested to the fact that it is difficult to have confidence in the Division based on its past reputation. He further advised of his belief the Division is guilty of withholding information because of the 6% inflation factor uncovered by Legislative Finance on funds requested under Sec. 10 of the above-discussed legislation.

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

ADJOURN

STATE
of ALASKA

MEMORANDUM

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

DATE: February 7, 1980

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division

SUBJECT: CS for Senate Bill No. 310

This bill would exempt any interest paid by a financial institution in the State of Alaska from taxation under the Alaska Income Tax Act. This income would be exempt to individuals trusts, estates, partnerships, and corporations.

It is assumed that the objective behind this bill would be to encourage individuals to place more money in interest-bearing accounts in financial institutions in the State. While this is a very ideal aim, there is serious question about whether a bill such as this would cause the desired result. It is my impression that people place money in savings accounts, depending on the economic climate in the society, rather than because any interest which might be earned is tax free.

The major benefactors of this bill would be the wealthy individuals and large corporations who already have substantial interest-bearing accounts in Alaska banks. If the intent is truly to encourage savings by the average citizen, consideration should be given to providing the tax exempt status to deposits made after the effective date of the bill and on a maximum amount, such as \$5,000.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS For SB 310

institutions

Title Act exempting from the net income tax interest earned from Alaska financial/

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected _____

Program Category Affected _____

Budget Request Unit(s) Affected _____

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND			Unknown			
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The bill proposes to exempt from income taxation interest earned from a financial institution which is chartered under the laws of the State or has its principal or home office within the State.

Due to lack of data we are unable to determine the exact revenue impact of this proposal. It is likely to reduce general fund revenue by about \$5.0 million annually.

IV. DATE 3/7/80

PREPARED BY E. R. Jones

AGENCY Budget

PHONE 431/700

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

MINUTES
SENATE FINANCE COMMITTEE
February 29, 1980
9:00 a.m.

Chairman Sackett called the meeting to order at 9:00 a.m. All committee members were present. Also in attendance were Senator Stimson; Director of Division of Banking and Securities of Department of Commerce and Economic Development Julius Brecht; Chairman of the Alaska Board of Fisheries Mr. Nick Szabo; Director of the Division of Commercial Fisheries of Department of Fish and Game Mr. Steve Pennoyer; Administrative Assistants to Senate Finance Garrey Peska and Nancy Harvey; Fiscal Analyst Bob Schroeder; and representatives from the press including Joe LaRocca.

ATTENDANCE

Chairman Sackett advised that the committee would take up consideration of SENATE BILL NO. 112 (An Act relating to corporate dissolution and reinstatement, and fees paid by businesses and corporations), and asked Senator Bennett to introduce the bill to the committee.

SB 112

Senator Bennett stated that there are about 25 places in the bill where the Legislature would extend its authorization, and asked that Mr. Julius Brecht, Director of the Division of Banking, Securities and Corporations come forward to speak on the bill.

Mr. Brecht stated that though the bill is lengthy, it is simple in concept. Specific statute fees (Title 10) would be removed and replaced with language requiring the Commissioner of Economic Development to set those fees by regulation to keep pace with inflation. The benefactors and users of their services then would be charged rather than the taxpayer. It would also provide for distribution of "later found" assets of a corporation.

MR. BRECHT

He said that in addition to the basic bill, the division had conducted a review of the reporting requirements under Alaska Statutes, Title 10, and came up with the three following suggested amendments to the bill:

1. To require a biennial rather than an annual corporate report filing for businesses, nonprofit, religious and professional corporations.
2. To require a biennial rather than an annual corporation tax payment for business corporations.
3. To reduce the delinquency period from six to two months, after which time the department could take steps to

2/29/80

involuntarily dissolve a business corporation for failure to pay a corporation tax or file a corporate report. Presently, the department is not able to dissolve a corporation in a timely manner so that some corporate files contain out-of-date information for as long as ten months.

General discussion and questioning followed. Senator Sackett asked if there would be a reduction in cost or staff if the bill were to pass with the amendments. Mr. Brecht stated that since his directorship, in spite of the increased paper flow, there had been no increase in staff, so he surmised that though the paper flow would decrease, the staff would not. Senator Sackett asked about the increased request for \$20,000. Mr. Brecht responded that this money was to be used for data processing, and that he had made the estimate himself as data processing would have charged approximately \$2,000. to make the estimate. More discussion and questioning followed. Chairman Sackett requested that Senator Bennett meet with one of the fiscal analysts and with Mr. Brecht and prepare an analysis to prove either a static staff or a reduction in cost, regardless of the FY 81 budget. He also requested that Mr. Brecht get a more firm figure from Data Processing. At that point the committee would take up the bill again.

Chairman Sackett then advised the committee that Mr. Nick Szabo would appear before them. He said that during the interim there were many Fish and Game policy questions that came before the Legislature. Fish and Game had said that these decisions were made by the Board of Fish, so Chairman Sackett had invited Mr. Szabo to talk about their mutual concerns.

MR. SZABO
BOARD OF
FISH

Mr. Szabo thanked the committee for the opportunity to appear before them. He said that even though the public in general is probably opposed to rapid growth in state government, this does not hold true for fish and game programs. During the course of their meetings, they received countless requests for increased spending for research, management, and enforcement; virtually every area of the State has indicated this need. The rapidly expanding herring fisheries are of particular concern. Due to an increased price, improved abundance, possibly the threat of limited entry, the effort in these fisheries has increased several fold. The Board is concerned that these fisheries be developed in a rational manner. In order to maximize the yields from these fisheries, the managers need much better information on which to base decisions, otherwise they run the risk of overly restrictive regulations or over-harvesting the resource. Directing the benefits of these fisheries to local areas requires regulations that need an increase in enforce-

2/29/80

ment efforts from the Department of Public Safety. Another problem is that the spring herring fisheries fall at the end of the fiscal year when much of the money appropriated has already been expended and much of the present expansion was not anticipated. He concluded by saying that he had requested information from the Department of Public Safety and the Alaska Department of Fish and Game pertaining to their needs for the 1980 season and the FY 81 request, and passed out an outline of this information with supporting material to the committee members. (The outline is appended to the end of these minutes.)

Mr. Szabo stated that the most immediate need in the outline was the request for \$32,000 for the spring Board meeting.

General discussion and questioning followed concerning such aspects as: 1) how SB 198 effects the Department of Fish and Game, 2) whether or not the issue of commercially fishing from charter boats would be taken up at the spring Board meeting (it will be taken up March 5, providing the meeting takes place), 3) whether or not there is a substantial shrimp stock around the Pribilof Islands, and 4) what had been resolved concerning the subsistence problem in the Upper Yukon River area.

Chairman Sackett asked Mr. Szabo to let him know when he would be available to come before the committee again to explore some of these issues further and thanked him for his testimony.

Senator Hohman requested that the committee meet with the Commissioner of the Department of Health and Social Services and the Director of the Social Services Division after lunch to discuss a personnel policy issue. It was decided that the meeting would take place at 1:30 p.m.

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

ADJOURNMENT

I. Introduction

II. Board-Department Supplemental-HB 712

- A. \$32,000 Board
- B. 265,000 Seasonal Positions

III. 1980 Supplemental Projects

- A. Herring
 - 1. Bering Sea
 - (a) Department of Public Safety-\$39,500
 - (b) ADF&G-Assessment-\$25,000
New Vessel-\$25,000
 - 2. Kodiak-\$50,000
 - 3. Prince William Sound-\$20,000
 - 4. Southeastern-\$30,000
- B. Westward Shrimp Research-\$35,000

IV. FY 81 Additional Projects

- A. Herring
 - 1. Bering Sea
 - (a) Department of Fish and Game
 - 1. Togiak \$48,000
 - 2. Security Cove 8,600
 - 3. Nelson Island 17,800
 - 4. Cape Romanzoff 4,100
 - 5. Norton Sound 48,300
 - 6. Port Clarence-Kotzebue 26,800

TOTAL \$153,600

- (b) Department of Public Safety-\$36,000
 - 2. Kodiak-\$125,500
 - 3. Prince William Sound-\$94,000
 - 4. Southeastern-\$75,800
- B. Northeastern Bering Sea
 - King Crab Research \$123,400
 - 62,600
 - \$186,000

V. Conclusion-Advisory Committee

2/29/80

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MINUTES
SENATE FINANCE COMMITTEE
March 3, 1980
9:10 a.m.

Chairman John Sackett convened the meeting at approximately 9:10 a.m. All committee members were present. Also in attendance were Senator Stimson; Julius J. Brecht, Director, Division of Banking, Dept. of Commerce & Economic Development; Janet Bradley, Assistant Director, Human Rights Commission; Charles Campbell, Director, Division of Corrections; Roger Lange, Finance Officer, Division of Corrections; Marsha Hubbard, Dept. of Health & Social Services; Fiscal Analysts Bob Schroeder and Jerry Schilz; and Administrative Assistant to Senate Finance Garrey Peska. PRESENT

Senator Ray moved that SB 396 (An Act making supplemental appropriations to the Department of Health and Social Services, Division of Corrections) be brought before committee for discussion. He advised that the Senate Finance Committee Substitute for SB 396 contains the original version of SB 396, SB 382 (Act making a supplemental appropriation to the Department of Health and Social Services, Division of Corrections, for FY 79 bills), plus additional requests. Senator Ray advised of the need for the following changes in the Draft Committee Substitute: SB 396
SB 382
CS for
SB 396

Page 3, Line 6 change \$400,000 to \$380,000.
(The committee reduced the amount requested to pay outstanding bills to \$380,000 to cover the \$378,000 Mr. Campbell advised the Division has actually accumulated in unpaid bills.)

MOTION

Page 2, Line 24 Delete Section 7.
(To be combined with Sec. 11 for a new section)

Page 3, Line 9 Delete Section 11.
(To be combined with Sec. 7 for a new section)

Senator Hohman moved to add \$40,000 for the Yukon/Kuskokwim Health Education Project to pay the cost of firm strips and other educational materials, suggesting that the \$40,000 be inserted in place of deleted Section 7. No objection to the Senator's motion having been voiced, the \$40,000 appropriation was included within the Committee Substitute. MOTION
YUKON
KUSKOKWIM
HEALTH ED.

Senator Ray notified committee members of the presence of Janet Bradley who was interested in testifying on behalf of the Human Rights Commission in relation to the subject legislation.

3/3/80

Mrs. Bradley advised that she was before committee in support of the supplemental request by the Division of Corrections. She informed committee members of an agreement worked out between Corrections and the Commission as a result of a complaint concerning sex discrimination against women prisoners. Ridgeview Manor is not in compliance with the agreement in terms of recreational facilities, heating, ventilation, showers, etc. The commission supports the funding for Ridgeview and requests that \$100,000 be placed in a special fund tied to the conciliation agreement between Corrections and the Commission. The sum of \$50,000 would bring the physical plant into compliance with the agreement (heating, lighting, toilet facilities), \$35,000 would fund a coordinator of volunteer services and an instructional person for the inmates. Remaining funding would go for outdoor recreation and exercise activities. Additional funding which might be needed the Division has said it would provide through Department "economies." Due to the fact that compliance with the conciliation agreement represents a "long standing matter between the Human Rights Commission and Division of Corrections" the Commission requests that funding be restricted and earmarked for this particular use only.

JANET
BRADLEY
HUMAN
RIGHTS
COMMISS-
SION

Responding to questions from both Senator Kerttula and Senator Hackney concerning the volunteer services coordinator, Mrs. Bradley replied that most inmate counseling is provided on a volunteer basis. While many inmates are receiving counseling through AA, the coordinator would insure that available local resources are channeled into the facility. Senator Hackney attested to his belief that such a function could be performed by the community without need of another position at Ridgeview.

Responding to questions from Senator Ray concerning proposed "economies" within the Division to provide additional funding for Ridgeview, Mr. Campbell advised that during the budget process the Division was unaware of needs at Ridgeview or the requirements of the conciliation agreement. During the fall a number of legislators visited Ridgeview and "came up with a laundry list of needs amounting to \$70,000." The Division, working with the Director at Ridgeview, identified \$16,000 in immediate needs to bring the facility up to legislative requirements. Subsequently, the Human Rights Commission conducted its own review. At present it is difficult to determine exactly how much full compliance will cost (review

MR.
CAMPBELL

3/3/80

indicates the Division must put in additional showers, etc., yet there have been no complaints concerning the lack of shower facilities). It is difficult to determine at this time whether the Division will comply with all Human Rights Commission requirements. The Division requested that DOT conduct a study, but the study itself would cost \$7,000 and the Division intends to "be out of this facility in one and a half years." The Division will attempt to comply with the Human Rights Commission recommendations using the requested \$16,000.

Responding to questions from Senator Ray concerning the average length of incarceration within Ridgeview, Mr. Campbell responded that an average would be "something less than a year." He further added that an average is not really very revealing because some inmates spend a very short time at Ridgeview while some spend five years or longer.

Replying to a question from Senator Hohman, Mr. Campbell advised that under Sec. 9 of the Committee Substitute, \$7,000 would be used for psychological counseling and \$9,000 used for educational purposes. He further advised that concerning teaching positions the Division prefers to contract for instructors through the University of Alaska.

Senator Bennett moved to combine the wording in deleted Sections 7 and 11 as a new Section 11 with a new total of \$256,700 (miscellaneous repairs and upgrades at the Fairbanks Correctional Center). No objection to Senator Bennett's proposed change having been voiced, it was included within the Committee Substitute.

MOTION
FBKS.
CORR.
CENTER

Senator Sumner advised that he wished to add a new section to the Committee Substitute providing \$66,600 for emergency medical equipment for Bartlett Memorial Hospital. He advised that having recently spent time in the hospital as a patient made him realize how badly the hospital needs equipment which can "measure a patient's health rather than quizzing the patient or estimating his degree of pain." The Senator suggested that his amendment be numbered Sec. 13 and the remaining Sections be renumbered accordingly. No objection to the above amendment having been raised, the additional funding was included within the Committee Substitute.

MOTION
BARTLETT
HOSPITAL

Senator Ray moved that Committee Substitute for SB 396 (Act making appropriations to the Department of Health and Social Services) pass from committee with a do pass

MOTION
CS for
SB 396

3/3/80

recommendation. No objection having been raised the Committee Substitute (as adjusted in these minutes) passed from Senate Finance--all committee members signing do pass.

Following passage of the legislation, Mr. Campbell advised committee members that Section 3 of the Committee Substitute contains more funding than the Division requires since it has not yet hired the additional officers. Because of tension and other difficulties which developed at the Juneau Southeast Correctional Institute last fall, the Division received permission to hire five additional officers. There is "no way they can be hired before April 1." The amount appropriated under Sec. 3 should therefore be \$50,000 rather than \$70,000.

Senator Ray responded that it is his understanding the Institute does not have enough correction officers to allow inmates more than one telephone call a month. He directed that excess funding under Section 3 be used to pay overtime, allowing existing guards to provide extra services and recreational activities until the additional guards (correction officers) can be hired. He recommended that the excess funding remain within the Committee Substitute. No objection to Senator Ray's recommendation having been noted the Committee Substitute remained as passed. The Chairman instructed Mr. Campbell to, in the future, bring such a situation to the committee's attention "ahead of time" rather than after the bill has passed.

Chairman Sackett next moved that SB 383 (Act making a supplemental appropriation to the Office of the Governor, European and Asian offices) be brought up for discussion. The Chairman began a breakdown of allocated and required funding, but it became apparent that funding information had not been made available to committee members. The Chairman advised the bill would be held in committee until such information was distributed.

SB 383

The Chairman next advised committee members of proposed legislation dealing with telecommunications and requested committee consent that the bill be introduced under Senate Finance Committee authorship. No objection having been raised, the legislation is to be so introduced (SB 509).

TELECOMMUNI-
CATION
LEGISLATION
(SB 509)

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

ADJOURN

MINUTES
SENATE FINANCE COMMITTEE
March 4, 1980
9:10 a.m.

Chairman Sackett called the meeting to order at 9:10 a.m. All members were present. Also in attendance were Senator Stimson; Governor's Office Administrative Officer Mr. Rod Maurant; Director of Division of Banking, Securities and Corporations Mr. Julius Brecht; Administrative Assistants to Senate Finance Garrey Peska and Nancy Harvey; Fiscal Analysts Bob Grogan and Bob Schroeder; and representatives from the press including Jean Kisor.

ATTENDANCE

Chairman Sackett stated that the committee would take up further consideration of SENATE BILL NO. 112 (An Act relating to corporate dissolution and reinstatement, and fees paid by businesses and corporations), and asked Senator Bennett to advise the committee of his findings since the last meeting on this bill.

SB 112

In response to the Chairman's request at the previous meeting, Senator Bennett passed out an explanation of the existing backlog and staff capabilities in the Division of Banking, Securities and Corporations, and also explained that the fiscal note for the bill would change as Data Processing charges would be \$2,000. rather than \$20,000.

Senator Bennett moved that the bill be passed from committee with individual recommendations. There being no objections, it was so ordered. Committee members signed the committee report as follows: Senators Sackett, Sumner, Hackney, Kerttula and Bennett signed "do pass", and Senators Ray and Hohman signed "no recommendation".

MOTION
SB 112

Chairman Sackett then stated that the committee would consider COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 383 (Act making appropriations to the Office of the Governor; and providing for an effective date). Chairman Sackett provided back-up material to the members and ran through it with them (this material is appended to the end of these minutes). General discussion and questioning followed. The question of whether or not the \$50,000 for the Northern S.E. Aquaculture Association would be paid to the Governor's Contingency Fund came up and Chairman Sackett suggested at Letter of Intent to that effect. Senator Bennett moved that the bill be passed from committee with individual recommendations. There being no objections, it was so ordered. Members signed

CSSB 383

MOTION
CSSB 383

3/4/80

committee report as follows: Senators Sackett, Hohman, Hackney and Sumner signed "do pass", and Senators Ray, Kerttula and Bennett signed "no recommendation".

Senator Hackney moved that the committee take up consideration of HOUSE BILL NO. 597 (An Act making a supplemental appropriation to the Department of Natural Resources for the Iditarod Trail Race; and providing for an effective date). There being no objection, it was so ordered, and the bill came before the committee. General discussion followed. Senator Hackney moved that the bill be passed from committee with a "do pass" recommendation. There being no objection, it was so ordered; all members signed the committee report "do pass".

HB 597

MOTION
HB 597

Chairman Sackett advised the committee that the Department of Natural Resources budget would be reviewed at the next meeting.

The meeting adjourned at 9:30 a.m.

ADJOURNMENT

SB 383 - SUMMARY

Original Request for Asian Office	196.8
Original Request for European Office	25.0
Additional Request for Mrs. Arakaki's Retirement	10.0
Funding Requested by Reinwand → <i>mem. C. & E. Dr.</i>	50.0
Funding for Families Conferences	25.0
Funding for Northern Southeast Aquaculture Association	50.0
Funding for Repaying the Legislative Affairs Intergovernmental Cooperation account under AS 24.20.080	<u>50.0</u>
	<u>\$406,800</u>

3/4/80

MINUTES
SENATE FINANCE COMMITTEE
March 5, 1980
8:40 a.m.

Chairman John Sackett convened the meeting at approximately 8:40 a.m. All committee members were in attendance. Also present were: Commissioner Robert E. LeResche from the Department of Natural Resources; Deputy Commissioner Geoffrey Haynes; Tom Bergstrom, Director of Administration & Management for the Dept. of Natural Resources; Fiscal Analyst Bob Grogan; Budget Analyst for Senate Finance Bill Hogan; and representatives from the media including Joe LaRocca.

PRESENT

The Chairman advised that the purpose of the meeting was continued review of the budget for DEPARTMENT OF NATURAL RESOURCES, stating that at a prior meeting the committee attempted to understand the "changeover from the old budget to the new budget format." He asked that the Commissioner further explain the transitory process.

DEPT. OF
NATURAL
RESOURCES

Commissioner LeResche distributed completed copies of previously-distributed blank forms, directing committee attention to the table of contents, arrangement of components and BRUs (Blue tabs indicate components, red tabs BRUs--the table of contents also lists all projects).

LeRESCHÉ

Explaining the manner in which the new format functions, Mr. LeResche directed committee attention to Vol. II, Forest Management (timber inventory/sales) as an example.

Page 1 of the project sets forth:

- A basic example of what the project would accomplish
- Specific objectives, etc.
- Statutory controls
- Regulations
- Interest groups affected
- Basic items tying into the category
- Source of the request
- Project location
- Project priority
- Whether the project has or has not received approval

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The summary on page 2 contains the most important part of the project. As an example, Commissioner LeResche selected the \$40 million timber sale in Icy Bay. The summary details line items and funding sources for the project as well as capital costs. Capital costs would be set forth in line items and include a description of what the capital costs are for. The summary would also list associated agencies such as DOT, and would project funding for the coming years. In addition, specific PCNs and their locations would be listed as line items under Personal Services. The summary would also detail areas of possible adjustment and show the position of the project last year (whether the project is new, and if not, what was spent within the project last year).

Commissioner LeResche stressed another important feature of the new format--the fact that each project is independent of any of the others. To defund a project, one simply removes the page from the budget and throws it away. The Legislature could remove a project "without fear of disrupting another project down the line."

Mr. Haynes attested to the fact that Natural Resources submitted its budget on the same form as other agencies. The revised format represents "strictly a new format submitted in connection with the regular submission--not in lieu of it."

The Chairman alluded to the time necessary in coordinating review of the two budget approaches, advising that he doesn't object to looking at a new format and "trying to follow it through."

Mr. Haynes advised that the department "had to track every single dollar in the FY 80 budget to convert to the new budget system."

Senator Ray advised of his understanding that if the legislature "doesn't like a project, it just takes the page out and eliminates it." He then asked what happens to the people involved if the project is defunded. Commissioner LeResche responded that personnel would be reassigned to other projects having funding.

The Chairman then asked how the Legislature will follow "where these people have gone," and Commissioner LeResche replied, "you tell us what you want us to do and we assign the people to do it. Those we need for the projects we keep, those we don't need we let go."

3/5/80

Responding to a question from Senator Hohman concerning management of employee time, Commissioner LeResche replied that in the case of a Forester, once the budget is funded the Department would prepare the Forester's agenda for the year (the projects he will be working on and the number of months to be spent on each project).

The Chairman, referring to Forest Management on page 145 of the shortform, requested that Commissioner LeResche direct him to the 6 management positions within the new budget format. The Commissioner directed committee attention to Volume II of the new budget (timber inventory/sales), advising that shortform pages have been included at the beginning of each BRU.

Referring to the new Forester position for Icy Bay (South Central), the Chairman asked where 54.1 in travel costs tied to the position would be shown in the new budget. Mr. Bergstrom responded that page 34 of the new budget sets forth travel costs for the Forester while working at Icy Bay. These costs include helicopter services, etc. When the Chairman stated that the figures set forth do not total 54.1, Mr. Bergstrom advised that "there would be other amounts for other PCNs." Mr. Haynes attested to difficulty involved in converting shortform information to the new budget approach, advising "we have taken the component and broken it down into line item projects."

Commissioner LeResche stated that what the new budget presents is the fact that if the Department is going to conduct the proposed project, it will need the 5.1 in travel and the new Forester position. The Chairman supposed that the legislature deleted the position, and asked the Department how much it would "take out" in travel. Commissioner LeResche responded that if the Forester position is deleted, the entire project is deleted. The Chairman advised that he did not believe the above statement to be true since four people are already working within the project. Mr. LeResche replied that the Department would have to find 12-months worth of other tasks to which to assign these employees. Mr. Bergstrom added that on this particular project the Department needs one person full time on "the ground" at Icy Bay managing the timber sale. The four existing people will spend part of their time working on the sale. Commissioner LeResche advised that the assessment included in the new budget format represents "the minimum needed to do the project."

The Chairman requested that the Department commence with Volume I of the new format and cover the highlights of each component. Directing committee attention to the table of

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contents (appended to these minutes), Mr. Haynes commenced the following review:

MANAGEMENT AND ADMINISTRATION

- A. Commissioner's Office
Conducts budget work and handles contractual arrangements for oil and gas services.
- B. Administrative Services
When HB 66 passed, it generated administrative impact. When the Department sells a piece of land, it is faced with 10 or 15 or 20 years of contract work. The Department realized its workload would be growing throughout the year and staggered the filling of positions.
- C. Information and Records Management
This section keeps land records, tracks deeds, etc. Responding to a question concerning the 7 new positions in Data Processing, Mr. Bergstrom advised that 5 represent conversions of existing CIP positions, plus 2 CIP positions in Administration needed to "keep records and titles." All 7 positions represent conversion of CIP to operating.
- D. Research/Special Projects
This area includes Coastal Zone Management and review of Federal policy. Regional Resource Planning represents an attempt to have computerized planning consolidated in one place.

Responding to a question from Senator Sackett concerning the 8 new positions, Mr. Bergstrom advised that 7 positions in Coastal Zone Management "are through interagency receipts." These are mandated by law. When the Chairman questioned the source of funding, Mr. Bergstrom replied that he believed it is "all interagency receipts--all federal funds." The last position is for a Research Analyst III under federal funds through the Susitna Cooperative Research Program. No general funds are involved in the 8 positions.

LAND MANAGEMENT

- A. Land Selection/State Land
Land exchanges effected under this section would require legislative approval.
- B. Land Disposal
The 4 positions represent 2 conversions of existing CIP positions plus 2 new positions:

- (1) Cadastral Surveyor connected to the Beaufort Sea Oil Lease, and
- (2) A Hydrologist II to deal with claims on submerged lands and their mapability.

Responding to a question from the Chairman concerning the number of CIP positions being converted to operating, Mr. Bergstrom responded that there is a total of 11 positions in the entire department.

C. Limited Land Disposals

This section also contains 2 CIP positions being converted to operating.

Management Plans/Agreements - would be responsible for putting together a plan (example given of a plan for the Haines area), etc.

Trespass - would deal with problems of "squatters" on state land. Mr. Haynes advised that the Department "tries to give clear title" when able. In cases of "just plain trespass," however, action must be taken.

Senator Sumner attested to contact with individuals in dispute with the Division of Lands. Individuals who lived on the land were told to move. They did so. Others moved onto the land, were not made to move, and wound up with the land.

Mr. Haynes advised that Trespass represents a new project not before conducted by the Department. It involves an area which requires careful consideration since each case involves different circumstances. He concluded his remarks advising that the Department "wants to be fair about it."

WATER MANAGEMENT

A. Water Inventory/Assessment

This section would attempt to identify water resources and help communities with water source problems and quantity problems.

Senator Kerttula admonished the Department to "be very careful a person is not denied his grandfather rights to water." The Department must be careful not to "steal" from people who have been using the water for many years by granting certificates of use to others.

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Commissioner LeResche advised that the inventory would detail use at the time the investigation is conducted.

Mr. Bergstrom stated that there are 5 new positions connected with this section: Geologist II, two Geology Assistants, a Hydrologist, and a Land Management Technician II.

B. Water Use Management

The Department has a backlog in processing water use licenses. The Department has also "gone through the regulations in an attempt to establish average household allowances."

Senator Kerttula again admonished the Department to "be sure that elderly individuals are not deprived of their rights." These individuals do not respond to "governmental red tape." They are sometimes unaware, but they do have historic rights. Farmers who have farmed the land for many years are going to need their water.

Mr. Haynes noted that within the section entitled Federal Reserve Water Rights, the Water Resources Board has been very active and very helpful.

Mr. Bergstrom advised that Water Use Management contains 4 new positions, 2 of which are general fund (a Civil Engineer I, and a Land Management Technician I). The remaining 2 positions are federally funded (an Administrative Assistant II and a Land Management Officer III). The Administrative Assistant "has to 'cost' all projects under Water Use Management which are federal funding." The other positions will be employed "fighting the Feds on Federal use of water."

BRC ACTION

Mr. Haynes advised that within the above heading are included all projects the Department considered for the year.

Mr. Bergstrom alluded to "downstream property problems" advising that 2 new positions are needed to cover this area (a Land Management Technician II and a Civil Engineer I) relating to dam safety.

3/5/80

At this point the Chairman advised that the committee would adjourn for the day and continue Department budget review of Forestry, Oil and Gas, Parks and Agriculture tomorrow morning.

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

ADJOURN

SFC-80 #22, Side 1 (000-end)
Side 2 (000-424)

3/5/80

DNR CONTINUATION AND INCREMENTAL PROJECTS

	<u>TOTAL</u>	<u>DEPARTMENTAL PRIORITY</u>	<u>BRC ACTION</u>
Management & Administration			
A. Commissioner's Office			
Commissioner's Office	597.9	Continuation	
Commissioner's Office Increment	133.4	1/83	Approved
	<u>731.3</u>		
B. Administrative Services			
Administrative Services	1295.7	Continuation	
Administrative Services Increment	93.4	2/83	Approved
	<u>1389.1</u>		
C. Information/Records Management			
Records Maintenance & Supervision	1295.5	Continuation	
Title Plant	345.2	Continuation	
ALARS	623.5	Continuation	
Technical Services Administration	241.8	Continuation	
Public Information	52.5	55/83	Disapproved
	<u>2558.5</u>		
D. Research/Special Projects			
Coastal Zone Management	95.3	Continuation	
Coastal Zone Management Increment	237.2	60/83	Approved
Legislation/Regulation Implementation	19.4	Continuation	
General Policy Research	86.5	17/83	Approved
Regional Resource Plans	936.2	Continuation	
Interagency Coordination	108.7	14/83	Approved
Deregulation	39.3	38/83	Disapproved
OCS/IPP	32.3	68/83	Not Submitted
Haines I.D.T.	11.8	Continuation	
Legal Assistance	86.8	Continuation	
Research & Development Administration	278.9	Continuation	
TAPS Surveillance	38.1	Continuation	
	<u>1970.5</u>		
Land Management			
A. Land Selection/Title Defense			
General Grant Selections	103.5	Continuation	
Community Grant Selections	21.0	15/83	Approved
Land Exchanges/Equal Value	47.7 ✓	27/83	Disapproved

47.7
43.4
105.0
106.1

	<u>TOTAL</u>	<u>DEPARTMENTAL PRIORITY</u>	<u>BEC ACTION</u>
Land Management			
A. Land Selection/Title Defense (Cont.)			
Land Exchanges/Legislative Approval	47.5	Continuation	
ANCSA Lands/Easements	43.4	29/83	Disapproved
Navigability/Defense of Submerged Lands	175.0	Continuation	
Land Acquisition	105.0	51/83	Disapproved
Federal Mining Claims	24.2	Continuation	
PLO 82/NPR-A/ANWR Title Challenge	35.7	Continuation	
Boundary/Title Challenge in Beaufort Sea	135.1	Continuation	
(d) (2) Implementation	0	Continuation	
	<u>738.1</u>		
B. Land Disposals/Fee Title			
FY 1981 Land Disposals	1490.5	Continuation	
FY 1982 Land Disposals	442.8	Continuation	
FY 1983 Land Disposals	170.1	Continuation	
Municipal Entitlements	270.1	Continuation	
Preference Right Disposals	180.5	39/83	Approved
Contract Administration	452.2	Continuation	
C. Limited Land Disposals/Public Use Lands			
Leases	225.3	11/83	Approved
Management Plans/Agreements	435.7	Continuation	
Permits/Other Partial Interests	443.3	Continuation	
Contract Administration	331.1	Continuation	
Materials Inventory/North Slope	9.5	Continuation	
Materials Sale/Administration	174.9	Continuation	
Trespass	28.2	46/83	Disapproved
Water Management			
A. Water Inventory/Assessment			
Water Basin Summary & Analysis	32.5	77/83	Not Submitted
Water Well Log Collection/Processing	36.3	Continuation	
Village Assistance Projects	47.7	41/83	Approved
Water Chemistry Compilations	18.9	71/83	Not Submitted
Statewide Groundwater Monitoring/Underwater Injection			
Control	37.0	Continuation	
Statewide Surface Water Monitoring	159.0	12/83	Approved
Groundwater Modelling/Matunuska Valley/Fairbanks	91.5	Continuation	

738.1
-196.1
542.0

Agreed
Governor
561.7

	<u>TOTAL</u>	<u>DEPARTMENTAL PRIORITY</u>	<u>BRC ACTION</u>
Water Management (Cont.)			
B. Water Use Management			
Water Rights Administration	859.1	Continuation	
Underground Water Injection Control	6.6	73/83	Not Submitted
Federal Reserve Water Rights	70.4	Continuation	
Water Resources Board	25.4	Continuation	
Water Management Plans	146.3	47/83	Approved
Special Water Districts	7.3	83/83	Not Submitted
Instream Flow Administration	12.4	74/83	Not Submitted
Interagency Reviews	43.8	Continuation	
Compilation of Water Laws	22.8	81/83	Not Submitted
Water Use Handbook	10.0	61/83	Disapproved
Western States Water Council	22.0	63/83	Disapproved
C. Dam Inventory/Safety			
Dam Inventory	50.0	34/83	Approved
Dam Safety	34.8	35/83	Approved
Forest Management			
A. Timber Inventory/Sales			
West Side Salvage	16.3	64/83	Not Submitted
Icy Bay Sale #1	49.3	4/83	Approved
Icy Bay Sale #2	101.5	5/83	Approved
Forest Inventory	51.9	19/83	Approved
Beach Log Salvage - S.F. S.C.D.	47.4	18/83	Disapproved
Log Brands - I.D.	6.4	56/83	Disapproved
Haines Timber Sale	227.4	Continuation	
Small Timber Sales - <i>see (10) and 10 in Appendix</i>	256.5	6/83	Approved
Forest Practices Administration	313.5	Continuation	
Board of Forestry	11.7	Continuation	
B. Forest Research			
Backlog Reforestation	81.0	Continuation	
State Forest Nursery	128.3	Continuation	
Experimental Forests	17.0	28/83	Disapproved
General Forestry Assistance	30.3	66/83	Not Submitted

Forest Management (Cont.)

C. Fires Protection/Suppression

Fire Prevention
 Presuppression/BLM (Deleted)
 Presuppression/State
 Presuppression/Taylor Mountains
 Fire Training
 Statewide Fire Warehousing (All Capital)
 Fire Communications System (All Capital)
 CL 215 Aircraft Acquisition (All Capital)

TOTAL

67.7
 2773.3
 565.0
 52.3

DEPARTMENTAL PRIORITY

44/83
 Continuation
 82/83
 65/83

BRC ACTION

Disapproved
 Not Submitted
 Not Submitted

Oil & Gas Management

A. Lease Sales

USGS/NPRA/ANWR Evaluation Project
 Upper Cook Inlet Lease Sale (1980)
 Lower Cook Inlet Lease Sale (1981)
 Prudhoe Bay Upland Lease Sale (1981)
 Norton Basin Onshore & Offshore Lease Sale (1981)
 Second Beaufort Sea Lease Sale (Submerged Lands-1982)
 Mid Tanana Basin & Copper River Basin Lease Sale (1982)
 Southwest Bristol Bay Uplands Lease Sale (1982)
 Upper Cook Inlet Onshore & Offshore Lease Sale
 (Includes Susitna Valley-1983)
 Chukchi Sea Onshore & Offshore Lease Sale (1983)
 Seismic Data Collection & Analysis
 Leasing Schedule
 Compliance Overview/Pre-Leasing Activities (Deleted)
 Oil & Gas Policy Analysis
 Exempt Acreage Sales/Oil & Gas

33.6
 146.0
 300.0
 347.4
 189.2
 68.4
 33.6
 24.0
 21.6
 16.6
 0
 22.7
 19.4
 92.9

Continuation
 Continuation
 Continuation
 Continuation
 Continuation
 Continuation
 Continuation
 Continuation
 Continuation
 Continuation
 Continuation
 Continuation

36/83
 37/83

Disapproved
 Disapproved

B. Lease Sale Administration

Enforcement of Lease Terms
 Plans of Operations
 Unit Agreements

107.2
 140.8
 132.6

Continuation
 Continuation
 Continuation

	<u>TOTAL</u>	<u>DEPARTMENTAL PRIORITY</u>	<u>BRC ACTION</u>
Oil & Gas Management (Cont.)			
C. Reservoir Management			
Technical Support to O&GCC	9.1	58/83	Disapproved
Technical Support to Interstate Oil Compact Commission	12.2	68/83	Not Submitted
D. Income Accounting			
Audit of Monthly Royalty Reports	33.9	Continuation	
Management of Royalty Contracts	43.1	Continuation	
Calculation of ANCSA Payments	3.7	Continuation	
Monitor Mineral Income	8.2	Continuation	
State/Adherence/Federal Oil & Gas Pricing Regulations	42.4	Continuation	
Work Commitments/Incentive Credits	61.6	Continuation	
E. Royalty Oil & Gas Development Advisory Board			
AROGDAB	147.8	Continuation	
Resource Inventory/Assessment			
A. Geological Investigations & Mapping			
Surficial Geology/Western Cook Inlet	5.5	Continuation	
Surficial Geology/North Kenai Lowlands	105.2	80/83	Not Submitted
Surficial Geology/Southeastern Susitna Basin	150.0	79/83	Not Submitted
Geology/Mineral Resources/Healy Quadrangle	14.0	70/83	Not Submitted
Geology/Mineral Resources/Circle Uranium District	28.7	30/83	Disapproved
Geology/Mineral Resources/Western Clearwater Mountains	14.0	50/83	Disapproved
Geology/Mineral Resources/Arctic Camp Prospect	2.0	Continuation	
Brooks Range Geologic Investigations	118.8	Continuation	
Geology/North Flank Chugach Mountains	52.0	21/83	Disapproved
Mineral Investigations/Lake Clark	92.3	67/83	Not Submitted
McGrath/Lime Hills Geologic Mapping	95.1	75/83	Not Submitted
RARE II Resource Evaluation	50.0	76/83	Not Submitted
Remote Sensing	62.9	20/83	Approved
Vegetation & Soils Inventory	138.0	33/83	Disapproved

	<u>TOTAL</u>	<u>DEPARTMENTAL PRIORITY</u>	<u>BRC ACTION</u>
Resource Inventory/Assessment (Cont.)			
B. Geological Hazards Identification			
Volcanic Hazards	7.0	52/83	Disapproved
Earthquake Hazards	66.4	Continuation	
Avalanche Hazards	62.1	Continuation	
General Geologic Hazards	226.4	25/83	Approved
Minerals & Energy Development			
A. Mineral Development			
Revisions of Mining Rights Acquisition Regulations	12.1	53/83	Disapproved
Mineral Claim Adjudication	78.0	Continuation	
Plans of Operation/Mining & Exploration	14.8	Continuation	
Mining Offices	180.1	Continuation	
Public Assays	66.7	Continuation	
Mineral Development Policy Analysis	8.0	42/83	Disapproved
B. Coal Development			
Surface Mining Control	42.1	Continuation	
Revision of Coal Regulations	5.8	54/83	Approved
Field Investigations of Coal Fields	118.1	Continuation	
C. Geothermal Development			
Geothermal Inventory	291.6	3/83	Approved
Revision of Geothermal Regulations	15.4	7/83	Approved
Geothermal Lease Sale	20.0	9/83	Approved
D. Inspection of Mines			
Mine Safety & Conservation Inspections	28.5	40/83	Disapproved
Youth Employment & Education			
A. Youth Employment & Education			
Tokositna (All Capital)			
Alaska Conservation Action Corps (ACAC)	362.7	Continuation	
Alaska Conservation Action Corps (ACAC) Increment	147.3	62/83	Disapproved
Young Adult Conservation Corps (YACC)	24.7	78/83	Not Submitted
Information/Visitor Assistance	28.8	72/83	Not Submitted

	<u>TOTAL</u>	<u>DEPARTMENTAL PRIORITY</u>	<u>BRC ACTION</u>
Historic Resource Management			
A. Historic Resource Management			
Program Management & Planning	95.0	Continuation	
Public Education	40.0	Continuation	
Survey Records	152.2	Continuation	
Registration	34.4	Continuation	
Development Assistance	48.0	Continuation	
Park Operations			
A. Park Design & Development			
SCORP (Statewide Comprehensive Outdoor Recreation Plan)	42.4	Continuation	
Land Management/Realty	9.9	Continuation	
Park Development	121.2	Continuation	
Park Supply	33.2	Continuation	
State Park System Plan (All Capital)			
State Park Area Master Plans (All Capital)			
Park Zoning (All Capital)			
B. Park Maintenance & Operations			
Visitor Protection	875.0	Continuation	
Park Maintenance	1347.7	Continuation	
Park Maintenance Increment	38.2	43/83	Disapproved
Engineering Support	46.0	Continuation	
C. Parks Administration			
Administration & Support	376.2	Continuation	
Forest, Land & Water Administration	1066.0	Continuation	
Mineral Resources Administration	449.1	Continuation	

DNR NEW POSITIONS

FUNDING SOURCE

<u>COMPONENT</u>	<u>C.I.P. CONVERSION</u>	<u>100% FEDERAL</u>	<u>50% FEDERAL</u>	<u>NORTHWEST PIPELINE</u>	<u>GENERAL FUNDS</u>	<u>TOTAL</u>
Information/Records Management	7					7
Research/Special Projects		7	1			8
Pipeline Surveillance				14		14
Land Selection/Title Defense	2				2	4
Land Disposal/Fee Title	2					2
Water Inventory					5	5
Water Use Management			2		2	4
Dam Safety					2	2
Timber Inventory/Sales					6	6
Oil & Gas Lease Sales					7	7
Geologic Hazards					1	1
Geothermal Development					3	3
	<u>11</u>	<u>7</u>	<u>3</u>	<u>14</u>	<u>28</u>	<u>63</u>

NEW POSITIONS NARRATIVE

1. Information/Records Management

- A. PCN 1553, Chief Title Administrator, conversion of existing Land Survey C.I.P. position (Records Maintenance & Supervision)
- B. PCN 1554, Clerk Typist II, conversion of existing Land Survey C.I.P. position (Records Maintenance & Supervision)
- C. PCN's 0063, 1300, 0059, 0064, and 0061 are all conversions of existing ALARS C.I.P. positions. (ALARS)

2. Research/Special Projects

- A. Six new positions, Geologist III, Park Planner III, Management Analyst III, Resource Management Planner, Planner III, and Planner IV, are 100 percent federally funded on a pass-through from the Alaska Office of Coastal Zone Management. If the Federal funding ceases, the positions will be deleted. (Coastal Zone Management)
- B. One position, Water Resource Planner IV, qualifies for 100.0 Federal funding under P.L. 89-80. (Coastal Zone Management)
- C. One position, Research Analyst III, is funded entirely by Federal funds received for the Susitna Cooperative River Basin Study. (Regional Resource Planning)

3. Pipeline Surveillance

- A. Fourteen new positions, Technical Liaison Officer, Technical Stall Supervisor, Permafrost Engineer, Engineering Geologist IV, Revegetation Engineer, Technical Contracts Officer, Field Surveillance Officer, L.M.O. IV, L.M.O. IV, Research Analyst II, Clerk IV, Clerk Typist III, Arctic Hydrologist, and Pipeline Engineer, are all 100 percent funded by Northwest Pipeline Co. (Pipeline Surveillance)

4. Land Selection/Title Defense

- A. PCN's 1557 (L.M.O. IV) and 1309 (Drafting Tech. III) are conversions of existing Lands Survey C.I.P. positions. (Both positions cross all projects within the component and are responsible for ensuring that good title is conveyed to and by the State)
- B. One new Cadastral Surveyor to gather survey information in support of the State's claim to Dinkum Sands and other disputed tracts in the Beaufort Sea Oil Lease area. (Boundary/Title Challenge of Beaufort Sea)
- C. One new Hydrologist II to support the State's navigability and submerged lands claims. Navigable waters belong to the State and do not count as part of the State's land entitlement. (Navigability/Defense of Submerged Lands)

5. Land Disposal/Fee Title

- A. PCN's 1311 and 1541 are conversions of existing Lands Survey Cadastral Surveyor II C.I.P. positions. (FY 81, 82, & 83 Land Disposals)

6. Water Inventory/Assessment

- A. Five new positions, Geologist II, two Geology Assistant I's, Hydrologist, and a L.M.T. II are all funded from general funds. Descriptions of their duties appear on pp. 1449-53 of the detailed budget submission. Geologist II (Village Assistance); Geology Assistant I (Village Assistance); Geology Assistant I (Surface Water Monitoring); Hydrologist (Surface Water Monitoring); and, Land Management Tech. II (Water Well Log Collection/Processing).

7. Water Use Management

- A. Four new positions, two of which are 50% federally funded (Admin. Assistant I and L.M.O. III) and two of which are from general funds (Civil Engineer I and L.M.O. I). Descriptions of their duties appear on pp. 1484-87 of the detailed budget submission. Admin. Assistant I (cross all projects in the component which have any Federal funding); L.M.O. III (Federal Reserve Water Rights); Civil Engineer I (Water Rights Administration); and, L.M.O. I (Water Rights Administration).

8. Dam Inventory/Safety

- A. Two new positions, L.M.T. II and Civil Engineer I, both from general funds, to inventory and assess dams in the State. Both are divided between Dam Inventory and Dam Safety.

9. Timber Inventory/Sales

- A. One new Forester II to manage the Icy Bay #2 Timber Sale. (Icy Bay Sale #2)
B. Two new Forest Tech. III's and one Forester III to manage small timber sales in the Interior & Southcentral Alaska. (Small Timber Sales)
C. One Forest Tech. II to issue firewood permits in the Interior. (Small Timber Sales)
D. One Forest Tech. I to manage Haines reforestation in compliance with the Forest Practices Act. (Haines Timber Sale)

10. Oil and Gas Lease Sales

- A. Seven new positions, Petroleum Geophysicist, Petroleum Geologist, Systems Analyst, Cartographer II, Geology Assistant I, Geologist II, and a Clerk Typist III, to evaluate tract values and bidding methods in support of the Five-Year Oil and Gas Leasing Schedule. (All are divided among the nine oil and gas projects included in the Five-Year Oil and Gas Leasing Schedule)
- B. One Land Management Tech. I to assist in claims filing and adjudication. (General assistance for the Lease Sales, Lease Sale Admin., Mineral Development, and Geothermal components)

11. Geologic Hazards

- A. One Geologist II in support of the general geologic hazards research projects. (General Geologic Hazards)

12. Geothermal Development

- A. Three new positions, 2 Geologist II's and an L.M.O. II, in support of the geothermal inventory and assessment project. (Geothermal Inventory)

MINUTES
SENATE FINANCE COMMITTEE
March 6, 1980
8:40 a.m.

Chairman Sackett called the meeting to order at 8:40 a.m. All members were present with the exception of Senator Hohman. Also present were Commissioner of Natural Resources Robert LeResche; Deputy Commissioner of Natural Resources Geoffrey Haynes; Director of Division of Administration and Management Tom Bergstrom; Fiscal Analyst Bob Grogan; Senate Finance Administrative Assistant Bill Hogan; and representatives from the press including Jean Kisor.

ATTENDANCE

Chairman Sackett advised the committee that they would continue with where they had stopped at the previous meeting with the Department of Natural Resources Budget format review, and referred them to page 3 of the DNR Continuation and Incremental Projects list (Table of Contents, appended to the end of these minutes), Forest Management, Timber Inventory/Sales. He requested that the three representatives from the Department of Natural Resources come forward with their testimony.

DEPARTMENT OF
NATURAL RES.
BUDGET FORMAT
REVIEW

FOREST MANAGEMENT:

FOREST MGMT

Mr. Bergstrom stated that there were six new positions requested for this BRU.

A. Timber Inventory/Sales:

Mr. Haynes stated that the components under this BRU included the West Side Salvage Sale which is an existing sale; the Icy Bay Sale # 1 which is an existing sale already under contract; and the Icy Bay Sale # 2. This last one is a proposed new sale in the Icy Bay area as a result of the request of two companies in Southcentral Alaska, but they are experiencing problems getting sufficient volume because of the suspension of sales on the National Chugach forest as a result of the D-2 and RARE-II lands issues.

Senator Ray asked if Haines would be able to utilize any of the Icy Bay sale. Mr. Haynes responded that the original request was from the Kenai Lumber Company. Southcentral Lumber Company is interested. He also assumed interest from Schnabel Lumber Company in Haines, Mitkoff Company in Petersburg and the lumber company in Klawock. So, he said, the sale will be competitive rather than negotiated and will probably take place at the end of this coming summer.

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Senator Hackney stated that he understood there was some urgency concerning the Kenai sale, and asked what its status was. Mr. Haynes responded that the problem had been that the sale was requested right at the end of the season last year, and Natural Resources wasn't prepared budgetarily due to the time and expense necessary to make field reconnaissances for such sales. He said that they had managed to fund the initial photo reconnaissance this last fall, and that they had a request for a supplemental in at present to do the field work and layout this spring (\$45,000). That, along with the FY 81 budget would be sufficient for the sale to take place this coming fall. He added that they had had indication that they had enough logs to last at least through July, and concluded that the situation didn't look as serious as it originally had.

Senator Kerttula noted that the Senate had passed a resolution last year to provide lumber to Seward and Haines, and that it was his understanding that the lumber would be depleted before that time in Seward. Mr. Haynes stated that they were originally told that Seward would run out sometime by January or February, but have since learned that they had enough to last into July. He said that the problem (with respect to the Kenai Lumber Co. anyway) was that they and Southcentral Lumber Company already were operating in Icy Bay. In Icy Bay and the Cape Yakataga area, there is not a sufficient lumber base (in State ownership) to keep even one company going over an entire rotation period, much less both. The upcoming lumber sale should tide them over for four years. Hopefully by that time the D-2 and RARE-II issues will be settled and the Forest Service will start selling off the Chugach forest again. He said that that is the key to long term survival of those companies.

Senator Ray asked about the condition of the forests there; Mr. Haynes said that they would know more after doing the field work this spring, but that there appear to be some high-yield stands there. In terms of lumber, he said it should be a good sale.

Senator Kerttula said that one of his concerns in this context was that more timber be shipped north into Anchorage. He said there was a tremendous need for house lumber there, providing they could get world market prices in the Seward Dock area. He added that he understood that Seward would be willing to make some accommodations that way. Mr. Haynes said that the department felt the same way about getting Alaskan lumber to Alaskans, but that there isn't a strong consistent market presently. He said that they had gone into a little longer term contract with Schnabel Lumber Company (15 years with a 10 year extension), on the condition that they would devise a way to market at least 1/2 of their lumber in Alaska. He added that he hoped that would become a standard provision in all the State lumber sale contracts.

Senator Hackney asked if there were more areas opening up in the interior for firewood cutting. Mr. Haynes responded that he

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understood that two new firewood retrieval areas had been opened recently. The problem of access roads arose, and Mr. Haynes stated that due to the expense, access roads would probably not be built without legislative funding. He did say, though, that the department usually insists that unused portions of timber from timber sales or State sub-contracts be deposited in an accessible place.

General discussion and questioning followed, after which Mr. Haynes continued down the list, giving a brief explanation of each component under this heading.

Mr. Bergstrom stated that there were six (6) new position requests in this category; they were: one Forester II, two Forest Technicians, one Forester III, one Forest Technician II, and one Forest Technician I. He stated that these were all General Fund position requests.

B. Forest Research:

Mr. Haynes stated that in many parts of Alaska, timber comes back with a high yield on each rotation period, but that in the interior, frost heaves and competing vegetation require re-forestation. Due to the backlog of this work, some areas are not being adequately re-forested. The Palmer nursery supplies them with additional seedlings, and he mentioned the three experimental forests where they are attempting to increase the yield per acre. Senator Kerttula commented that the whole concept of "hybridization" had not been explored, and considering its success in Scandinavian countries, he felt it should be pursued here. Mr. Haynes stated that the department would look into that possibility.

C. Fires Protection/Suppression:

Mr. Bergstrom stated that they were requesting no new positions in this category.

Mr. Haynes stated that this duty of the department - to protect the State's lands against fire - is a fairly expensive process, which gets more expensive with each acre the State receives from the federal government. He said that there has been some talk about a "let it burn" policy in some parts of the state, but most of the acreage the State now holds is on or near roads or settled communities. He ensued with a brief description of each component.

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A. Lease Sales:

Mr. Haynes stated that the components under this heading are all new initiatives. The first one, USGS/NPRA/ANWR Evaluation Project, is a composite of joint projects the department has going with the U.S. Geological Survey to evaluate areas in the National Petroleum Reserve, and then to interpret the data to get a geological standing on the North Slope, which is a highly prospective area.

The following nine projects, from the Upper Cook Inlet to the Chukchi Sea, are all on the oil and gas lease sales schedule that the department submitted to the Legislature. They are the ones that the department would at least like to get started on this year. Preliminary analysis and geological interpretation are necessary in order to pursue these projects fairly aggressively. Ultimately, social, economic, geologic and environmental studies are done.

The Seismic Data Collection and Analysis component is "0" because it is all capital. Its just under \$2 million for seismic data and possible enhancement interpretation of seismic data so that they can learn enough about the area to determine leasing methods and other terms of the sales. He said that the Beaufort Sea Sale had been a joint sale with the federal government and they had the benefit of about \$20 million worth of seismic information and other geologic information from the federal government. However, some of these future sales will not be associated with the federal government, so the department will have to bear the entire cost of the seismic acquisition - he wanted the committee to be aware of that since this work is fairly expensive.

Senator Hackney asked about the results of the Copper River Lease Sale last year. Mr. LaResche responded that all the leases had been issued, but he didn't know of anyone who is planning to drill a well right now. He said that the sales were accomplished by old standards, and that the leaseholders have a 10 year primary lease term before they have to begin drilling. The Beaufort Sea Sale carried different terms.

Mr. Haynes added that there was a lot of scattered acreage in the sale. A lot of it was private land owned by the native corporation, and they are already looking at it in conjunction with AMACO, and said he thought they were drilling one well there. Mr. LaResche added that he thought the intention of lease holders was to get AMACO

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to put the native corporation land and the match leases together and drill it all as a unit.

Mr. Bergstrom stated that there are seven new technical positions requested - all general funds - and all divided among the non oil and gas projects. Their function would be to evaluate seismic data and to determine appropriate bidding methods for the conduct of the lease sales. He added that these are the only positions requested in the entire BRU.

B. Lease Sale Administration:

Mr. Haynes stated that this area differs from the previous one in that it involves administering leases that have already been sold in an oil and gas lease sale. There are three projects under this heading:

1. Enforcement of lease terms
2. Plans of operations - required to be submitted by the operator, so the department can tailor things to individual areas.
3. Unit agreements.

C. Reservoir Management:

Mr. Haynes stated that most of this function would fall under the Oil and Gas Conservation Commission, which is no longer in the Department of Natural Resources. But he said that there were still some small items there.

D. Income Accounting:

Mr. Haynes stated that this heading includes all the various payments the department receives from leased oil and gas lands. The following procedures are included:

1. Monthly audit of reports submitted by producers on the department's royalty share.
2. Management of Royalty Contracts
3. Calculation of payments the department is required to deduct and apply to the ANCSA fund until the \$500 million ceiling is reached.
4. Monitor mineral income and mineral leases.
5. Adherence to oil and gas price regulations. The department strives to get fair value by monitoring these regulations closely.
6. Work commitments - to give an auditing system for those new terms that were put in the oil and gas leasing law in HB 854 (which includes things like net profit auditing systems or net profit leasing terms).

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E. Royalty Oil and Gas Development Advisory Board:

This heading includes only the advisory board of the same name.

RESOURCE INVENTORY/ASSESSMENT:

RESOURCE
INVENTORY/
ASSESSMENT

Mr. Haynes stated that this BRU predominately comes from last years BRU named "Geological and Geophysical Programs".

Mr. Bergstrom stated that the only position being requested was a Geologist II in the Geological Hazards Identification component, and that this position would be used specifically for flood plane study.

A. Geological Investigations and Mapping:

Mr. Haynes stated that this function is necessary in making resource decisions, and at present they have detailed mapping of only about 4% of Alaska. He said that it is very important to have this kind of information as a precedent to making resource decisions. He added that some of the project components have very small money amounts attached to them only because much of the work was already completed last year.

Senator Hackney said he had heard that with all the paperwork, it was getting difficult to even open up a gravel pit. Mr. Haynes said his response would be general, and went on to say that Title 38 (the Lands Act which has been around since Statehood) has been amended so much that there are now a great number of details to deal with, like advertising and notice requirements. He said that the department conducts hundreds of public meetings per year, and they would like to devise an innovative method in order to continue to get the public input they have had in the past and want in the future.

Mr. LaResche said that they had a new set of regulations which raises the maximum volume below which they can negotiate a sale, and that should help some. He added that the department has a sort of "cook book" that spells out all the necessary steps.

MINERALS AND ENERGY DEVELOPMENT:

MINERALS AND
ENERGY DEVELOPMENT

Mr. Bergstrom stated that the department was requesting three new positions, all in the Geothermal Development component. They are two Geologist III's and a Land Management Officer III.

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A. Mineral Development:

Mr. Haynes said that the department wants to update the minerals claim adjudication.

Senator Hackney stated that there was an indication of a great deal of activity in the Fairbanks area and asked if that had been taken into account when making up the budget requests. Mr. Bergstrom stated that the mining offices and public assays office, both of which were budgeted back in August before the rise in the price of gold, were mainly continuation projects and do not reflect substantially increased activity. Senator Hackney requested that he be provided with some idea of what would be required to adequately cover that increased activity. Mr. LaResche said that they would suggest an increment in those two areas.

B. Coal Development:

In regard to Surface Mining Control, Mr. Haynes stated that a federal law passed several years ago, called the Surface Mining Reclamation Act, requires the State to submit a program that is acceptable to the federal government before the State can assume jurisdiction. He said that the department has two principals on this subject. They are:

1. Any time the department can assume jurisdiction so that people in Alaska can deal with the department, they will, but
2. The department is not going to go along with a program imposed on them that they feel is a disadvantage to the Alaska miners.

Mr. Haynes said that the National Academy of Sciences is currently doing a study looking specifically at Alaskan conditions, and the department is waiting to read their recommendations before developing any further policy on the matter.

Chairman Sackett stated that the Department of Commerce and Economic Development had submitted a number of requests for funds for coal studies, and asked how those tie in with what DNR is doing. Mr. Haynes responded that DNR's role is basically to carry out research investigations and field investigations, remote sensing, etc. He said that DNR is working in conjunction with the National Aeronautics Space Administration to do a high altitude aerial photography system called "integrated terrain unit mapping", which fits into their ALARS computer program (which computerizes Alaska's resources). NASA photos are used along with additional data from field investigations.

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Senator Hackney, wondering if coal might be transported on the proposed railroad extension beyond Delta Junction, asked if the coal fields had been selected for State lands. Mr. Haynes said he wasn't sure, but he thought that they had selected a lot of that land; he said he would check on it.

C. Geothermal Development:

Mr. Haynes stated that this function was new, and therefore was not in last years' budget. It has mainly to do with alternative energy development. He said that geothermal energy is very prospective in Southeast, Southcentral and Western Alaska, and that it has particular value as a local energy source for rural Alaska where it is expensive to import energy. He said the department is now doing inventories of geothermal possibilities in Alaska. He mentioned other uses for geothermal energy such as heating and small scale agriculture

Mr. Haynes noted that under the last component, Geothermal Lease Sales, there is enough funding to cover two sales.

D. Inspection of Mines:

Mr. Haynes said that the component Mine Safety and Conservation Inspections, allows the department to collect current information about mining in Alaska.

YOUTH EMPLOYMENT AND EDUCATION:

YOUTH EMPLOY-
MENT & EDUC.

Mr. Bergstrom stated that no new positions were being requested in this BRU.

Chairman Sackett stated that the committee would continue with this budget review at the next meeting.

The meeting adjourned at 10:00 a.m.

ADJOURNMENT

TAPE # 22, Side 2 (460 - end)
TAPE # 23, Side 1 (000 - 730)
Side 2 (000 - 118)

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SENATE FINANCE COMMITTEE

March 7, 1980

9:00 a.m.

Chairman John Sackett 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 for various portions of the meeting were Senators Tillion, Colletta, and Mulcahy; Commissioner of Natural Resources Robert LeResche; Deputy Commissioner Geoffrey Haynes; Tom Bergstrom, Director of Administration & Management for the Dept. of Natural Resources; Fiscal Analyst Milt Barker; Budget Analyst for Senate Finance Bill Hogan; and representatives from the media including Joe LaRocca.

PRESENT

Senator Hackney moved that SB 447 (Act relating to the definition of municipal bonds under the Alaska Municipal Bond Bank Authority Act) be brought up for discussion, advising that Senator Tillion was present to speak in support of the legislation.

SB 447

Senator Tillion stated that he was before committee to speak to Section 1 of the bill which would allow construction bonds relative to a specific service area to be sold without the necessity of a vote by the entire borough. He cited as an example the need for additional hospital construction in his area. Although the hospital would be self-supporting, bond requirements are such that service area bonds cannot be sold without a vote of the entire borough which includes Seward and Seldovia (areas in which the hospital bonds would have no impact).

SENATOR
TILLION

Section 2 of the legislation relates to diesel generation of electricity in areas having no hydroelectrical power. Senator Kerttula suggested that perhaps wood-fired and steam-generated power should be included in Sec. 2 as well.

Senator Tillion advised that he was prepared to speak only to Section 1 of the bill since its passage would allow construction of the needed hospital wing in his area. Section 2 results from village requests for diesel power. If the bill passes with Section 2 intact, a lot of small villages will receive bond help for diesel power. Dave Rose, Executive Director of the Alaska Municipal Bond Bank, advises that current authority prohibits him from bonding for this type of power generation.

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Senator Mulcahy appeared before committee at this time and both he and Senator Tillion voiced support for passage of both sections of SB 447.

Referring to statutes governing the municipal bond bank (AS 44.58), Senator Ray advised that wording in Section 2 would expand bond bank authority only to the bonding of diesel-generated power. Senator Tillion stated that Mr. Rose does not want to use the bond bank to fund hydroelectric power projects since he feels these projects should go through Eric Yould and the Alaska Power Authority. He added, however, that "the convenient thing about the bond bank is that it can move so quickly."

Senator Sumner arrived at the meeting at this time, 9:10 a.m.

Senator Ray moved to effect the following amendment to SB 447:

AMENDMENT

Page 1, Line 15 - Delete "except" and insert "including"

Page 1, Line 16 - Delete "other than diesel powered generation"

The above amendment would (under SB 447) allow the Alaska Municipal Bond Bank Authority to issue bonds for any type of electrical power generation. No objection to the above amendment having been voiced, it was adopted.

Senator Hackney moved that SB 447 as amended pass from committee with individual recommendations. No objection having been raised, SB 447, as amended, passed from committee--Senators Sackett, Hohman, Ray, Kerttula, Bennett, and Sumner signing no recommendation, Senator Hackney signing do pass.

MOTION
SB 447 am

At this time representatives from the Department of Natural Resources appeared before committee for continued review of the Department's budget and correlation between the standard shortform and the new budget format developed by the Department.

HISTORIC RESOURCE MANAGEMENT

NATURAL RESOURCES

This BRU consists mostly of continuation projects involving federal funding and includes:

- Program Management & Planning
- Public Education
- Survey Records
- Registration
- Development Assistance

PARK OPERATIONS

Mr. Haynes advised that operations of the parks has been divided within the Department between Design and Development of Park Facilities and Maintenance. The number of state and local park facilities determines eligibility for federal funding.

Commissioner LeResche advised that the Department's current park policy encourages maximum use by Alaskan Citizens.

A. Park Design & Development

Land Management/Realty - This Division has handled a number of functions over the years such as surveys, title, and realty functions associated with parks.

Park Development - This area handles site planning and development of the actual park before construction.

Park Supply - is responsible for materials and the Department shop in Anchorage.

Senator Kerttula asked if prisoners could provide labor for state park work, and Commissioner LeResche advised that such an arrangement "sounds like a good idea." Mr. Haynes stated that the Department would check into such an arrangement, but voiced concern that the state had had problems in the past with liability under such an arrangement.

Mr. Haynes advised of:

A State Park System Plan - to identify future park facilities.

Park Area Master Plan.

Park Zoning - some park areas must be restricted. While this is not Department policy, sometimes it is necessary to protect the public.

B. Park Maintenance & Operations

Mr. Haynes advised of a number of additional capital facilities over the past few years which must be maintained. Maintenance has not kept up with construction of new facilities. This year the Department intends to stress park maintenance.

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Visitor Protection - this area is aimed at handling increasing numbers of visitors each year.

Park Maintenance Increment - represents a rather "mundane" but necessary activity.

At this point Mr. Bergstrom advised that, normally, increments describe an entire project. Under parks a bit more detail has been provided.

Engineering Support - represents maintenance and repairs and small alterations and modifications.

AGRICULTURE

Agricultural Management - This function is divided into five components:

- Development and Project Administration
- Contract Administration
- Land Sale, Contracts
- Delta Project
- Agricultural Land Disposal

Delta Junction expansion and the Pt. McKenzie project represent two large-scale projects.

The Red Beef Development Project on the Kenai Peninsula is tied into the Delta Project since barley grown in Delta is fed to cattle in Kenai.

The Nenana Project, Senator Kerttula advised, will be very important for the future. He further added that the Red Meat Project is a failure in Kenai and should be moved to Kodiak.

In addition to the above, the Department has a number of small agricultural projects throughout the state such as gardens and greenhouses in rural villages.

Agricultural Water Use - identifies water in areas where agricultural projects are contemplated to insure enough water is available.

Transportation - deals with getting agricultural products to market. Some agricultural areas lack access to markets.

Referring to the above-mentioned small agricultural projects, Senator Hackney attested to need for cooperation between the Department and the University Extension Service.

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Agricultural Loans - would oversee this function for the benefit of the farmers of the state.

Market Studies - This function is similar to that performed under transportation studies.

Research - represents the Plant Material Center at Palmer which deals with development of agricultural seeds for use in Alaska.

Soil and Water Conservation Project - would deal with development of vegetation materials to reclaim land.

Horticulture - also deals with adapting agriculture to Alaskan growth.

Senator Kerttula, commenting on both the above-designated Research and Horticulture functions advised of need for worldwide circumpolar gathering of plant material which might be suitable for growth in Alaska. Such an expedition would be conducted on a latitude basis and would bring to Alaska plants which grow at like latitudes in other parts of the world. He stressed the importance of such gathering over the inventive, research process. Mr. Haynes raised the question of problems involved in getting such plants into the United States, and Senator Kerttula stated that although the process of procuring such specimens might be lengthy, it still appears to be worthwhile.

State Fairs - The Standard program assisting a number of statewide fairs.

Agricultural Inspection - covers plant, animal, and seafood inspections. The Department employs 16 or 17 inspectors distributed throughout the state.

In his closing remarks, Mr. Haynes advised that one of the benefits of handling the budget in the new format is that the Department has a complete list of all "things going on within the Department." He further advised that the Department is aware it has not given "requisite" time to some important areas.

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

ADJOURN