

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2747

MINUTES
SENATE FINANCE COMMITTEE
March 10, 1980
9:00 a.m.

Chairman Sackett called the meeting to order at 9:00 a.m. All members were present with the exception of Senator Hohman. Also present were Senator Stimson; Administrative Assistants to Senate Finance Garrey Peska, Bill Hogan and Nancy Harvey; Commissioner of Department of Administration William Hudson; and Director of Division of Data Processing George Crowder.

ATTENDANCE

Chairman Sackett stated that the first order of business was to consider SENATE CONCURRENT RESOLUTION NO. 50 (Extending the life of the Blue Ribbon Commission on the State Personnel Act). He asked Senator Ray to present the bill.

SCR 50

Senator Ray stated that there was a new fiscal note to be attached to the bill which would reflect a decrease in the cost to the Blue Ribbon Commission, from \$105,639 to \$93,700.

Senator Kerttula asked Senator Ray to describe the function of the Blue Ribbon Commission. Senator Ray responded that its most immediate concern is to recodify the personnel act; he said that the personnel subjects are scattered about and need to be put to a new order. He said that the Division of Personnel as well as the Budget and Management Division had brought this problem to his attention. Senator Ray added that a secondary function would be to de-centralize the personnel officers in the various agencies; the Blue Ribbon Commission will take testimony to determine which ones should be changed and which ones should not be changed.

Senator Kerttula moved that the amended fiscal note be adopted. There being no objection, it was so ordered.

MOTION
SCR 50

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

MOTION
SCR 50

Chairman Sackett stated that the committee would then hear testimony from Commissioner of Administration William Hudson and Director of Division of Data Processing George Crowder on the status of Data Processing in the State of Alaska. He asked the two gentlemen to come forward.

DATA PROCESS-
ING DIV.
COMMISSIONER
HUDSON AND
MR. CROWDER

3/10/80

Commissioner Hudson stated that the Division of Data Processing is probably one of the more notorious and complex systems in state government. They carry out multiple systems (over 400), including payroll, retirement, etc., on the computers. And they use \$20 million a year statewide. The Department budget for FY 81 will reflect \$10 million. He said that the focus in DP has changed, that now there is more of a concern with management and cost. He stated that on the one hand, the director wants a strong central management and on the other hand, he finds almost a revolution on the part of the field offices. It is an extremely complex problem that the Division is presently attempting to analyze "in house". He said that he is not sure that they will reach the central control mandated in AS 44, but there is an alternative the Division is leaning toward - "distributive processing", though the Division would continue to manage small agencies that cannot handle their own programs. He said that there are three possible ways for the division to go. They are:

1. To centralize the data processing system, so that all processing is done through the Department of Administration.
2. To provide many computers - allowing groups to develop and maintain and run their own systems.
3. To initiate "distributive processing" - to expand usage of data processing systems by combining programs of large users who use a common language.

Commissioner Hudson said that the Division of Data Processing is aiming in this direction, but that in order to effect the change, they need more analysts and a data control manager to replace Mr. Crowder so that he could organize the change. Commissioner Hudson concluded that that was where he saw data processing today. They realize that the old central system is not going to work. However, he did say that despite the articles in the newspaper as well as reports from the ombudsman, etc., the division has done a great deal of good work under their present system that has gone unrecognized. They have the capability to cover over a million different actions even though they have a manpower shortage.

Senator Ray brought up the charge-back system that the division uses; it was his feeling that the system was not the right one for such an agency. Commissioner Hudson agreed that the charge-back system is one of their main "headaches", and said that in such a large and complex system, it just isn't adequate. Their budget is consistently out of balance with agencies either paying late or not paying at all, etc.

Senator Hackney asked about the incident concerning the Division of Social Services going to a fiscal intermediary concerning their Medicaid program. Mr. Crowder responded that Social Services had always developed and maintained their own programs and then Data Processing would run them. But Social Services had got to a point where their programs were not usable on Data Processing machines, so they went to a company

in California. Mr. Crowder that that it had been an emergency situation in getting Medicaid checks out on time. Senator Hackney asked if, as far as it went, data processing was happy with the fiscal intermediary system. Mr. Crowder said that he felt strongly about "buying into Alaska", but if the job could be done for less money that was also a good criteria.

General discussion and questioning followed, with the committee and DOA representatives elaborating on previously aired subjects. Chairman Sackett asked about the nearly doubled increase in the budget; Mr. Crowder stated that they had an itemized list that would break it down to at least a 1% justification. The committee further questioned Mr. Crowder on various ramifications of the Data Processing Division in connection with the recently published newspaper articles. Also, the status of the negotiations between the Data Processing Division and the Alaska Department of Labor were discussed. The Employment Security Division of the Department of Labor wanted to do their own data processing; Commissioner Hudson stated that at present, the matter has been reconciled down to about ten points of contention.

Chairman Sackett thanked them for their testimony and stated that the meeting was adjourned until the following morning.

The meeting adjourned at 10:00 a.m.

ADJOURNMENT

MINUTES
SENATE FINANCE COMMITTEE
March 12, 1980
9:10 a.m.

In the absence of Chairman John Sackett, Vice-Chairman George Hohman convened the meeting at approximately 9:10 a.m. All committee members were present with the exception of Senator Sackett. Also in attendance were Senator Stimson; Deputy Commissioner for Program Management for Health and Social Services Allen Korhonen; Acting Coordinator for the Office of State Health Planning and Development Joseph Betit; Director of Legislative Finance Jay Hogan; Wallace Miller of Miller & Associates, capital project consultants; Don Dickey representing the Alaska State Chamber of Commerce; Garrey Peska, Administrative Assistant for Senate Finance; and representatives from the media including Joe LaRocca and Laura Zahn.

PRESENT

Vice-Chairman Hohman advised that representative from the Dept. of Health & Social Services were before committee for the purpose of discussing the state's general relief medical program.

GENERAL
RELIEF
MEDICAL
PROGRAM

Deputy Commissioner Allen Korhonen stated that the Department was presented with a request from the Division of Public Assistance to promulgate emergency regulations in order to contain medical relief spending within its appropriation. The request is based on legislative intent attached to last year's appropriation stating that general relief must remain within its appropriation and not request a supplemental.

ALLEN
KORHONEN

Mr. Korhonen advised that the program has not requested a supplemental and the Department is not doing so at the present time. The Department wished, however, to advise committee members of changing characteristics for recipients which the Department feels differ significantly from information available when the program was funded last year.

Most general relief recipients are in the Anchorage and Fairbanks areas (75% are in Anchorage). Duration of participation in the program is increasing and the program no longer represents the short-term measure it has historically been since recipients are finding it very difficult to make alternative arrangements which provide for their needs.

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Approximately 33% of the GR caseload provides supplemental income to households with children under the age of 18 years. Prior to promulgating emergency regulations (which the Department is prepared to do), the Department wished to inform the committee of recent changes in the GR situation. Mr. Korhonen attested to Department desire to comply with legislative intent attached to last year's GR funding. He then introduced Mr. Betit, advising that he (Mr. Betit) would provide further information on the program.

Mr. Betit stated that the GR program has been, for the last two years, basically a rental subsidy program focused principally in Anchorage, Fairbanks, and Juneau. At this time last year approximately 33% of the caseload represented "single employables," about a quarter of the caseload represented family situations, and the remainder reflected a mixture of singles, couples, some travel, and a few burial situations.

MR. BETIT

Changes occurred in December which significantly influenced the program. In December, 62% of the caseload was new (had not previously applied for GR), by January and February the percentage of new applicants had dropped to 34%. The mixture of differing types of people comprising the caseload also changed. Now, only about 18% of those receiving GR are "single employables," 33% (or over half of the individuals receiving assistance) represent family situations. These family households do not represent families containing one parent and one child (situations which would be covered under the AFDC program), but are generally households consisting of two adults and at least one child.

Additionally, average payments have risen from \$80 for a single person to approximately \$240 per household. Payments have increased concurrently with the increasing numbers of families receiving aid.

The biggest factor increasing costs to the program is the fact that a significant number of recipients have been on relief for at least 3 months and as long as 7 months. At least a third (as of February) have been on for 3 months, another third have been on for 2 months, and the final third have been on for a period of 1 month. Almost every household in the program contains an employable adult. To quote Mr. Betit "This is because situations involving only one adult in the family and the income requirements for this program are much stiffer than the AFDC program. That presents the situation where if they are on GR, they would have already been denied AFDC."

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Rent and fuel costs are the primary needs of people requesting GR assistance. Mr. Betit distributed percentage cost sheets for Anchorage and Fairbanks covering December, January, and February (copies appended to these minutes). Anchorage demonstrated a 83% rental need as opposed to 54% in Fairbanks. Fuel and utility needs ran 8% in Fairbanks and 16% in Anchorage.

The combined effect of the foregoing situations have increased dramatically the expenditure level of the program. The Department has proposed an amendment to regulations which would allow a ratable reduction in GR payments. Under existing law, for each person in a family, the Department may pay up to \$80. In a three person family where assistance is needed in meeting rent payments, a maximum of \$240 can be paid. Under a ratable reduction, the Department could cut such payments to any level necessary to keep the program within its funding. The amendment is now in the Attorney General's Office waiting to be adopted in final form. Because of the time frame involved in effecting the amendment, it might be 60 days before the Department benefits from the effect of the amendment, and it would not do enough good fast enough to contain the program. For this reason the Department (through the Commissioner's Office) requested emergency regulations which would adopt a ratable reduction as well as remove a certain part of the caseload from the program by cutting assistance off after 3 months in any fiscal year. Such action would keep the program within its remaining funding.

Responding to a question from Senator Ray concerning duplications of effort in state assistance programs, Mr. Betit advised that since AFDC is a state, federally funded program, people are "put up against" the AFDC program to see if they are eligible for it first. If they are eligible for AFDC, they are not eligible for GR. Further responding to statements by Senator Ray questioning the fact that GR has gone from an emergency assistance program (3 month maximum) to a "staple," (program furnishing long-term help), Mr. Betit advised that assistance programs represent good "barometers" for the State's economy. In addition to GR increases in Anchorage and Fairbanks, both areas have also experienced great increases in the Food Stamp Program. Changes in Food Stamp regulations removed the purchase requirement based on payment of 27% of one's income toward stamp purchase. The cash requirement is therefore no longer a barrier preventing people from getting into the program.

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Last year during the session approximately 4 thousand families were receiving food stamps. Now approximately 12 thousand families are enrolled in the program. These families represent a total of approximately 35 thousand people--8% of the state's population. The above increase has occurred within the last twelve months, predominantly in Anchorage and Fairbanks.

Responding to a question from Senator Ray concerning qualification for assistance under standing Adult Public Assistance, Mr. Betit advised that entrance requirements consider:

- (1) Financial status
- (2) Whether sighted or legally blind
- (3) Age (over the age of 65)
- (4) Employability (one must have been disabled for at least a period of one year)

This program is more restrictive than GR. Individuals on GR could meet income considerations of the program but not "categorical conditions," and would not be entitled to help under the program.

Replying to statements from Senator Ray concerning the employability of individuals receiving GR, Mr. Betit stated "in terms of the employability of these people, there is no question that they're employable." However, statements from those involved in urban hire in Anchorage and Fairbanks (aware of the Dept.'s contemplated application of emergency regulations) advised they were unable to locate employment for GR individuals and don't know what they will do if these individuals don't receive help. The Department last year drafted regulations defining what constitutes employability and is negotiating with the Dept. of Labor to move employables receiving GR "to the head of the list" for employment.

The Department has requested the Commissioner to effect GR cutoff at the three month line. This reduction in assistance must be made in order to remain within appropriated funding.

Responding to a question from Senator Hackney asking if the Department could perhaps cut-off individuals receiving assistance instead of families in order to effect program reduction, Mr. Betit stated that singles represent approximately 18% of the caseload which would not effect a significant enough reduction to keep the program within its funding. In addition, the Department has an attorney

general's opinion advising that the Department cannot through regulation effect such a deletion of single households from the program.

Responding to a question from Senator Sumner asking whether GR recipients are long time Alaskans or recent arrivals, Mr. Betit advised that the Department does not have such information. He attributed program increases and increases in the Food Stamp Program to conditions of the Alaska economy.

Further responding to a question from Senator Sumner concerning correlations between unemployment and GR assistance, Mr. Betit stated that correlation between unemployment curves and GR recipients demonstrates 80% linkage.

Senator Sumner advised of his belief that the increase in assistance results from "sad economic conditions largely brought about by inactive government." He advised "we can't just arbitrarily start cutting people off and see kids go hungry." Mr. Betit agreed that cutting recipients off after three months would affect everyone "across the board," singles, families, etc.

Responding to a question from Senator Ray concerning unemployed parents, Mr. Betit advised that Alaska has never had an Unemployed Parent Program covering a number of family living situations. Oregon had such a program but dropped it last year, effecting instead a state program. This program operates 6 months of the year (October to March). Oregon is seeking employment for involved individuals all year but recognizes there is a period when employment is not as good as it could be and financial assistance is given during this period.

Senator Ray asked if increases in the GR program indicate that Alaska is likely to experience chronic unemployment. Mr. Betit advised that Department workers in Fairbanks have observed that due to the low level of unemployment benefits, individuals are qualifying for GR by \$5 or \$10. This group of individuals will no longer be eligible once the new standards are effected.

Senator Sumner asked if \$250 thousand would keep the GR program going, and Mr. Betit answered that it would. Senator Sumner expressed his belief that the state will experience an economic upturn during the summer, advising that in the meantime GR assistance must be continued.

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Senator Ray attested to the need for an emergency relief program of some type, but suggested that language be included within the program to eliminate chronic recipients.

Senator Kerttula attested to the need for a program which includes job participation and advised of the need for individuals to work once the emergency has passed.

Senator Hackney advised that he is pleased the Department is working with the Dept. of Labor in an effort to find jobs for GR recipients. He further stated that minimum wage requirements have "cut a . . . lot of people out of the very low paying jobs that they used to get by on years ago . . . that are no longer available to them."

Mr. Betit informed committee members that the Department will soon receive copies of Hawaiiin legislation dealing with GR type assistance. Under Hawaiiin law recipients are required to perform public service work (work for state and local government facilities). The Department could explore a similar program for Alaska if the legislature desires.

Senator Summer advised that he believes many recipients are willing to work but the economy represents "a sad situation in terms of the job market." He further stated that he feels increases in the program have resulted from the "running out of unemployment benefits, " but that the situation will be corrected by a summer economic upsurge.

Senator Hackney stated that Senate Finance currently has a bill dealing with emergency relief (SB 124 - Act relating to general relief assistance), advising that as subcommittee chairman researching the bill he will make an effort to bring it before committee soon. He requested that the committee "accommodate" the \$250 thousand needed to continue general relief in a House bill when it "comes over."

SB 124

Mr. Jay Hogan, Director of Legislative Finance appeared at this time and introduced to committee members Mr. Wallace Miller. Mr. Miller was retained by the committee to research projects in the Governor's capital supplemental. Mr. Miller distributed his analysis to committee members and highlighted the following significant projects:

WALLACE
MILLER

Support Building - The project proposes \$149,500 for minor renovations to the existing building. Question to the committee is "Does it make good economic sense to continue to expend funds in a piecemeal fashion on a 40-year-old warehouse?"

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Mr. Miller set forth the following alternatives to the proposed minor alterations:

- (1) \$1 million to bring the building up to minimum code.
- (2) \$4 million to renovate office space
- (3) \$6 million for a new building
- (4) \$12 million which would provide office space for Fish and Game headquarters as well as regional staff.

Employee Housing

\$1,931,000 to purchase 20 units of employee housing in rural areas and renovate 58 units. The cost of purchasing this housing is estimated at \$162,000. Mr. Miller stated that if the Division of Purchasing and Supply has the option of purchasing "stick" built or prefab housing, \$100,000 should be adequate. In addition each division is allowed to individually procure housing. This function should be consolidated within one agency.

Ketchikan Jail

Historic review indicates a need to make improvements to the capital project planning and execution process. \$900 thousand has been requested to supplement this building project. In addition, the Division of Corrections has requested a \$522 thousand supplemental to the supplemental. Question remains concerning where the building will be constructed. Original costs amounted to \$1.6 million, 1980 costs estimate \$3.64 million. The 1980 figure could be exceeded depending on location. There is a great need for more planning and realistic cost estimates.

Fire Fighting - Department of Natural Resources

The project contemplates:

\$5,000,000	for the fire suppression fund
\$3,600,000	for fire fighting costs
854,000	for a warehouse
\$5,000,000	for two fire fighting aircraft

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The level of the fire suppression fund is discretionary. \$5 million would appear to be more than adequate to cover even a large fire such as that at Delta. More controversial, however, is the purchase of the aircraft.

At this point Senator Ray directed committee attention back to the Subport project, asking Mr. Miller if it isn't true that even with the capital move the \$12 million project contemplated by alternative No. 4 would be necessary to meet regional needs. Mr. Miller advised that alternative No. 4 would attempt to deal with the needs of the building's existing tenants as well as the possible take-over of armory property by the City of Juneau. Senator Ray advised that the National Guard intends to supplement its efforts in Alaska with a small training craft, necessitating continued armory location in the subport area. The Senator again asked if the space contemplated under alternative No. 4 isn't "exclusive of the capital move," and Mr. Miller replied "That is correct."

The Chairman reminded committee members of the upcoming Senate Finance Committee meeting with members of the Alaska Natural Resources Board in Anchorage, and advised that the meeting would now adjourn for committee attendance at the Senate Floor Session. Mr. Miller will continue his review at tomorrow's meeting.

The meeting adjourned at approximately 10:05 a.m.

ADJOURN

ANCHORAGE District

	December	January	February	
Number of Households Receiving	319	397	348	434 ³⁴
Total Number of Persons Served	798	993	800	144
Average Number of Persons In Household	2.5	2.5	2.3	
Per Cent of Households With Only 1 Person	46%	40%	43%	69% person
" " 2 Persons	15%	16%	22%	
" " 3 or More	40%	44%	35%	
Per Cent w/ Children Under 18	36%	37%	33%	
Per Cent of Households With at Least One Employable Adult	97%	98%	97%	
To Amount of GR Provided	\$52,300	\$68,400	\$56,000	
Per Cent of Households Receiving Rent	82%	83%	84%	
Per Cent of Households Receiving Fuel/Util.	15	17	16	
" " Burial	2	0	0	
" " Trans.	0	0	0	
Per Cent of New Cases	41%	46%	37%	
Per Cent Which Rec'd GR in 1 Prior Month	24	15	24	
" " 2 Prior Months	12	16	9	
" " 3 Prior Months	6	8	10	
" " 4 Prior Months	8	4	4	
" " 5 Prior Months	9	5	3	
" " 6 Prior Months	0	6	5	
" " 7 Prior Months	0	0	6	

FAIRBANKS District

	December	January	February
Number of Households Receiving	122	175	140
Total Number of Persons Served	274	397	312
Average Number of Persons In Household	2.3	2.3	2.2
Per Cent of Households With Only 1 Person	50%	46%	51%
" " 2 Persons	20%	22%	16%
" " 3 or More	30%	32%	33%
Per Cent w/ Children Under 18	32%	33%	32%
Per Cent of Households With at Least One Employable Adult	97%	92%	95%
Total Amount of GR Provided	\$14,400	\$23,400	\$19,100
Per Cent of Households Receiving Rent	54%	54%	54%
Per Cent of Households Receiving Fuel/Util.	45	51	50
" " Burial	1	0	1
" " Trans.	0	0	0
Per Cent of New Cases	62%	47%	33%
Per Cent Which Rec'd GR in 1 Prior Month	12%	26%	31%
" " 2 Prior Months	13%	10%	16%
" " 3 Prior Months	3%	7%	7%
" " 4 Prior Months	2%	4%	4%
" " 5 Prior Months	7%	2%	4%
" " 6 Prior Months	0	4%	1%
" " 7 Prior Months	0	0	4%

MINUTES
SENATE FINANCE COMMITTEE
March 13, 1980
8:40 a.m.

Vice-Chairman called the meeting to order at 8:40 a.m. Chairman Sackett arrived at the meeting at 9:25 a.m. Senator Hackney arrived at 8:50 a.m. Senator Bennett arrived at 9:00 a.m. All other members were present with the exception of Senator Sumner. Also present were Senator Stimson; Mr. Robert Dupere of Dupere and Associates; Mr. Ken Vassar of Legal Services in Legislative Affairs Division; Senate Finance Administrative Assistant Garrey Peska; Director of Legislative Finance Jay Hogan; and representatives from the press including Joe LaRocca, John Greeley and Jean Kisor.

ATTENDANCE

Vice-Chairman Hohman advised the committee that Mr. Dupere and Mr. Vassar would come forward to present an overview of the provisions in the current Senate Finance working copy of SENATE BILL NO. 1 (An Act establishing a consolidated, comprehensive system for lending activities of the state; repealing the lending and borrowing powers of state agencies and public corporations whose functions are included in the consolidated, comprehensive system; and providing for an effective date.).

SB 1

The following is a verbatim transcript of the meeting:

Mr. Vassar: The bill creates an Alaska Loan Programs Fund and Division. The Fund is in the Department of Commerce and Economic Development. The Division would have revenue bonding authority; the first few pages of the bill includes sections that authorizes that function. The division would use the fund to make loans for the purposes that begin on page 14.

Senator Hohman: Before you get into that, this is the leverage concept which utilizes non-taxable revenue bonds all along in the bill. I think on page 10, line 21, fire insurance and liability Reserve account should be discussed. For some reason the State had difficulty obtaining insurance at decent rates. This allows an additional interest charge of 6/10 and 1% per year as made. It establishes an insurance pool for all housing financed under this scheme. Right?

Mr. Dupere: Yes.

Senator Hohman: In some rural areas your cost of insurance is running 400% more than this.

Mr. Dupere: 2% of the value (which is about 400 times your [inaudible]).

Senator Hohman: The annual insurance cost would be, say \$2,500 on a \$60,000 home.

Senator Kerttula: George, did you have an "in house" actuarial study that showed that the 6/10 would cover the historic loss basis?

Mr. Dupere: Yes, actually, we found very little recorded as to losses in fire insurance in rural areas. We couldn't find any evidence of catastrophic losses.

Senator Hohman: But we also went to the Division of Insurance and found that this percentage is reflecting a [inaudible] of losses in other areas. O.K., Ken, go ahead.

Mr. Vassar: The Commissioner of Revenue is entitled to invest the surplus funds generated by the fund and the investments listed on page 11. Accounting for the Fund is done by the Department of Commerce and Economic Development and they report to the Budget and Audit Committee at least once a month. The Budget and Audit Committee then issues quarterly reports to the legislature. The Director of the program establishes district loan offices in Juneau, Fairbanks, Anchorage and other offices he determines to be necessary. If the loan under the program exceeds \$350,000, it must be approved by an executive loan committee, which consists of the Commissioner of Department of Commerce and Economic Development, the Director of the Division of Loans Programs, and the Director of Economic Enterprise in Department of Commerce and Economic Development.

Senator Kerttula: Why did you use the figure of \$350,000? This seems a fairly substantial figure not to go through the loan committee.

Mr. Dupere: There is a loan committee in the district.

Senator Kerttula: So the district loan committee makes them for \$350,000 or less?

Mr. Dupere There are three main districts - Juneau, Anchorage and Fairbanks. When this was discussed by Senate Committee, they would also have "out-writers" (?), so to speak, from each of those districts. It takes about 14 to 16 weeks to process a business loan now, and you can "go dead in the water" waiting that long. This would be quicker - we are hoping less than 30 days to move these decisions. Remember, this is \$500,000 per resident and they could accumulate combined together, to \$5 million. So you are taking a lot of the volume out, but the big decisions are taken to the senior committee so to speak.

At this time, the Senate Finance Committee decided to forego previous scheduling in order to continue with this discussion.

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Mr. Vassar: Page 12, Line 19. The bill establishes a Loan Program Evaluation Committee. This committee consists of the Directors of Economic Enterprise, Collections (which is created in this bill), and Alaska Loan Programs. Their function is to keep track of the repayment of the loans, notify recipients of the loans that are delinquent in their repayments and if the borrower requests re-evaluation to consider the terms and conditions of the loan, and to determine if there are feasible alternatives to the terms and conditions which would protect the interests of the state and prevent default of the loan. The next section creates a Division of Collections, and the section after that establishes the collection policy. If the borrower receives a notice of delinquency and does not request re-evaluation, or if re-evaluation of those alternatives terms or conditions is not feasibly justified, and if the loan is not brought current within 30 days after the notice of delinquency is mailed, the loan is transferred to the Loss Reserve Account created in the bill and transmitted for collection to the Division of Collections. The Division provides a monthly report to the Legislative Budget and Audit Committee.

Senator Hohman: So the delinquencies will be picked up every 30 days?

Mr. Vassar: Right.

Senator Hohman: Is this ...how would this be classified? A liberal...

Mr. Dupere: Stringent, tough and businesslike. [inaudible], for the last 15 years have been trying for something [inaudible], formal, positive and directive in all the loan programs, as they lack this resolve to collect on their delinquencies.

Senator Hohman: I bring this out because this has been seen as an easy money program, and its not at all.

Mr. Vassar: The next several sections describe what the loan purposes are. The first major category would be residential housing, which are essentially the types of housing loans that made [inaudible].

Mr. Dupere: Not all, the only thing made by [inaudible] is really single residence mortgages.

Mr. Vassar: This provides mortgage loans for sponsors, developers and builders of land development projects, as well as purchasers of residential housing. Loans for the acquisition of real property.

Senator Hohman: Do we carry the same loan limits - \$500,000?

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Mr. Dupere: Yes, per resident.

Senator Hohman: Per resident. So you could build up to a multi-residential unit up to \$500,000?

Mr. Dupere: Yes. And you could get together with five other residents and build a \$2.5 million one.

Senator Hohman: Commercial loans the same way as far as limits go?

Mr. Vassar: Right. There are pretty uniform limits in the bill. Commercial loans include loans for agricultural purposes, commercial fishing, local development companies, to secure loans for the small business administration, child care facilities, small business logging, public facilities. There is a special term on these loans. They can't run longer than 15 years or exceed 90% of the appraised value for collateral.

Senator Hohman: On which loans now?

Mr. Vassar: The commercial loans. The commercial fishing loans under A, 2. of the section. Section 250 requires a certificate of need for a child care facility in order to receive a loan for a child care facility under A. 5 of the previous section.

Senator Hohman: Please refer to page number and line rather than section.

Mr. Vassar: O.K. Page 16, line 12. For child care facilities under that section you need a certificate of need from the Department of Community and Regional Affairs. And, that certificate is granted based on the various criteria established in the section. For commercial fishing loans, you have a requirement of a first lien in favor of the State, unless the loan is guaranteed fully by the federal government under the Federal Ship(?) Financing Act. Page 19, line 23. Allows loans to be made for the purchase of limited entry permits, and sets up a procedure for those purchases.

Senator Hohman: How does that differ from the existing financing for the purchase of limited entry permits?

Mr. Vassar: It is the same

Senator Kerttula: I am not sure we shouldn't set a maximum, and I don't know if this is the legislation to do it in, on values, because we don't want to create astronomical values on a piece of paper that we had created value legislatively for. I think we ought to be in a given range or else it doesn't get financed. Something like that. I wouldn't want to see a \$1 million limited entry permit floating around.

Mr. Vassar: On page 20, Line 25. Loans that are allowed for public purchases, which is essence, the Director may lend money to municipalities with populations of less than 5,000. Purchasing loans are not to exceed \$5 million, by purchasing bonds in the municipality.

Senator Kerttula: Mr. Chairman, do you have some criteria on the municipality's capability really well built into it, or is it just a give-away?

Mr. Dupere: The municipality...its not geared as a give-away. You are going to have first [inaudible] on the shared revenue on whatever they fail to give back.

Senator Kerttula: And there's a good check to see that the revenues are capable of being paid back?

Mr. Dupere: You....[inaudible]...analyze that as a pay-back credit. This was never built as a grant program.

Senator Kerttula: I understand that. I just want to know if it became a "practical" grant program other than what it was intended....

Mr. Dupere: Criticism from the city people is that we would ...[inaudible]...all their money first if they fail to pay us back.

Senator Kerttula: Tough political decision to make. I can just see us trying that over about 20 cities that were delinquent.

Mr. Dupere: Its tougher than the situation is at present ...[inaudible]...

Mr. Vassar: Page 21, Line 20. The Public Purposes Loans provisions are extended to submitting a bid for all general obligation bonds offered on a competitive basis by a home rule borough or city, or a general law borough or city. Then, the following page...the bottom of page 21 and all of page 22 lists the bid that must be made by the director, and that depends on the maturity and the rating of the bond.

Mr. Dupere: Comment. If this would have been in place when Anchorage came up to bid, they would ...[inaudible]...

Senator Kerttula: We have a national problem now that I think is unique. Mr. Chairman, we should make certain that every opportunity for a ...[inaudible]...marketing...[inaudible]... its something that an unreasonable interest rate...[inaudible] ...wouldn't want the...[inaudible]...hold other capital coming in on a capital short company for these purposes. We may have that mechanism built in.

Mr. Vassar: We will explain that...[inaudible]...

Mr. Vassar: Page 22, Line 28. This provision says that if there are no bids for the bonds, the Director of the Loan Programs shall purchase the bonds at 6% interest rate for all maturities.

Senator Kerttula: Why 6% Mr. Chairman?

Mr. Dupere: In 1978 that was a good figure. Today...

Senator Kerttula: 6% tax free in Alaska municipalities. We are getting in in that range. I know the State....

Mr. Dupere: The State and some of the municipalities were getting in a 6% low, depending on the maturity. And that was a good rate at that time.

Senator Kerttula: For a private investor, there is some advantage in tax free revenue, but for a state, if you put money out with no equal advantages...[inaudible]...portfolio, I wonder about that.

Mr. Dupere: You are saying if it applies to the municipality, it applies to the ...[inaudible]...interest loans to the individual. Same thing.

Senator Ray: Yes, but you are locking this guy to pick up the loans that there are no bids on...

Mr. Dupere: Yes. You can change the 6% limit and just use the ...[inaudible]...that'll just fluctuate with the market...

Senator Kerttula: I think it ought to fluctuate with the market.

Senator Ray: All you are doing is locking that guy into 6% and the market is in half.

Mr. Dupere: All you have to do is take that 6% out and replace it with...

Senator Kerttula: You could "bottom" it - make it 6% minimum.

Mr. Dupere: Well, but the market might go way down too.

Senator Kerttula: Then they could go to a commercial market. Put the money in something else. 6% tax free bonds, or less, if we see them in our life time, we'd better go to that market whenever its less, and forget that State funding.

Mr. Dupere: In the last several years, its been around 7%. ...[inaudible]....

Senator Hohman: The average state earning is 7.1%. The composite yield FY 73-79.

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Senator Kerttula: That is pretty hard to compare to the present situation though. I suspect its more than 10 now isn't it?

Senator Hohman: Average yield. Through... '79 is 9.1%. Going back its 7.3% for '78, 6.46% for '77, and going to 7.2% for '70.

Senator Ray: So you are locking in the State to pick up all those marginal bond issues.

Senator Hohman: This is a controversial section of the bill. What we are looking at here is a different form of the bill, a pared down form, a compromise form of the bill, and we'd like to have a reaction from the committee to get it in a form so it can be supported by the committee. The purpose is to establish a vehicle. So, if there is something that you would like added to the bill or taken from the bill, think about that over the next day or so....

Senator Ray: I can just see ...[inaudible]...coming up with things that nobody wants to buy and the State has to go buy...

Senator Hohman: What are the safeguards Mr. Dupere, in case that happens?

Mr. Dupere: That was one of your problems - whether or not the general law was going to control all your administrative regulations to dictate when you don't want to buy. I think if the situation was "smelly" enough the bureaucrat would say "you are not going to participate in that - it just doesn't fit".

Senator Ray: Yes, but you are still looking...[inaudible]...

Mr. Dupere: Yes, that was one of the things we were involved with, with the committee at that time, was...did we want to give them discretion when...[inaudible]...

Senator Ray: Then we'd be put in the same position, Mr. Chairman, of...if we give them discretion then the bureaucrats... the big communities wouldn't have any problem, but the smaller communities might have a problem.

Two short statements made by Mr. Dupere and Senator Ray followed; both were inaudible.

Mr. Vassar: Page 23, Line 2. This subsection applies to revenue bonds offered on a competitive basis by a home rule or a general law borough or city of any class on behalf of the non-profit corporation. And it establishes the ...[inaudible]...that the division shall make on the bonds offered.. The following subsection on line 26 of this page defines the non-profit corporations that are eligible for loans. They must be tax-exempt, non-profit corporation, and it must be created by statute to perform a State function.

Senator Hackney: Mr. Chairman, what is the recourse in the case of a non-profit, if they go "belly up"?

Mr. Dupere: We would end up with all their assets. The covenant of the bonds puts the owners of the bonds in control of the assets, of the normal revenue bond in that situation. So we would end up with the assets.

Senator Hackney: You are assuming the non-profit is acquired as an asset?

Mr. Dupere: Well, they are using the money to buy...[inaudible]...

Senator Hohman: What kind of security does the State have in this? How much of the dollar is protected that we put in?

Mr. Dupere: You would have one to one coverage. If you put \$5 million in, you have \$5 million in the project, then you get one to one coverage for each dollar you put in. That is the normal risk of buying revenue bonds in non-profit corporations.

Mr. Vassar: Page 24, Line 8. This section establishes some safeguards or procedures for defaults on municipal bonds. Sub-section A on Line 8, requires that a department or agency of the state that is custodian of money payable to a municipality...if the municipality defaults, or is in default of money paid on the principal, the department or agency of the State will withhold the payment of the money to the municipality and instead, pay it over to the fund for the purpose of paying the principal or interest on the bonds held or owned by the fund.

Senator Ray: Mr. Chairman, do you think the Legislature has the authority to remove by statute the chief executive of a municipality for failure to give notice?

Mr. Vassar: I don't think there is a ...

Senator Ray: (reading from bill) "Failure to give the notice of pending default is grounds for removal of the chief executive officer from office and, if default occurs, the office is forfeited and shall be filled as provided by law for filling vacancies." I don't think we have the constitutional capability to do that.

Mr. Vassar: Mr. Chairman, I hadn't considered that problem. I will take it back and think about it and report back to you.

Senator Hohman: Alright, thank you. What is your origin in the language?

Mr. Dupere: Well, it was in a committee meeting. It was a question of the city manager...[inaudible]...committee, and give us a bad bond intentionally or otherwise, and then turn around and not even note that it has a problem, then the bonds go in default. These are bonds that we would own or somebody else may own.

Senator Kerttula: You could probably do it with a private corporation, but with a city, I doubt it.

Senator Ray: A home rule city, like Anchorage?

Senator Kerttula: No, its not political possible either. You have to remember that too, besides constitutionally.

Mr. Dupere: It leaves a ..[inaudible]...which has a criminal connotation.

Senator Ray: Then the courts determine that and not the Legislature. The Legislature enacts laws, and the courts carry them out.

Mr. Vassar: Page 24, Line 25. Municipal Bond Capital Reserve Account, which is created for the purpose of securing the bonds issued by the municipalities.

Mr. Dupere: That was mainly to help the marketability of the bonds so you may not have to buy them. Just to give them a little strength - to move them out to the price of the market. Thats what it does.

Senator Ray: Mr. Chairman, on Line 18, page 25. Could you explain what it does from Line 18 through Line 20?

Mr. Dupere: If you have an account, and you have cash into it, its invested. The interest or income earned by the account shall be paid to the unallocated reserve account. The unallocated reserve account in the funds consists of all other monies not collected for reserves, or back-up for reserves. Any amount remaining[inaudible]....unallocated reserve account. That is the one that all ...it is not to secure any bonds, any fire insurance, any mortgages, or other things.

Senator Ray: I think the language is a little confusing because its ambiguous as to what you are really getting at. When you say "any amount remaining in your municipal bond capital reserve account when the issue of the account secured is fully retired" why would you have any money left if its retired?

Mr. Dupere: This reserve account is not to pay any municipal bonds off. Its just to give credit to the municipal bonds... the community bid out their bonds, the market saw that we had a reserve to back them up, and they bought the bonds even more aggressively than we had outlined in the bill. Hopefully, nobody will have to use it. There hasn't been a default in our bonds since I know of, so when those bonds are paid down, that reserve account is available for other purposes. Its unallocated.

Senator Ray: Did you say there hasn't been any bond problem with municipalities?

Mr. Dupere: Yes, there has only been one note problem that I know of.

Senator Ray: I think we picked up a couple of small ones.

Senator Kerttula. Mr. Chairman, isn't Senator Ray correct that we did pick up a couple - \$600,000? I think...

Senator Ray: We had a safety bond rating at that time and we didn't want to lose anything by it, so we picked these up and paid them.

Mr. Vassar: Page 25, Line 21. Industrial Development Loans. This provides for making loans from the Fund to businesses conducting tax exempt activities under section 103, 3, 4 and 5 of the Internal Revenue Code.

Senator Kerttula: Do we use bond rating services from the State when we purchase these bonds?

Mr. Dupere: The rating is the audit normally done by the issuer. That is the standard course.

Senator Kerttula: Yes, so they provide us with a bond rating service, just like we were any other entity?

Mr. Dupere: Yes.

Senator Ray: On Line 29 through ... (read from bill) "(1) the municipality in which the activity is conducted, unless the municipality has provided otherwise by a resolution adopted before approval of the loan; or". Who would they give it to? Who would they give the property to if they were putting up the bonds?

Mr. Dupere: Well, this area covers all the exempt sections in the industrial bonding act, which in the example is the harbor facility in Valdez, and as far as they use it there, the bonds are wrapped around, reduced across of that \$2 billion facility and the project stays with the oil companies the way it was set up. The city ends up with a fee for being the "middle man". So what would happen is...that is the fact in Valdez.

Senator Ray: Well, why would we loan money to a municipality for a development loan and then give the property to somebody else?

Mr. Dupere: That gives them a negotiating position with the industry concerned. That's all that would do. Its a...an example of that is a small airport serving as the middle man for a freight/passenger terminal - Wein. After the bond is paid off the municipality would own it unless they had an arrangement with Wein ahead of time.

Mr. Vassar: On page 26. The loans that are allowed under this section can either be direct loans or through the purchase of bonds. On page 25, Line 15, the section allows a corporation partnership or firm which requests a loan of more than \$5 million, to request the issuance of a special series of bonds for this project. The Division of Alaska Loan Programs may request the State Bond Committee to issue the special series of bonds on behalf of the corporation partnership of the firm instead of making the direct loan. And, the corporation partnership firm is eligible for the special bond series if it has a credit rating of "A" or better. On Line 23, the next section establishes the project costs that are eligible for bonding under the previous sections of the bill (three or four sections), and it then lists those costs, including studies, surveys, plans, specifications, architectural engineering or other special services, cost of real property acquisition, site preparation and development, cost of purchasing, constructing, reconstructing and improving real property, cost of acquiring machinery and equipment necessary for the project, an allocable portion of the administrative and operating expenses of the issuer of the bonds, cost of financing project including interest on the bonds, and the cost of other various items.

Mr. Dupere: To summarize that, that is the same cost that you allow on your general obligation bond project at the present. So that there is no misunderstanding administratively, that is the project cost. Those should also be the costs on your grant programs...[inaudible]...

Mr. Vassar: Page 27, Line 10. The next section provides for making education loans in the form of scholarship loans to students.

Senator Kerttula: Same as current provisions?

Senator Hohman: No, its different. I think currently its \$3,000. for undergraduates.

There was some discussion on what the current rate for student loans is.

Mr. Dupere: But I think the latest direction was to pull this one out of the bill anyway.

Senator Hohman: Yes.

Senator Ray: On page 28, Line 6. Isn't this a distinct change? On forgiving part of the loan?

Senator Kerttula: If you are going to move this out of here and put it back where it is now, I think that is wise with this forgiveness clause, etc.

Senator Ray: On Line 16. "50 percent or greater disability of the student, as certified by competent medical authority". Does this apply before or after he gets the loan?

Mr. Vassar: That subsection refers to deferral of repayment, so I think it would apply while he has the loan or at the time that repayment begins.

Senator Ray: If he becomes 50 percent disabled during that time, that's fine, but if he starts out 50 percent disabled, would we defer the entire payment? It doesn't say anything about that.

Mr. Vassar: I think it would have to be interpreted by the Division as meaning 50 percent...

Senator Ray: Well, we want to put in the law "if disability occurs during that time".

Senator Kerttula: I don't doubt that this program ought to be looked at from a Legislative standpoint, but if this entire section is going to be taken out...we are not tinkering with it. I think we ought to take it out. I don't think it fits the normal.... The other programs are not forgiveness programs. This one is a student scholarship program that provides....

Senator Ray: Are the veterans going to have a separate loan...?

Mr. Vassar: No.

Senator Hohman: Do we have veteran's preference in this bill?

Mr. Dupere: Yes, the direction was to build in constitutional residence and 1/2 of 1% reduction in the index loan amount that we used for the housing administration loan down to as high as 5% reduction, so that ...and then 1% for veterans, and that is at the end of the bill.

Senator Kerttula: We are going to hold this up to make a final decision aren't we?

Senator Hohman: Yes, this is just a run-through today; we want suggestions for change from committee members. We want to reduce it to a form that has unanimous committee support.

Mr. Vassar: Page 28, Line 18. This section allows for loans for tourism, historical and outdoor recreation and has the same language that is already in the statutes for these types of things. It allows for loans for businesses directly involved in the tourism industry, local historical district loans, and

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loans to extend outdoor recreation sites and facilities.

Page 29, Line 10. This section establishes eligibility requirements for the loan.

Senator Ray: Mr. Chairman, I find the eligibility is entirely too loose. If you have a person coming up here as a student, and is a resident of the State for 30 days, and then would qualify for a loan from the Student Loan Program. Or, a fellow who has a Limited Entry Permit who is a resident of Washington, but has a limited permit in Alaska - he could come up here and reside for 30 days and then get a loan for up to \$350,000. It seems to me its way too easy. If its possible within the constitutional constraints to write in something different, it seems to me...well, its just wide open - anybody who comes up here for 30 days would qualify for every loan.

Senator Kerttula: You can't change that. It would probably destroy the whole program.

Mr. Vassar: Mr. Chairman, 30 days is clearly a constitutional duration for voting or for any other purpose.

Senator Ray: No, that isn't correct.

Senator Kerttula: That is wrong. Fish and Game licenses - 12 continuous months are required in Alaska.

Senator Ray: You have to be here three years in order to run for office.

Mr. Vassar: Running for office is the specific exception to the durational residency rule.

Senator Ray: No, in Bloomsfield vs. Tennessee or Alabama or whatever it was, it didn't say that, and the Supreme Court only[end of tape]....

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Kerttula: Mr. Chairman, there are some statutes that are holding in other departments defining residency, and we should look at those too. They're a lot more than 30 days. The fishing license is one of them.

Ray: If you have only state funded programs, then you can restrict that to state residents. You can do anything you want with state-owned property or state-owned moneys. You can put contingencies on that all the way down the line.

Kerttula: We're doing it every day in the old timer's program. We can do it. It's our money--our right.

Ray: That's right, but if you've got any federal money--and in this there wouldn't be any federal money because this is all state-generated funds. You can do whatever you want.

Vassar: One of the examples is the Pioneer's Home--15 years.

Kerttula: The old timer's bill.

Hohman: Okay, well we have Mr. Vassar researching that and you'll come back with a proposal that should (inaudible) to the extent (inaudible) for residency. Senator Kerttula.

Kerttula: I'm glad that that as directly given is the toughest possible so that we don't get a raid by out-of-state residents who could destroy the whole program.

Hohman: Maximum Loan Amounts: This just carried forward the same loan limits that we had on the first form of the bill (\$90 thousand for single family dwellings, \$130 thousand for a duplex, add \$40 thousand for each additional increment of housing up to the maximum which we talked about earlier--\$500 thousand per individual).

Farm Development: Same limits \$500 thousand.

Dupere: Pointing out that those are indexed to the July 1, 1978, consumer price index, Anchorage.

Hohman: So what would that mean for a single family unit today?

Dupere: Well who knows what the index is versus what it is today, but it's probably another 20% of that \$90 thousand.

Hohman: 20%, that would be \$108 thousand for the single family unit then, using that as an index. We also have a geographic factor.

Dupere: Page 32.

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Kerttula: On farm development I'm sure, Mr. Chairman, as strong as you feel we should have a compined program, I feel equally strong we should not combine the agricultural loan program with this fund, and I'd like to get into that later. It distresses me immeasurably that you're doing this.

Vassar: The loan limits that are set up in this section on page 31 at line 11 it provides that a loan to an associate borrower is considered to be a loan to the borrower so that the limits would apply to the borrower if the loan is made to any of these entities that are listed in that subsection. At line 28 is the tie-in to the consumer price index for Anchorage as of July 1, 1978.

Kerttula: Who does the consumer price indexing--who continuously does it. Is it a federal program that does this now or . . .

Response from unidentified speaker: The University of Alaska

Kerttula: I wonder what consumer price index we're talking about.

Response from unidentified speaker: Department of Labor does a "grocery basket analysis."

Kerttula: I think they've even quit that.

Vassar: On line 5, page 32, this section allows for an area differential in determining the maximum loan amounts which is based upon basic, the lowest cost, of construction in the state with the cost of construction where the project occurs and the lowest cost of living in the area with the cost of living in the area where the project occurs. And the Dept. of Transportation and Public Facilities will be responsible for determining these figures.

Hohman: They do that, incidentally, already don't they? I mean they do somewhat the same thing which Mr. Miller is going to bring up in his report on state employee housing.

Vasser: On page 32 at line 22 are additional loan limitations.

Ray: Mr. Chairman.

Hohman: Senator Ray,

Ray: This section gives the life to the previously stated residency requirements. You're requiring residency right here in order to participate to the maximum. So if you can do it here, you can do it with the initial loan or the application for the eventual loan.

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Dupere: Mr. Chairman, initially, the initial bill had five years and the Constitutionality item was brought up and the committee then said "leave the five years in" and they put this section in to cover them if the five years was declared unconstitutional--the five years residency. They said if we lose on that then we've got this section as a stop-gap.

Hohman: Well we're going to have that researched and come back strong in the residency requirement.

Vassar: On page 33, line 7, is the value limitation which provides notwithstanding any of the other limitations in the previous section, that relates to the collateral that is used to secure the loan. No loan can exceed 90% of the appraised value of real property pledged as security, or 95% of the appraised value of real property pledged as security for the loan if the loan is for residential housing and is made in areas where Federal Housing Administration mortgage insurance is not available, or the loan is for an owner-occupied single family dwelling. And, a loan cannot exceed 80% of the tangible personal property pledged as security for the loan.

On line 21, maximum terms of loans are established which are 30 years on a loan secured by real property; 15 years or the life of the equipment on a loan for equipment; 7 years for loans secured by tangible personal property; and 1 year on a loan for working capital.

Page 34, Line 2, establishes the rate of interest on loans.

Ray: Could we just go back a second? This 1 year on a loan for working capital, this is the fisherman's loan and the farmer's loan?

Vassar: If the fisherman's loan is secured by equipment, then I think it would come in under (remainder inaudible). For example if he puts his boat up or his gear as security.

Ray: Then a 1 year loan would be for like a fellow in business if he wished, needed, \$50 thousand to start his business. Is that a 1 year loan for \$50 thousand.

Vassar: He'd have to collateralize it

Ray: (Expletive deleted) I'll go back into business.

Hohman: Well, we could always change the law, I mean the bill.

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Vassar: The rate of interest would be established at not higher than the rate of interest for mortgage loans insured under 12 USC Sec. 1709 which is essentially the Federal Housing Administration. That rate of interest would be reduced by 1/2% for each full year of residency in the state at the time the loan was made. However, the interest rate could not be reduced by more than 5%.

In (b) of this section, line 18, an additional 1% reduction in interest is allowed for veterans.

Hohman: So, what would the rate be, what are the numbers?

Dupere: The present rate is 13% or,

Hohman: 15%?

Dupere: 13%.

Hohman: 13% that's the maximum allowable rate of interest for mortgage loans under, and then if a person has been up here 10 years they qualify for the maximum reduction in interest which is 5%, that would put a loan for a ten or more years resident at 8%, right?

Dupere: Yes, and a veteran would have another percent so that would make it 7% for veterans.

Kerttula: What, a 30-day veteran or after he's been up here for a reasonable period of time.

Dupere: The present definition for veterans is in the bill.

Vassar: Which is the next section beginning on line 29 of that page.

Dupere: As a point of policy you may want to have a (inaudible) on this, in other words "but not less than 6% interest." Because FHA mortgage rates before the bottom fell out were something like 9-1/2%.

Ray: Mr. Chairman.

Hohman; Senator Ray.

Ray: There is a problem which was brought to me starting on line 12, page 35. "Who not being a bona fide resident of the territory or state before his entry into the service has been a resident of the territory or state for five or more years." Somebody that was here two years in the service let's say in the Coast Guard or the Army and he was a resident of the state and he left after two years and went back to

below and came back. Would he have to serve five continuous years or three in addition? Or during the time that a man is in the service, if he is in the service here for two years, he is discharged in the state, he's been a resident of the state two years, would he have to stay three more years or does he have to stay five years up to the date of discharge?

Hohman: Where's your mind been right? Are you referring to a specific case?

Ray: Those were the things that he asked me.

Hohman: Yes, I can see that.

Kerttula: He'll tinker and figure it out.

Hohman: You see the problem that his example poses?

Vassar: In other words, how do you determine residency?

Hohman: Qualification. If you were in five years before service there's no problem. But if you were only in two does that mean you have to serve an additional three, for the aggregate of five?

Ray: Or if you are in the service, say a fellow who came up here four years in the Coast Guard, he married a Juneau girl and got released from the Coast Guard right here and maintained his residence right here in Juneau, he would have to serve five more years in order for him to qualify.

Dupere: We should make that "active service shall be considered residency."

Ray: Then you get the other, add "for purposes of this chapter," because when you sign up in the military and you get your place of residency it's on your card and you are returned to that place of residency you have asked for at military expense--you and your dependents, and you have a baggage allowance and the whole thing.

Hohman: Clarify that for us.

Ray: It's a little loose and maybe we could put a couple of nails in it someplace.

Vassar: Something to the effect that service in the military for this chapter is counted as residency?

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Ray: Well, if the guy has been up here in the service for two or three years and gets out and remains in the state I would say he would have more right of qualifying here than some guy, a veteran, who spent five years at (inaudible) and then came up here and spent five years.

Kerttula: I think that's the way it has been held all the time so far. There is nothing wrong with changing it though.

Ray: Well I don't know it's just something to look at its a policy decision.

Vassar: A lot of people who are in the service up here qualify for resident hunting and fishing licenses, and with that intent I would see no problem with having this construed as residency.

Hohman: Are we ready for page 36, line 7, employment preferences?

Ray: See Mr. Chairman, its the (inaudible) that changes your residency if you're not returned to your place of induction. That's why a lot of them vote up here and remain residents of the other place.

Hohman: Wish I'd known that twenty-five years ago. Employment practices.

Vassar: Okay, page 36, line 7, this is the requirement that loans, that contracts, let by a recipient of a loan under this chapter call for the hiring of 95% residents if they are available and qualified. If ten or fewer persons are employed under the contract than 90% residents shall be employed if they are available and qualified.

Kerttula: I wonder if you can say regional residents. Obviously there are many places there aren't regional residents that are qualified, but some places there are and it's about as big a bite in somebody in Circle for instance, sitting watching people from Anchorage work on a job that he is qualified for as there is somebody from Seattle. There is a great deal of resentment in my area on this situation. It's a tough one I know but

Vassar: Judicial Districts ?

Kerttula: I wonder if there isn't something that could be done about that. Suppose there isn't. Regional hire in this state is a fairly substantial issue when you only have one project in a ten year period.

Dupere: Mr. Chairman, this is essentially AS 36.10 which doesn't have regional, probably also should have.

Hohman: While loans are being made in Bethel, if I'm in that region making a loan, I'm going to use local labor. It's cheaper, you don't have to house the people, they've got housing.

Ray: Mr. Chairman, some of the municipalities have a practice of putting it up for bid and bringing in people from outside the state. I believe the contract for sandblasting and washing the windows right in this building was done by a Seattle firm.

Hohman: Pat, you want to come up and look at a copy of the bill? Senator Rodey.

Rodey: Thank you, Mr. Chairman.

Vassar: Line 27, requires all departments, agencies, and public corporations of the state to provide information, services, and facilities to the director of the program. And it requires the fund to reimburse those departments, agencies, or corporations for their expenses.

At line 3 allowance is made for loans to be made under the chapter and participation of financial institutions, and to allow the financial institution to act as agent for the division in the initial processing of applications. It allows the division and the financial institution to agree upon the fee for such services. It also provides for allocating the share of the interest in the loan if the financial institution participates.

Hohman: On line 17, is that a change? Maximum service fee for administering a loan which may be charged by a participating financial institution is 1/8 of 1%?

Dupere: I think what happened is that's the initial drafting of the bill and I think financial institutions have indicated that they want more.

Hohman: I'm asking you not what the financial institutions want, I'm asking you if that's a change over the initial bill.

Dupere: No, that's the initial bill.

Ray: Could we go back to line 8 here? If a financial institution participates in a loan, the fund and the participating institution shall share the same ratable interest in the collateral securing the loan. What if the

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fund puts up 75% and the financial institution puts up 25%. They share the same ratable interest in the collateral? Why?

Dupere: If it was a \$100,000 loan, Mr. Chairman, then the State had 75% of that, then the realty that is used as collateral and the bank has 25%. And if you sell it on a distressed sale, and you lost \$20,000, the bank loses 1/4 of that 25% and the State loses 3/4 of it.

Ray: But it doesn't say that though.

Dupere: That is what it is supposed to mean.

Ray: It says "...shall share the same ratable interest..."

Dupere: "...in the collateral securing loan..."

Ray: Alright, so what if one has 25% and one has 75%? It would be my interpretation that if there is a default, whatever is left, they split down the middle.

Kerttula: Unless "ratable" is the key.

Ray: Well, I don't know if it is.

Kerttula: "ratable" and "interest" have so many connotations in the financial world. I am not certain you shouldn't use....

Ray: "Pro-rata" or something like that. "Pro-rata interest".

Vassar: Yes, I think that language could be clarified. I believe that what was intended to be meant was what Mr. Dupere said. But that could be clarified.

Kerttula: Right, you get a Philadelphia lawyer on that and who knows what it means.

Ray: You would get more sometimes than the amount of the original loan.

Kerttula: On B on the 1/8 administering costs, Mr. Chairman, I suspect you couldn't get a participant for that little. I think your overhead exceeds 1/8. It would have to be a tremendously big loan.

Hohman: I thought we were talking about 3/8's in the original bill.

Kerttula: 3/8's is closer - 3/8's to 1/2. They get that and more.

Hohman: Make a note there Mr. Vassar, Line 17, Page 37, for further study.

3/13/80

Vassar: Page 37, Line 19. Insurance Required. This section is more or less a "conflict of interest" kind of section. It prohibits a person who provides services to the borrower in the preliminary phases of the project for which a loan is made under this chapter, from participating in later stages of the project. And it requires the borrower to provide a list of all persons performing those preliminary services to the division.

Hohman: What is the problem that that speaks to Mr. Dupere?

Dupere: As far as I can remember, the appraiser of the property which all the people are relying on (say a piece of property is worth \$100,000) could bill it to be \$150,000 and later on to be part of the action. This is to preclude that type of thing. And on feasibility studies,...[inaudible]...and then come out on the side of the loan. And the interest statements, etc., by the CPA's, and that type of thing.

Vassar: Page 38, Line 5. Last section of the chapter, which defines the term "fund" and "loan programs" as its used in the chapter, to mean the Alaska Loans Program Fund.

Page 38, Line 8. Section 3. I think this section was mistakenly left in. I don't think that that was intended to be left in. 03.10.050 is the Agricultural Revolving Loan Fund, and the repealer section of this bill does not effect the Agricultural Revolving Loan Fund. So, it should be deleted.

Hohman: O.K. Next?

Ray: On Line 12, what are we changing here that is grants, is to the loans?

Vassar: Sections 4, 5 and 6 of the bill on this page are relating to the housing program under 18.100, and it is taking out the lending function of that program and leaving in the grants program that is in existence.

Ray: It couldn't be in existence if they are putting new language in.

Vassar: The new language replaces grants for loans in that one section, but it refers to grants already in the law, in section 70.

Ray: I see.

Vassar: Page 39, Line 4. Section 7. This section is a funding mechanism for the loan program, and the loan program is divided up into two accounts - the Energy Loan Account and the General Loan Account. The Energy Loan Account is used the make loans for

power projects, utilities and such, and the General Loan Account is used to make loans for the other loan purposes described in the chapter. Into each of those accounts shall be deposited 10% of the earnings of the Permanent Fund each year.

Page 39, Line 14. I believe that this is an amendment to the recreational parks loan program. It takes the loan portion out of that language but leaves in the grants language.

Section 9 does the same thing for local historical district commissions.

Page 39, Line 28. Section 10. This simply adds to the duties of the Department of Commerce and Economic Development to administer the Alaska Loan Programs Fund.

Section 11 amends the Municipal Bond Banks authorities issue, bonds and bond participation notes. Only if the State Bond Committee finds that the issuance is consistent with the bond program of the Alaska Loan Programs Fund.

Page 40, Line 6. Establishes a new section in 37.05 which creates a comprehensive loan program reserve account which consists of 15% of the annual receipts the State receives from mineral lease rentals for State land and from royalties derived from minerals produced on State land. That money is subject to annual appropriation in the General Appropriation Act and may be appropriated to the allocated reserve accounts of the Alaska Loan Programs.

Page 40, Line 20. The Director of the Division of the Alaska Loan Programs and the Director of the Division of Collections, which are established in the bill, are placed in the classified service and prohibited from being classified as partially-exempt.

Page 40, Line 27. Existing loan functions that are effected by this bill, are directed to stop accepting loans no later than January 1, 1981. And the Division of Alaska Loan Programs is directed to begin to accept applications for loans at that date.

Section 15 repeals various lending functions in the State whose purposes are included in the Alaska Loan Programs.

Hohman: O.K., why don't we just get a list of those. O.K., date this working copy of the bill March 13, for your reference. We don't have time to go into what facets of our program were deleted - the original concepts were deleted from this copy.

The meeting adjourned at 9:55 a.m.

SFC - TAPE # 25 (Side 2, 000 - end)

TAPE # 26 (Side 1, 000 - 550)

MINUTES
SENATE FINANCE COMMITTEE
March 18, 1980
8:40 a.m.

In the absence of Chairman John Sackett, Vice-Chairman George Hohman convened the meeting at approximately 8:40 a.m. All committee members were present with the exception of Senator Sumner who arrived shortly after the meeting began, and the Chairman who was absent. Also in attendance were Senator Stimson; Representative Pappy Moss; Former Governor Keith Miller; Gary Jenkins, Director, Audit Division, Department of Revenue; Guy Van Doren, Administrative Assistant to Senator Ziegler (who arrived after the meeting commenced); Garrey Peska, Administrative Assistant for Senate Finance. PRESENT

Vice-Chairman Hohman moved that SCR 55 (Urging the Dept. of Revenue to rescind its ruling relating to the taxation of flight crew members) be brought up for discussion. SCR 55
It was noted that Senator Ziegler was not present to testify in support of his resolution, so SCR 55 was held for later discussion.

Vice-Chairman Hohman next moved that SB 512 (An Act continuing the existence of the Alaska Transportation Commission) be brought on for discussion, advising that Former Governor Miller was present to testify. SB 512
When asked what would happen should the committee not pass 512, Mr. Miller replied that the Commission would "go out of business June 1." The Commission is currently under "sunset." An opinion issued by the Attorney General states that the Commission's function cannot be transferred to another agency without legislative action. The fiscal note prepared for attachment to SB 512 is, in fact, the Commission's budget.

Responding to Senator Hackney's mention of criticism concerning air service to rural Alaska, Mr. Miller acknowledged awareness of complaints, advising that if the Commission is not allowed to continue "there will be utter chaos." He referred to the Small Communities Program and the Essential Service Program, informing the committee that in a nationwide tabulation of air operations falling into the above programs, Alaska has 50% of the communities served. Under a totally deregulated aircraft industry, large cities will continue to have good service, but small communities might end up with no service at all.

KEITH
MILLER

Senator Kerttula attested to the fact that he does not believe the Senate Finance Committee should be responsible for ending the Commission. The matter should be placed before the Senate and the decision made by the body as a whole. He thus moved that SB 512 pass from committee with individual recommendations. No objection having been voiced, SB 512 passed from committee--Senators Hohman, Ray, Kerttula, and Bennett signing no recommendation, Senator Hackney signing do pass.

MOTION
SB 512

Vice-Chairman Hohman next moved that CSHB 275 (Fin.) (Act making a special appropriation to the agricultural revolving loan fund) be brought up for discussion, advising that the bill would place \$6.8 million in the revolving loan fund.

CSHB
275 (Fin.)

Representative Pappy Moss appeared before committee testifying to the importance of the above funding. Farmers are faced with need for seed, fertilizer, and equipment in order to get their fields ready for large scale production. A supplemental is needed because the farmers cannot wait until June 30. A later bill will fund further farming needs, but the seeds, fertilizer and equipment are needed right now in Delta, MatSu, and other farming areas. The farmers are already a bit late getting started on this. The farming projects are important for the whole state.

REPRESENTA-
TIVE
MOSS

Senator Kerttula attested to the fact that in past years the revolving loan fund has been appropriated amounts enabling farmers to "get by." Now, with the large Administration-proposed projects, the \$6.8 million is needed.

Senator Hohman questioned the balance of the revolving loan fund, asking if the \$6.8 million would raise the balance to \$26.8 million. Senator Kerttula responded that the fund's current balance is somewhere between \$12-\$14 million. With the additional \$6.8 million the fund will remain within its authorized program amount. An individual farmer can borrow up to \$500 thousand on a first mortgage guarantee. He can also borrow chattel funds, livestock funds, and irrigation funding for a total which would approximate \$900 thousand. However, no individual has "ever approached that mark."

Senator Kerttula moved that CSHB 275 (Fin.) pass from committee with individual recommendations. Senator Hackney amended the motion to a do pass recommendation. No objection having been voiced CSHB 275 (Fin.) passed from committee--all senators signing do pass.

MOTION
CSHB
275 (Fin.)

Guy Van Doren, Administrative Assistant to Senator Ziegler arrived at the meeting at this time and the committee reverted to discussion of SCR 55 (Urging the Department of Revenue to rescind its ruling relating to the taxation of flight crew members). Mr. Van Doren advised that the primary questions surrounding imposition of the tax are "Why tax these people at all?" Does the State need the revenue? The Department may argue that it must levy the tax because the tax is "on the books." Why has the Department decided, after all this time, to levy the tax now? Back taxes will cost flight attendants an average of \$4,000 and captains \$10,000. Congress recently passed an amendment prohibiting such taxes, but because Alaska is so large, the state can levy the tax despite federal amendment.

SCR 55

(Senator Sumner arrived at the meeting at this time, approximately 9:00 a.m.)

Mr. Van Doren introduced Captain Kruzich, appearing on behalf of Alaska Airlines' pilots and flight crews and concluded his remarks by strongly recommending that the tax be rescinded.

Gary Jenkins, Director, Audit Division, appeared on behalf of the Dept. of Revenue, advising that the Department has a serious question whether the legislature can compel Department action via SCR 55. The State of Alaska currently has a law on the books which states that anyone providing services to the state should pay income tax. If the legislature wishes the Department to ignore current law, it should so instruct by law.

GARY JENKINS

Further questions arise if the tax is rescinded: "If we ignore this group (airline flight crews) do we ignore other groups?" Many groups within the state fall into a similar category (fishermen, truckdrivers, etc.)

Senator Ray asked Captain Kruzich how long flight crews remain in Alaska, and the Captain responded "about 12 hours." Responding to a similar question concerning fishermen, Gary Jenkins advised that a fisherman's time within the state "depends upon how long he lays over."

Senator Ray and Hackney attested to the need to qualify applicability of the above tax according to time spent within the state.

Gary Jenkins informed the committee that in accordance with the recently passed federal amendment, effective 1980, the Department may not tax a flight member

unless his instate flight time exceeds 50%. The amendment would apply to future taxes, however, and not the prior, retroactive, taxes now due.

Responding to questions from Senator Sumner concerning the taxing of bus drivers, Gary Jenkins stated that drivers are taxed based on time spent within the state. Such time is tracked through an individual's withholding since the employer is usually a corporation doing business in the state.

Responding to questions from Senator Ray asking why the Department has chosen to effect the tax at this time, Mr. Jenkins advised that while Alaska Airlines was based in Alaska, doing business in Alaska, most of its employees lived instate. When the Airlines moved to Seattle, the crews followed. The Department has audited the airlines' activities back to 1976 and is currently "looking at all airlines doing business in and out of Alaska.

Senator Hackney asked if airlines pay taxes in their base state, and Mr. Jenkins advised that it depends upon whether or not the base state levies an income tax (Washington State does not have an income tax). For airline employees living in Oregon (which levies a state income tax) the State of Alaska grants credit for taxes paid in Oregon and Oregon does the same for Alaska taxes paid.

Responding to a further question from Senator Hackney concerning tour boat operators, Mr. Jenkins stated that such operators are subject to the tax although he admitted that the Department has not yet audited such operations but will be "looking into them" because they are subject to the tax while instate.

Responding to questions from Senator Ray concerning rotation of flight crews, Captain Kruzich advised that an employee may fly anywhere in the system. Some employees spend most of their time in the state; others never get up here. Responding to further questions from Senator Ray concerning the amount of time spent instate, Captain Kruzich informed the committee that 50% of Alaska Airlines' employees probably spend over 50% of their time instate.

Responding to a question from Senator Bennett concerning taxation of military personnel and FAA people, Mr. Jenkins advised that the military is exempt, while FAA is taxed.

At this time Mr. Van Doren advised that the main point Senator Ziegler wished "to get across" with his resolution is the fact that retroactive application of the tax should be eliminated. The fact that the Department's decision to enforce the tax was not rendered until 1978 should obviate its retroactive applicability.

Mr. Jenkins stated that retroactive application of the tax upon airlines operating instate is no different than retroactive application of taxes against any other large corporation providing services to the state.

Responding to a question from Senator Sumner regarding written communication concerning the airlines' awareness that such a tax was due, Mr. Jenkins advised that federal law has existed for many years requiring airlines to withhold taxes on crews if flight time within a state exceeds 50%. The Department looks at an employer in terms of what he should have withheld. It is not "going to go out and double collect."

Senator Sumner advised of his belief that the airlines failure to withhold such taxes indicates they were unaware of the requirement. Mr. Jenkins replied that the federal law (approximately 10 years old) is very clear:

- (1) The employer has the duty to collect (withhold).
- (2) The employee has an obligation to file an income tax return in a state where 50% of his working time is spent.

Senator Sumner asked if the Department expects a lawsuit over the above tax and Mr. Jenkins responded "that is possible." At the present time the Department is "talking with the airlines"--it has not yet begun talking to individuals.

Responding to questions from Senator Ray concerning the manner in which taxable flight time is computed, Mr. Jenkins informed the committee that "the clock" is started when the flight enters Alaska airspace and includes the time a crew member is actually on flight status (a crew member is on this status basically 1 hour before flight time to 15 minutes after the flight is completed). Overnight and layover time is not included in taxable time. Senator Ray attested to the disparity involved in taxing those flying "milk runs" as opposed to those manning "straight-through flights."

Responding to questions from Senator Stimson concerning possible problems arising from passage of SCR 55, Mr. Jenkins advised that passage would raise serious questions when one class of taxpayers is exempt from taxation while others in similar situations are still taxed. The Department would be open to charges of arbitrary discrimination.

Responding to a question concerning double taxation upon Washington state crew members since Washington effects a sales tax rather than income tax, Mr. Jenkins stated that while all tax systems have some inequities, applying the income tax against a sales-tax-paying Washington resident would place him in no different situation than a resident of Juneau or Anchorage where sales taxes are also in effect. Those in Washington are not being double taxed in terms of other people in the State of Alaska who pay federal income tax, state income tax, and sales tax.

Senator Ray advised of his fear that a lawsuit will issue from the above taxation, attesting to the need for legislation tying the tax to transportation rather than blanket application upon people who "are instate for a limited length of time."

Mr. Jenkins advised that the legislature has the power to effect the above-suggested statutory change. He raised questions, however, concerning the influence of such a change upon a suit presently before the Supreme Court brought by crab fishermen who claim they are exempt from state income tax because they come into the state only long enough to sell their catch. Senator Ray called attention to distinction between crab fishermen reaping a natural resource and the applicability of state tax against them versus airline crew members involved in the transportation process.

Senator Ray requested that the committee instruct Mr. Jenkins to draft language for legislation consistent with the intent of SCR 55, exempting from income taxation those involved in providing personal services for transportation in the state.

Senator Sumner advised of his concern that the legislation not disturb the balance between an airline based in Seattle and one based in Alaska.

Mr. Jenkins advised he would draft language to exempt airline employees from the individual income tax. He further advised that such legislation will discriminate against residents of Alaska "flying out of the state 90% of the time."

Senator Sumner advised that he would be agreeable to lifting the retroactive application of the tax rather than offering an exemption and asked Mr. Van Doren and Captain Kruzich if it would be possible, should the state remove retroactive application of the tax, that airlines could reschedule flight crew time so an employee does not spend over 50% of his time instate. The Captain responded that such an arrangement could be "possible," but advised that he would not wish to comment on how remote that possibility might be.

The Vice-Chairman advised that Mr. Wally Miller would continue his analysis of supplemental capital projects at the next committee meeting.

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

ADJOURN

MINUTES
SENATE FINANCE COMMITTEE
March 19, 1980
8:40 a.m.

Vice-Chairman Hohman called the meeting to order at 8:40 a.m. All members were present with the exception of Chairman Sackett, who arrived late. Also in attendance were Administrative Assistant to Senate Finance Bill Hogan; Fiscal Analyst Alison Elgee; President of Miller & Associates, Inc. Wallace G. Miller; Senator Tillion; Mr. Robert Dupere of Dupere and Associates; and representatives from the press including Laurie Zahn.

ATTENDANCE

Vice-Chairman Hohman advised the committee that Mr. Miller would present his analyses of the capital projects he has reviewed to date.

MR. MILLER
CAPITAL PROJ.
REVIEW

Mr. Miller stated that he would describe each of the five following capital projects he had reviewed, along with general findings:

1. Subport Building in Juneau. The Administration had proposed that \$149,500 be appropriated to repair the building. Mr. Miller stated that in looking at the repair record, it seemed that they should decide whether or not they want to continue to maintain a 40 year-old warehouse, or consider some of the following possible alternatives.
 - A. Bring the building up to a minimum code (fire, health and safety). An engineer's estimate was \$1 million.
 - B. Remodel the office space, including the Marine Transportation space in the building, into suitable office space, for an estimate of \$3 to \$4 million.
 - C. Construct a new building of about 30,000 square feet for somewhat over \$6 million that would house the Fish and Game people in a separate facility. This would free the sub-port site to be used for an armory move, a combination marine repair shop (for Military Affairs or Fish and Game), or for additional employee parking.
 - D. Construct another 30,000 square foot building (in addition to "C" above) to house the regional staff of Fish and Game for a total estimate ("C" & "D") of \$11 to \$12 million.

SUBPORT BLDG

2. Replacement of sub-standard employee housing. This analysis of the request in the supplemental budget for \$1,931,000 to begin a program to replace sub-standard employee housing, shows that it would take place in two parts: 1) replace 20 units of sub-standard housing, and 2) renovate 58 units of housing. Mr. Miller stated that the average unit cost was \$162,500 for a 1200 square foot house, but that in some cases, the cost could go as low as \$100,000, or as high as \$300,000. He said that the pricing procedure used was based on costs in Anchorage and then amended for specific areas. Also, all pricing was done on the assumption that housing would be "stick-built", and not pre-fabricated. He said that if the Division of General Services and Supply were provided with the option of either "stick" building, or purchasing, the costs would go down considerably - probably as much as \$1 million overall.

EMPLOYEE
HOUSING

3. Construction of the Ketchikan Jail. Mr. Miller said that the March, 1978 estimate was \$1.6 million, and the February 1980 estimate was \$3.5 million. A final estimate is still not available as the site is still under contention, and that could have additional fiscal impact. He said that he felt this situation indicates the need to rework the capital budget planning process within the executive branch so that they have more data, schematic drawings, working drawings, etc., in order to get around long schedule delays and cost overlays.

KETCHIKAN
JAIL

4. Department of Natural Resources Forest Fire Fighting requests. These include the following:
- A. To establish a Forest Fire Fund at \$5 million. Mr. Miller said that he had concluded that there was no firm basis for that amount.
 - B. An \$830,000 request for warehouse facilities. Mr. Miller said that on his examination he could see that the State will have to provide its own warehouses and supplies.
 - C. The purchase of two Canada Air CL-215's. Mr. Miller said that an alternative plan has been prepared that would provide for the lease of existing aircraft, so an amendment would be submitted by the department for this item.

DNR - FIRE
FIGHTING

5. A proposal by DOTPF to expend \$25 million from the supplemental budget for an energy conservation measure in State office buildings and educational facilities. This program would be carried out over a six year period for a total of \$247 million. Mr. Miller stated that from his conversations with the Division of Accounting in the Department of Administration, the State is spending about \$8 million per year on fuel oil and about \$2 million per year on electricity.

STATE
ENERGY
CONSERVA-
TION PROP.

DOTPF estimates that they could save 50% of fuel costs and 20% of electricity costs, would show an annual savings to the State of about \$4.4 million. The question then is whether it would be feasible to spend \$250 million in order to achieve a \$4.4 annual savings.

Mr. Miller noted that within this proposal is a plan to install (at a cost of \$17 million) a centralized control device for regulating energy usage, along with 35 regional "master" units that would control temperatures within each respective region. The 35 regionals would then transmit this information back to the central computer in Juneau. He said that in a very contained area, like perhaps New York City, this type of arrangement might work. But he seriously questioned the practicality of spreading such a program over such a large area like Alaska, with its extreme environmental conditions.

6. Proposal to spend \$.5 million to automate the State budget system. Mr. Miller said that he had consulted with Ms. Alison Elgee and Mr. Jay Hogan of the Legislative Finance Division. Their conclusion was that the program should not be initiated until FY 82, but that a testing and demonstration program for \$150,000 should be begun. Their reason for this recommendation is that if the State accounting system is going to be changed also, then it should be done first, so that the budget system need not be changed twice.

STATE
BUDGET
AUTOMATION

The advantage of the automated budget system is that it would reduce significantly the time spent and errors produced by manual entry. He said it is common in most states.

Senator Sumner requested a summary of Mr. Miller's presentation. (This summary is appended to the end of these minutes.)

Vice-Chairman Hohman thanked Mr. Miller for his testimony, and advised the committee that the next order of business would be discussion of the most current working copy of SENATE BILL NO. 1 (An Act establishing a consolidated, comprehensive system for lending activities of the state; repealing the lending and borrowing powers of state agencies and public corporations whose functions are included in the consolidated, comprehensive system; and providing for an effective date.) He asked that Senator Tillion and Mr. Dupere come forward to lead the committee members through this new version.

SB 1

Senator Tillion stated that this version would set up the loan funds and would reduce the interest rates on longevity. He said that he and Senators Kerttula and Ray had taken the bill

to the Administration and asked them what would be "unpalatable", and that this version is the result of their discussions; it is a bill that the Administration would accept. He added that certain loan programs, like the student loan program and the veteran's loan programs, had been removed as they were too complex for the confines of this bill.

General discussion and questioning ensued on this version and how it came about. Chairman Sackett, who had arrived at the meeting late, asked about a section by section analysis, and Senator Tillion stated that it would be available to the committee later in the day.

The meeting adjourned at 9:50 a.m.

ADJOURNMENT

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

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

March 19, 1980

MEMORANDUM

TO: Honorable John Sackett, Chairman
Senate Finance Committee

FROM: Wallace Miller, Consultant to
Legislative Finance Division *WJM*

SUBJECT: Summary of Capital Project Analysis Recommendations

During the March 19 meeting of the Senate Finance Committee I was requested to provide a summary of the recommendations contained in the reports prepared on the proposed capital projects for which I have prepared an analysis:

Employee Housing: Supplemental Capital Budget request of \$1,931.0 should contain language directing the Department of Administration to either construct or purchase employee housing at the most advantageous cost to the State. This should reduce the proposed unit cost of \$162,500 to around \$100,000 per unit.

Support Building: The Supplemental Capital Budget contains \$149.5 for repairs to the Support Building. While the report identifies four alternatives to the continued piece-meal renovation of the building, two are preferred. These are: Alternative #3 which would cost \$6.3 million to provide new office and related space for ADF&G headquarters personnel. Alternative #4 would cost \$11 to \$12 million and would provide space for both ADF&G headquarters and Southeast regional staff.

Ketchikan Jail: The analysis makes no recommendation except to point out the rapid cost escalation of the project and the need to improve the capital project planning process.

DNR Firefighting Request: The request included -

Fire Fighting Costs	\$ 3,603.0
Fire Suppression Fund	5,000.0
Statewide Fire Warehousing	854.0
Canadair CL-215 - purchase	5,067.0
	<u>\$14,524.0</u>

It is my understanding the plan to purchase the two aircraft has been changed to a purchase of service arrangement. Other elements of the request are recommended.

Kasilof Hatchery: The recommendation is to add \$220.0 to provide for employee housing deleted during the Executive Budget review.

Automated Budget System: The Supplemental Capital Budget request is for \$500.0. The recommendation is that this be reduced to \$150.0 and appropriated to a State agency to demonstrate the system before it is implemented. Automating the calculation of personal services detail (salaries, fringe benefits, etc.) is the highest priority for State departments.

Energy Conservation Measures: The Supplemental Capital request is for \$25,000.0. It is recommended that \$500.0 be provided which is the amount that can be reasonably expended during this fiscal year.

MINUTES
SENATE FINANCE COMMITTEE
March 21, 1980
8:35 a.m.

Chairman John Sackett convened the meeting at approximately 8:35 a.m. All committee members were present. Also in attendance were Senator Tillion; Representative Haugen; Gary Jenkins, Director, Audit Division, Department of Revenue; Commissioner of the Dept. of Fish and Game Ron Skoog; Greg Cook, Executive Director, Boards of Fish and Game; Fiscal Analysts Bob Schroeder and Bob Grogan; and representatives of the media.

PRESENT

The Chairman made the following bill assignments:

BILL
ASSIGNMENT

SB 54	-	Ray
SB 170	-	Committee of the Whole
SB 294	-	Sackett
SB 305	-	Bennett
SB 318	-	Sumner
SB 325	-	Committee of the Whole
SB 343	-	Committee of the Whole
SB 344	-	Committee of the Whole
SB 345	-	Sackett
SB 352	-	Hackney
SSSB 355	-	Hohman
SB 377	-	Bennett
SB 380	-	Ray
SB 415	-	Sackett
SB 440	-	Sackett
SB 446	-	Sumner
SB 453	-	Kerttula
SB 466	-	Hohman
SB 467	-	Hohman
SB 475	-	Bennett
SB 479	-	Kerttula
SB 481	-	Sumner
SB 482	-	Sumner
SB 496	-	Sumner
SB 499	-	Sackett
SB 508	-	Hohman
SB 509	-	Sackett
SB 522	-	Hackney
HB 452	-	Sackett
HB 645	-	To be discussed during the current meeting
HB 950	-	To be scheduled for hearing Monday or Tuesday
SCR 42	-	Sumner

The Chairman moved that CSHB 645 (Act amending and transferring appropriations made in 1979) be brought up for discussion, advising that Representative Haugen was present to testify concerning the legislation. Mr. Haugen advised that CSHB 645 represents a bill originally introduced by the Governor through the Alaska Power Authority wherein \$2 million was appropriated to the Tyee Hydroelectric Project. Sections 2 and 3 of the bill request transfer of already-appropriated funding. Representative Haugen stressed the urgency attached to the funding, advising that the project is already well past need for the appropriation.

CSHB 645

Senator Sumner attested to the need to transfer the \$1,010,000 funded for construction of the Skill Center from DOT to the Dept. of Education. Education has advised that if the skill center funding can be transferred, it (Education) will lease a facility in Anchorage and "get the program under way." He moved that CSHB 645 be amended, transferring \$500,000 to the Dept. of Education for initial operating costs of the Anchorage Skill Center. No objection to the amendment having been voiced, it was adopted by committee.

AMENDMENT

Senator Sumner further moved that CSHB 645 as amended pass from committee with a do pass recommendation. Senator Bennett amended the above motion to individual recommendation and CSHB 645 as amended passed from Senate Finance.

MOTION
CSHB 645
AS AMENDED

Senator Sumner next moved that SB 92 (Act relating to the efficient administration of fish and game) be brought on for discussion, advising that Commissioner Skoog and Greg Cook were present to testify.

SB 92

Commissioner Skoog advised that the intent of the legislation is to clarify existing statutory language governing action of the Boards of Fish and Game.

Mr. Cook added that the bill represents "primarily a housekeeping measure with a few substantive provisions." When questioned further concerning substantive changes, Mr. Cook directed committee attention to page 4, line 9 of the bill pertaining to emergency openings and closures and clarified the term "when circumstances require." The commissioner could effect emergency closures:

- (1) for the protection of fish and game
- (2) in the interest of the general welfare

While the commissioner currently has authority from the Boards of Fish and Game to effect such closures, SB 92 would "provide explicit statutory authority for existing practice." Commissioner Skoog suggested inserting "when specifically ordered by the Board" at lines 17 and 18, advising that such language might better "tie down" direction to the commissioner.

Senator Ray advised that he did not wish to hamper passage of the bill, but he believes the language to be much "broader than needed." Mr. Cook advised that the Department could return to committee with more specific language should the committee wish.

Commissioner Skoog advised that Section 11 of the bill should be deleted since SB 316 repeals the statute dealing with bounties and predatory animals.

Section 16, page 5, provides a much tighter definition of who is and who is not a resident of the State of Alaska. The state has had a difficult time determining residency. Senator Ray question removal of the voting residency requirement, and Mr. Cook responded that under recent Supreme Court decisions, voting residency requirements are too lenient. Commissioner Skoog cited as examples in support of eliminating the voting requirement instances wherein military individuals and others coming to the state to work retain voting privileges elsewhere. The voting residency requirement represents a much shorter term than the 12 months the Department would require under SB 92.

Senator Sumner advised that residency requirements posed problems for the bill while it was in Resources. He further added that all issues of residency are in question and requested that further discussion of the bill be had at a later time.

Before dismissing representatives from Fish and Game, the Chairman attested to cost overruns on the Snettisham and Clear Hatcheries, asking why the Department had not earlier informed the committee of these costs. Commissioner Skoog advised he would check into the matter and return to committee with further information.

Senator Bennett moved that SB 358 (Act relating to the compensation of members of the Board of Fisheries and of the Board of Game) be brought up for discussion, advising

SB 358

that the bill would raise board member per diem from \$100 a day to \$150. Senator Ray briefly attested to need to reduce per diem in order to encourage greater responsiveness on the part of board members, suggesting that "maybe we should cut down on per diem and the meetings would be shorter."

There was no further discussion on the bill and Senator Bennett thus moved that SB 358 pass from committee with individual recommendations. No objection having been voiced, SB 358 passed from Senate Finance--Senators Sackett and Hohman signing do pass, Senators Sumner, Hackney, Kerttula, and Bennett signing no recommendation, Senator Ray signing "do not pass unless limiting amendment."

MOTION
SB 358

Senator Kerttula requested that SB 366 (Act increasing the number of superior court judges) be held in committee and later scheduled for hearing when Mr. Snowden (Art Snowden) is available to testify.

SB 366

The Chairman moved that CSHB 509 (Rules) (Act making a special appropriation to the Alaska permanent fund) be brought up for discussion, advising that the bill would take effect only if a version of SB 161 is enacted into law. The Chairman offered a Committee Substitute for CSHB 509 (Rules), advising of his concern that when the bill came to committee it had no effective date. The Committee Substitute corrects this deficiency, appropriates \$900 million dollars from the general fund into the permanent fund, and (under Sec. 2) provides for deposits to be made to the permanent fund at the rate of \$100 million per month, commencing July 1, 1980. Under the Committee Substitute, sufficient funds would be deposited during the coming year to appropriate the \$900 million.

CSHB 509
(Rules)

SCS

Senator Kerttula asked if the above monthly deposits and \$900 million appropriation take into consideration the operating budget for the coming fiscal year, the \$3 million to be paid for native land claims, budget amendment requests, supplemental capital and operating budget needs, and possible income tax repeal.

Senator Ray suggested deleting Section 1 (appropriating the \$900 million from the general fund to the permanent fund). Senator Hohman advised that at a later time the legislature would be better able to predict with some confidence the effect of income tax legislation. He stated that contemplation of CSHB 509 (Rules) "seems to me to be a bit premature, and would be better considered later in the session." He further stated that management

procedures dealing with access to, utilization of, and whether the fund will be exported or remain instate are currently being explored.

The Chairman advised that he had placed the bill on the committee agenda because the committee was requested to bring the bill up on the 60th legislative day.

Senator Kerttula raised the possibility of need for emergency loans and "draws" on the general fund.

Senator Hohman advised that if the legislature appropriates money into the permanent fund, and the Senate is not successful in "liberalizing" authorized investment of the permanent fund, the state will be receiving 13 to 14% on investments outside the state at a time when this money is needed in state. The state will thus experience a loss on its revenue resources. He suggested that the foregoing would probably occur if Senate Finance were to pass the Committee Substitute for CSHB 509. He further suggested that instead of such passage, the Free Conference Committee on SB 161 be allowed to continue to bargain in good faith while Senate conferees remain in a favorable bargaining position.

Senator Sumner further attested to need for investment of revenue resources within the state rather than exported investment, and Senator Kerttula advised that bond money "has not yet hit the street." He further added that while he is sympathetic concerning establishment of the permanent fund, such funding will not replace bond programs.

Senator Ray referred to a previous commitment between the Senate as a body and the finance committee to return the bill to the floor by a certain date.

Senator Hohman agreed with Senator Ray, advising that he too felt a commitment to return the bill to Rules, adding that he is concerned by the attitude of some Senate members who favor the House version of the fund's management plan.

Senator Ray suggested that the committee send the bill to Rules with a written request that Rules withhold action on the legislation until the Free Conference Committee has developed management legislation

Senator Hohman suggested that CSHB 509 (Rules) (the version which originally came to Senate Finance rather than the proposed Committee Substitute) pass from committee with the understanding that if it requires amendment, it will be returned to Finance.

Senator Ray attested to the fact that before the end of the session he intends to "vote to put the \$900 million in the permanent fund whether we have a management plan or not."

Senator Tillion advised that the bill (CSHB 509 (Rules)) was previously returned to Finance because funding will not be available until after July 1. Additionally, it was returned with the understanding that it would be amended in order that funds would be appropriated during the next fiscal year as they became available.

Senator Ray moved that SCS for CSHB 509 pass from committee with an accompanying letter stating that the bill is issuing from Finance in accordance with the previously agreed upon commitment, but that if a management plan is not immediately forthcoming, the bill will be returned to the Finance Committee. MOTION SCS for CSHB 509

Senator Sumner and Senator Hohman both attested again to the need for revenue resources to remain instate rather than being exported for outside investment.

The Chairman restated Senator Ray's previous motion for passage of the Committee Substitute. No objection was voiced and SCS for CSHB 509 passed from Senate Finance-- Senators Ray, Kerttula, and Hackney signing do pass, Senators Bennett and Sumner signing no recommendation, Senator Hohman signing "pass from committee, however, do not pass until variables affecting G.F. balance which are under consideration by the body at this time are clarified."

Senator Hohman moved that SB 1 (Act relating to the Alaska loan programs fund, the Alaska permanent fund, and state investment policy and other state revenues) be brought up for discussion, advising of the proposed Committee Substitute and the accompanying sectional analysis. SB 1

Senator Tillion advised that the Committee Substitute contains a section providing that dividends of the permanent fund be returned to the people of Alaska. The bill, worked out between the administration and the legislature, "comes close to the bill negotiated between the House and Senate. CS

Senator Sumner asked if the bill represents a vehicle which will get both parties (House and Senate) to free conference, but by which the Senate will not "be absolutely bound." Senator Tillion advised that the Committee Substitute represents "a skeleton bill which we could take to free conference with the House."

Senator Sumner attested to the fact that after the meeting in Anchorage over the preceding weekend, he believes the economic situation of the state is no longer in the hands of the legislature but in the hands of the people. He concluded his remarks stating "We must produce, and we must produce now."

Senator Ray moved that the Senate CS for SS for SB 1 pass from committee with individual recommendations, no objection having been raised, the bill passed from committee--Senators Sackett, Ray, Hackney, Bennett, and Kerttula signing no recommendation, Senator Hohman signing do pass.

MOTION
CS for SS
for SB 1

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

ADJOURN

MINUTES
SENATE FINANCE COMMITTEE
March 24, 1980
9:05 a.m.

Chairman Sackett called the meeting to order at 9:05 a.m. All members were present (Senator Sumner arrived at 9:15, and Senator Hohman arrived at 9:30). Also in attendance were Administrative Assistants to Senate Finance Bill Hogan and Garrey Peska; Fiscal Analyst Milt Barker; Senator Ziegler; Senator Stimson; Mr. Gary Jenkins, Director of Department of Revenue Audit Division; and representatives from the press including Joe LaRocca.

ATTENDANCE

Chairman Sackett stated that the first order of business was consideration of SENATE CONCURRENT RESOLUTION NO. 55 (Urging the Department of Revenue to rescind its ruling relating to the taxation of flight crew members). The Chairman advised the committee that the Department of Revenue had proposed a COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 394 (An Act exempting the income of commercial airline flight crews from the Alaska net income tax; and providing for an effective date), and that this bill would be used as a vehicle for that language instead of SENATE CONCURRENT RESOLUTION NO. 55. He further advised that the intent of SCR 55 would be carried in CSSB 394.

SCR 55

CSSB 394

Senator Ray asked that Mr. Gary Jenkins, Director of the Audit Division of the Department of Revenue, come forward. Senator Kerttula asked Mr. Jenkins how much money would be involved. Mr. Jenkins responded that his estimate was about \$250,000 per year under the language proposed, but said it could go as high as \$500,000. Until all the airlines effected had been studied, he could not be sure. Chairman Sackett asked how much money had been collected so far; Mr. Jenkins stated that totals had never been run and that the audit has not yet been completed.

MR. JENKINS

Senator Ray suggested an amendment to the bill (page 1, line 12, insert "regularly scheduled" after "on a" and before "commercial"), and moved that it be adopted. There being no objection, it was so ordered.

MOTION
CSSB 394

Senator Ray moved that CSSB 394 be moved from committee. There being no objection, it was so ordered. The committee report was signed as follows: Senators Sackett, Ray, Kerttula, Bennett and Sumner signed "do pass", and Senator Hackney signed "no recommendation".

MOTION
CSSB 394

Chairman Sackett stated that the next order of business was consideration of HOUSE BILL NO. 950 am (Special appropriation to the Department of Revenue to provide partial interest payments on municipal bonds as a general fund subsidy to local government), and requested that Fiscal Analyst Milt Barker describe the intent of the bill to the committee.

HB 950 am

Mr. Barker stated that the bill would appropriate additional necessary bond reserves and amounts to provide subsidies for some municipal bonds to be issued this spring by the Alaska bond bank on behalf of various municipalities - with the exception of Anchorage which may issue its bonds on its own. The reason for the subsidies is that some of the bonds have "caps" of 8% and one (Seward) has a "cap" of 7.5%, ratified by voters. With the current bond market being over 9% now for these types of bonds, subsidies will have to be provided if the bonds are to be sold. With the passage of this bill, the bonds can be sold this spring in time for the construction season.

Senator Sumner moved that the bill be passed from committee with individual recommendations. Senator Ray objected. Noting that only Senators Sumner and Bennett voted to move the bill, Chairman Sackett ruled that the motion failed, and the bill was returned to the file.

MOTION
HB 950 am

Senator Hackney moved to bring up SENATE BILL NO. 522 (An Act enacting and entering into the Compact for Education and designating the members of the Education Commission; and providing for an effective date). There being no objection, it was so ordered. Chairman Sackett requested that Senator Hackney explain the purpose of the bill.

SB 522

Senator Hackney stated that last year, the Legislature had removed Alaska from the Education Compact. At that time, it was because money was scarce and though it was only \$18,500, it appeared to be relatively unnecessary. But, he said, since that time a number of things have occurred, the most important being the institution at the national level of the Department of Education (which had formerly been a part of the U.S. Health, Education and Welfare Department). Senator Hackney stated that considering these developments, he felt it wise to reverse the actions taken last year; he said that this was the function of the bill. He added that he had talked with the Commissioner of the Alaska Department of Education, and they agreed that it would be a positive step.

Senator Kerttula moved that the bill be signed out of committee with individual recommendations. There being no objections, it was so ordered. The committee report was signed as follows:

MOTION
SB 522

Senator Sackett, Chairman, and Senator Ray signed "no recommendation", and Senators Hackney, Bennett, Hohman and Sumner signed "do pass".

The meeting adjourned at 9:30 a.m.

ADJOURNMENT

MINUTES
SENATE FINANCE COMMITTEE
March 25, 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 Senators Ferguson and Stimson; Milt Charney, Executive Director of Legislative Affairs; Dick Dowling from the Division of Telecommunications; Bert Wagnon, Deputy Director, Dept. of Commerce and Economic Development; Lois Cook, Director of Administrative Services for Dept. of Commerce; Fiscal Analysts Alison Elgee and Milt Barker; Administrative Assistants for Senate Finance Bill Hogan and Nancy Harvey; Stuart Brown, Technical Assistant to the Committee on Telecommunications; and representatives of the press including Joe LaRocca. PRESENT

The Chairman moved that SB 509 (Act establishing telecommunications division in the Department of Commerce and Economic Development; transferring telecommunications and data processing functions to those divisions; and changing the name of the department to the Department of Commerce, Economic Development, and Telecommunications) be brought up for discussion, advising that Senator Ferguson and members of his staff were present to testify on the legislation. SB 509

Senator Ferguson directed committee attention to his proposed Committee Substitute, advising that the bill represents a reorganization of the telecommunications function and a consolidation of services. The Administration's objection to the original bill centered upon inclusion of the data processing function within the new division of telecommunications. The Committee Substitute deletes data processing and aims more directly toward Alaska Public Broadcasting and instructional T.V. Senator Ferguson advised of a letter of intent providing specific detail concerning function of the new division and introduced Stu Brown to further comment on the bill. SEN. FERGUSON

Mr. Brown advised that the purpose of the legislation is to aggregate the telecommunications function into one agency and to give better direction to function of the agency. At present the telecommunications function operates throughout many agencies. The bill would pull these functions together and provide management for the operation. It would STU BROWN

develop and foster community broadcasting in the state as well as provide educational telecommunication services and a medical emergency system.

The division of telecommunications would be comprised of two sections:

- (1) Public Telecommunication Services - staffed by individuals familiar with community broadcasting needs. This would be a non-technical section which would develop conceptual ideas for using telecommunications. The section would be responsible to the Telecommunications Advisory Board (a nine member board which would replace the Alaska Broadcasting Commission). The Board would consist of:
 - 2 members of the Board of Regents
 - 2 members appointed by the Board of Education
 - 2 members appointed by HESS
 - 3 members representing public non-profit broadcasting stations.
- (2) Telecommunications Assistance Section - would essentially be the existing section of DOT responsible for technical and engineering functions.

Senator Hackney inquired concerning the 59 positions, asking how many represent new positions. Mr. Brown responded that 19 are new.

Referring to page 3, line 15 of the Committee Substitute, Senator Ray asked if the provision calling for the Deputy Commissioner to be appointed by the Commissioner is in line with current policy. Senator Ferguson advised that the section containing the above provision requires amendment to correct the wording questioned by Senator Ray.

Senator Ray next raised questions concerning whether the legislature would fall within the jurisdiction of the new Division of Telecommunications. Mr. Brown responded that the Division would provide technical assistance to all branches of government. The legislative branch would use the Division for consulting services. Senator Hackney asked if the University of Alaska would also fall within the Division's control, and Mr. Brown advised that the University would not be included, but that it is supportive of the Division's procurement plan. Intent of the legislation is not to control use of telecommunications but to make technical assistance more manageable.

Senator Ray attested to need for the legislation to define "state agency." He further pinpointed the following problem areas:

Page 5, line 18 - "contractor or subcontractor on behalf of the state" does this include all three branches of government including the Executive?

Page 6, Line 18 - again is it proper for the director to be appointed by the deputy commissioner?

Page 7, Line 5 - the division is not responsible for program content. Need definition of "public broadcasters."

Subsection (e), Page 9, Line 16 - again the deputy commissioner appoints the director.

Line 20 - again the bill language states "plan, design, and manage all telecommunications on behalf of the state." Need for definition of "state."

Senator Hohman requested that Milt Charney express his opinion concerning the proposed legislation as it relates to the legislature's media center. Mr. Charney advised that in the long run it might be advantageous to have a central telecommunication division, but legislation should allow for the legislature to "go into the program voluntarily" after the division has had a chance to prove itself.

Responding to questions from Senator Hackney concerning Mr. Brown's discussions with the University of Alaska (discussions with Assistant to the President, Walt Harper), Mr. Brown advised that the Public Services section of Telecommunications would coordinate requests from the University and assist in developing plans for telecommunication delivery of educational services. From such planning, the Telecommunications Assistance Section would have "a clear idea" of what the program "would take technically" and could develop cost figures for the University. The Division would serve the University in an advisory capacity only.

Senator Hackney questioned wording on Page 4, Line 9 allowing the Division to "apply for and accept federal or public assistance money." Mr. Brown advised that a number of assistance programs are available. The Division would have the ability to apply and accept federal money to develop telecommunication systems. Such a function is currently spread out among many departments. The new Division would go out and look for available federal money and then notify agencies such as DOE. The resulting grant would be made directly to the affected agency. The Division would help specify what is required, and would assist in development of the plan.

The Chairman asked if the new Division proposed by the legislation would "do any more than what we now have." Mr. Brown responded that the Division would provide an "expanded view" of statewide telecommunication functions. At the present time the state is seeking grants for educational T.V. but no one is going after health communication facilities. The new Division could "go after" available funds beyond the scope of the Alaska Broadcasting System.

Responding to questions from Senator Sumner concerning how the bill would affect municipalities, Mr. Brown advised that "for once there would be a central agency" through which they could deal. It should have a positive affect on municipalities in that they will have a larger opportunity to communicate with the state government.

Senator Sumner asked if provisions for planning, designing, and constructing telecommunications would include municipalities, and Mr. Brown responded that such provisions would apply only to state agencies.

Responding to concerns for the private sector expressed by Senator Bennett, Mr. Brown stated that the legislation is not intended to compete with the communication industry but effect greater management ability at the state level.

Senator Bennett attested to need for the private sector to have input pertaining to the proposed legislation, advising that in many cases the private sector might be more competitive than state-constructed facilities. Mr. Brown directed committee attention to Page 5, Line 10 detailing specific language pertaining to contracts for common carriers.

Senator Sumner asked if opposition to the bill has generated from the private sector. Mr. Brown advised that there has been opposition from local telephone companies and Alascom. The State currently has a total of 35 different telephone systems owned or leased from different companies. Under proposed legislation the state would be "coming to common carriers" with a concrete development plan. At the present time it is in the best interest of common carriers not to have the state effort organized. The state procures agency services in a haphazard manner with no cost controls and no control over utilization. In developing a management agency for this function at the state level there may be less revenue for the private sector. In addition, the communications industry is concerned that state government "will pull out of the current rate base." No study has been conducted concerning what effect this might have.

Senator Ray suggested that Mr. Brown and Senator Ferguson return to committee at the next meeting with an updated Committee Substitute dealing with questioned areas and eliminating the legislature from control by the new Division of Telecommunications.

Senator Kerttula attested to need, as contemplated in the legislation, to remove the telecommunications responsibility from DOT and place it within a coordinated effort.

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

ADJOURN

MINUTES
SENATE FINANCE COMMITTEE
March 26, 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 Administrative Assistants to Senate Finance Garrey Peska and Nancy Harvey; Fiscal Analyst Milt Barker; Senator Ferguson, Technical Assistant to Committee on Telecommunications Stu Brown; Director of Highway Safety in Department of Public Safety Charlie Smith; and representatives from the press including Joe LaRocca.

ATTENDANCE

Chairman Sackett advised the members that the first order of business would be consideration of SENATE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 948 (An Act making appropriations to the Department of Transportation and Public Facilities for completion of the Snettisham and Clear hatcheries; and providing for an effective date.) He stated that the total cost for the two projects would be \$1,650,000.

SCSHB 948

Senator Bennett moved and asked unanimous consent that the bill be passed from committee with individual recommendations. There being no objection, it was so ordered. All members signed the committee report "do pass".

MOTION
SCSHB 948

The next order of business was consideration of HOUSE BILL NO. 950 amended (An Act making special rppropriations to the Department of Revenue to provide partial interest payments on municipal bonds as a general fund subsidy to local governments; effective date.)

HB 950 am

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

MOTION
HB 950 am.

Chairman Sackett stated that the next order of business would be COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 377 (An Act relating to transportation safety). Senator Bennett requested that Mr. Charlie Smith, Director of Highway Safety for the Department of Public Safety, come forward to speak on the bill.

CSSB 377

Chairman Sackett asked Mr. Smith to describe the content of the bill. Mr. Smith stated that the bill would establish a commission

to coordinate the various aspects of highway safety, and would be concerned with legislative action on such things as drunk driving. It would also deal with all phases of transportation safety within the State of Alaska. It would be mainly a coordinating committee consisting of commissioners of departments, legislative members, and members of the public. Chairman Sackett asked what the need for the committee was over the existing structure. Mr. Smith stated that many times, problems have arisen when interdepartmental lines have been crossed, resulting in not getting the best cooperation. He felt that with the creation of this committee, better support would be realized. Senator Ray added that this committee would eliminate some of the duplication of effort by the various agencies, and that the increased communication links would be instrumental in directing all the agencies toward one goal.

Senator Kerttula asked Mr. Smith if the committee would have anything to do with writing and interpreting the regulations. Mr. Smith responded that it would, and he said that he believed that since there would be more input from the various agencies, the making of an interpretation of regulations would create fewer problems than in the past when only one or two people were making decisions unilaterally.

Chairman Sackett asked if the administration and the commissioner were in support of the bill. Mr. Smith responded that they were. Senator Hohman stated that he had an idea for an amendment and asked that the bill be held over until he had it in final form. There being no objection, it was so ordered.

Chairman Sackett stated that COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 509 (An Act establishing telecommunications divisions in the Department of Commerce and Economic Development; transferring telecommunications functions to those divisions; and changing the name of the department to the Department of Commerce, Economic Development, and Telecommunications; and providing for an effective date) would be the next order of business, and asked Senator Ferguson to proceed.

SCSSB 509

Senator Ferguson stated that he had made all the changes that were suggested at the previous meeting, and asked that Mr. Stu Brown, Technical Assistant to the Committee on Telecommunications go through the changes with the committee. General discussion and questioning followed as Mr. Brown went through the changes. Senator Kerttula questioned the Public Telecommunications Advisory Board on page 8 (lines 17 - 19) of the Committee Substitute working copy, and Senator Ray suggested an amendment which would remove the subsection allowing two

members from the Board of Regents on the committee, and instead would allow a member from the House of Representatives, a member from the Senate and a member from the Judicial System. There being no objection, it was so ordered.

MOTION

SCSSB 509

Senator Sumner moved that COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 509 be passed from committee with individual recommendations. There being no objection, it was so ordered. The committee report was signed as follows: Senators Sackett and Hohman signed "do pass", and Senators Kerttula, Ray, Bennett, Hackney and Sumner signed "no recommendation".

MOTION

SCSSB 509

Senator Hohman advised that he had completed his amendment for COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 377. It was: page 2, delete lines six through nine and insert "(3) six members from the legislature, at least one from each house;", and Page 2, line 10, renumber existing "(5)" to "(4)". There being no objection to its adoption, it was so ordered.

MOTION

CSSB 377

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

MOTION

CSSB 377

The meeting adjourned at 9:05 a.m.

ADJOURN

MINUTES
SENATE FINANCE COMMITTEE
March 27, 1980
8:50 a.m.

Chairman John Sackett convened the meeting at approximately 8:50 a.m. All committee members were present with the exception of Senators Hohman and Sumner. Also in attendance were Senator Stimson; Robert W. Ward, Commissioner, Department of Transportation and Public Facilities; Ron Lind, Deputy Commissioner; Clayton (Bill) Hueners, Director of Aviation Design & Construction; Charles Matlock, Director, Division of Highway Design and Construction; Ray Shumway, Deputy Commissioner, Design & Construction; Warren Sparks, Manager of Support Services; Director of Legislative Finance Jay Hogan; Administrative Assistant to Senate Finance Garrey Peska; and representatives from the press including Joe LaRocca.

PRESENT

The Chairman advised that the meeting was convened for the purpose of discussion of the status of statewide bond construction projects and cost overruns on such projects in an effort to determine the cause of these increases. The Chairman further advised that inflation alone has not caused the average 50% cost overrun on state bond projects.

BOND PROJECTS
COST
OVERRUNS

Mr. Shumway expressed surprise that the overrun average is as high as 50%. He added that when estimating the cost of a project the Department generally figures 10% inflation "across the board." Inflation has actually been higher than this. More importantly in terms of cost increases, the scope of projects seems to change as they are being constructed. Additional square footage or additional units are added at the request of the owner. Mr. Shumway cited as an example the \$2 million Diomedes High School. The Department has already been instructed to "broaden the scope" and the project is "short to the tune of approximately \$2 million. Such changes in the original plans constitute the main reason for cost overruns, although Mr. Shumway again expressed concern that the average is as high as 50% and stated that the Department would be "interested in looking" into such a percentage.

RAY
SHUMWAY

3/27/80

Following a rundown of bond projects having cost overruns, Commissioner Ward advised that some projects, Bethel as an example, experience problems concerning land acquisition. Mr. Shumway added that prior to 1978, land costs were minimal, but current land acquisition represents a tremendous cost. He further informed the committee that the Department is in the process of effecting overall review of its projects to determine reasons for project expansion, and the costs involved. The review should be completed within the coming week.

COMMISSIONER
WARD

Senator Kerttula attested to the need to "place money in the Department of Natural Resources to locate gravel pits throughout the state for use on state construction projects." Location is important because of transportation costs. Natural Resources should conduct local surveys and deed the property to DOT.

Commissioner Ward attested to the fact that material sites have "taken a backseat to land disposal." He acknowledged the urgency concerning material sites but advised that "a solution will not come quickly nor cheaply." Some land containing material needed for construction projects is involved in municipal land selections. The state has a number of sites in the Anchorage/Eagle River area, but residents are opposed to use of the land for pit purposes. Senator Kerttula attested to state need to set aside from land selections pit areas for sand, gravel, and rock. The state needs funding to study and locate these sites and eventually remove them from DNR control.

MATERIAL
PITS

Mr. Shumway advised that the state has located sites along state highways, and the Department has tracked its permits to insure they do not expire, and it has performed test analysis. The Department has completed its survey for the Anchorage area and is requesting \$200 thousand to match with federal highway funds in order to expand the survey to Fairbanks and rural areas in terms of planned facilities and identification of material sites. Such an inventory is now only about 10% complete.

Commissioner Ward referred to a listing prepared by the Department, advising that the list includes:

- (1) Status report of all bond fund projects back to 1972.
- (2) Direct general fund appropriations back to 1970.

Reviewing the listing, the Chairman questioned the lack of completion of the Bethel Airport project. Bill Hueners informed the committee that while the work is completed, the easement for use is tentative.

BETHEL
AIRPORT

Senator Ray questioned lack of completion on the Dillingham runway, and Mr. Hueners advised that the Dillingham problem revolves around the instrument approach system. Clearing for such an approach requires acquisition of a substantial amount of land and relocation of residents. The project is "not a popular item in the area." The FAA has initiated a study to determine which end of the runway the system should be located upon.

BILL HUENERS

DILLINGHAM
RUNWAY

Responding to a question from Senator Ray concerning grant funding, Mr. Hueners advised that while the Department has been authorized by the legislature to apply such funding, the runway does not meet grant requirements. Senator Ray attested to the fact that the project has been "six years in the working," asking if there is some way the Department can notify the legislature when problems occur. The state has "all kinds of money tied up in these projects we should try to make some other accommodations or abandon the project if infeasible." Mr. Hueners advised that the Department has prepared "this type" of report for the last five years (reports concerning problems with airport construction throughout the state). Mr. Hueners further advised of his belief that the problem is close to solution.

Senator Ray advised that if the legislature were aware of such problems, perhaps it could do something as a legislative body. He concluded his statement saying that he had previously not been aware of DOT problems.

The Chairman advised that he has been aware of problems for the past year but restated the fact that some of DOT's incomplete projects are six years old.

Responding to a question concerning the McGrath project, Mr. Hueners advised that it involves relocating the terminal. The relocation will probably not occur for three or four years and involves use of federal money. The Department has not received enough funds to complete the project.

McGRATH
PROJECT

The Chairman questioned Department discretion in use of its funds and the transferring of funds to other areas, citing Valdez as an example. Mr. Hueners stated that Valdez has experienced a problem meeting FAA requirements. The question is "Do we lose federal funding or do we apply it to a project which does meet requirements?"

VALDEZ

Commissioner Ward advised that the Department listing represents "the first time there has ever been a status report on all projects in one document." It is the Department's intent to continue updating the document and have it as automated as possible. The listing should serve as a "triggering mechanism" allowing interested individuals to contact the Department for more complete information on the status of projects.

The Chairman attested to the fact that while the legislature can appropriate funding, it cannot administer it. He expressed frustration when funding is not applied to the area appropriated. Commissioner Ward responded that "circumstances change and conditions change. What do we do when the FAA won't approve the project? What are we going to do, let the money go?"

Senator Ray advised of his belief that the legislature should have some idea of what happens to projects as well as some notion of how the funding is used. Commissioner Ward attested to the fact that some projects "slip a year," but the funding is still there the next year. The Department doesn't "invent" projects; they have all been approved by the legislature. Senator Ray again suggested that perhaps the legislature could assist if it is aware a problem exists. Commissioner Ward stated that perhaps the Department could "use the Legislative Budget & Audit Committee more during the interim to discuss problem areas." Senator Ray suggested it might be preferable to simply notify the legislator in whose district the problem arises. Senators Kerttula and Sackett agreed that a combination of the two above suggestions would be best.

Mr. Shumway advised that of the 1974 bond projects, most of the projects are 100% complete although there is a 6 or 8% backlog. He agreed that there should be a document outlining projects and why they are not completed. He suggested that for aviation projects (old bond projects) the Department summarize projects which are lagging and submit the summary to the committee. He added that 85% of such projects are incomplete due to land problems.

Responding to questions concerning the Quzinkie project, the Department advised that in addition to land acquisition problems, costs exceed what has been appropriated. Land problems involve the ability or inability of the townsite trustee to convey land. FAA has refused to accept the conveyance.

The Chairman attested to land problems surrounding jails being constructed statewide and advised of contact with Fish and Game concerning funding problems for hatchery construction at Clear, Prince William Sound, Snettisham, Ship Creek, Trail Lake, and Kasilof. When the Chairman inquired concerning the source of hatchery funding problems, Mr. Ward replied "I don't know, Fish and Game might tell us about them."

HATCHERY
FUNDING

Attesting to the need for additional Department funding, Commissioner Ward cited as an example the Adak project, advising that the Department is building "what we can" in terms of previously authorized projects. The 1981-82 airport projects require additional funding which the Department is currently requesting. The Department now has "a substantial program going," but is in need of additional funding for airport projects. When asked by the Chairman how much additional funding will be needed, Commissioner Ward responded "That depends upon the legislature and what legislators want for their districts."

ADAK
PROJECT

Jay Hogan informed committee members that last year Budget and Audit had hearings on the status of bond projects and the inaccessibility of information concerning these projects. It has taken three weeks of really intensive work on the part of the Department to produce the document currently before committee. The Department's FY 81 budget requests \$1.8 million for a management information system. The only way the legislature is going to get this kind of information is through such a system. Last year the legislature approved 408 capital budget projects. The Department has a tremendous job keeping track of all these projects. In the past there has been no way to track projects other than by a "crash" analysis such as the effort which produced the current report. Mr. Hogan concluded his remarks voicing support for DOT's budget request relating to establishment of its information system.

Senator Ray advised of his belief there is no need to place additional funding within DOT for establishment of its information system since DOT "takes an override anyway." Commissioner Ward requested that the committee "give us the tools, based on an adequate management information system, to do a better job." When asked by the Chairman if DOT has the ability to effect the information system at the present time, Mr. Ward responded "not within a reasonable timeframe."

Mr. Shumway informed the committee that the Department presently has a system which makes an unsuccessful attempt to keep abreast of the Department's 840 projects currently under design and construction. However, the system is not timely; the information is outdated by the time it is compiled.

The Chairman inquired concerning the Aniak project and the fact it is only 1% complete, suggesting that it has been relegated to a low priority position. He further asked who makes priority decisions. Commissioner Ward responded that priority relates to the total Department program and is based on need. Mr. Shumway further advised that there appears to be a difference of opinion in Aniak concerning the project. The project has not been totally well supported.

ANIAK
PROJECT

Senator Hackney suggested that information from the DOT management system be integrated into the legislative information system where it would be readily available to legislators.

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

ADJOURN

MINUTES
SENATE FINANCE COMMITTEE
March 31, 1980
9:00 a.m.

Chairman Sackett called the meeting to order at 9:00 a.m. All members were present. Also in attendance were Administrative Assistants to Senate Finance Garrey Peska and Nancy Harvey; Director of Legislative Finance Jay Hogan; Senator Stimson; Assistant Attorney General Rodger Pegues; Deputy Commissioner of Administration Dick Smith; and representatives from the press including Laura Zahn and Joe LaRocca.

ATTENDANCE

Chairman Sackett made the following bill assignments:

BILL
ASSIGNMENTS

SCR 45	Ray
SCR 47	Sumner
SCR 48	Hackney
SCR 49	Hackney
SB 64	Sumner
SB 260	Sackett
SB 275	Kerttula
SB 289	Hohman
SB 348	Sackett
SB 350	Hohman
SB 388	Ray
SB 401	Bennett
SB 405	Sackett
SB 444	Hohman
SB 450	Sackett
SB 524	Bennett
SB 528	Kerttula
SB 529	Kerttula
HCR 53	Bennett
HB 432	Sumner
HB 586	Hohman

Chairman Sackett advised that the next order of business would be consideration of COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 578 amended (Act establishing the municipal grant account; and providing for an effective date), and he asked that Garrey Peska explain the purpose of the bill to the committee.

CSHB 578 am

MR. PESKA

Mr. Peska explained that at the end of last session the Attorney General's Office drafted a set of regulations that they sent to the operating departments, telling them among other things that they could not make direct grants to non-profit organizations, and they alluded to the possibility of having problems with the municipalities in cases where there were other organizations in the area that might complicate the bidding or would be able to provide the services that the direct grant was intended for. The operating departments went to the Budget and Audit Committee during the interim with this problem and said they wanted to make the direct grant payments that the Department of Law said might need more credibility in the way of minimum regulations. So the Budget and Audit Committee approved a minimum set of regulations that included: 1) the grant recipient had to agree to spend the money for what the appropriation was intended, 2) they had to agree to make their books available for audit if the State chose to do so, and 3) they had to agree to provide an accounting at the end of the project. After that most of the grants were paid. But now the Internal has prepared about 40 pages of regulations including such things as 1) what are direct costs, 2) what are indirect costs that are going to be allocated to the project, and 3) on-site inspections by the operating department. Mr. Peska stated that it is anticipated that money for administration of those grants will come off the top of the appropriations. So the House of Representatives has drafted this bill creating the municipal grant account with language basically saying that the operating department will just simply make the payment. He added that the House approach does not address non-profit corporations, and that there was a Senate Finance Committee Substitute for the bill in the file that would include non-profit corporations.

General discussion and questioning followed. Chairman Sackett asked that Jay Hogan, Director of Legislative Finance speak on the two versions of the bill.

MR. HOGAN

Mr. Hogan stated that on May 5 of last year the Governor had written a letter to Chairmen of the House and Senate Finance Committees saying that the budget was "veto-proof" if passed within his overall dollar constraints. Then after the Legislature adjourned on June 1, when the Governor signed the general appropriations, there were 10 pages of exceptions on the budget and consequently, many of these appropriations have not been paid to date. A lot of these were in the category of grants going to municipalities. The final House version was trimmed to deal only with municipalities to avoid the problem of trying to appropriate to non-profit corporations since they are not entities of the State. Chairman Sackett asked Mr. Hogan his opinion of the Senate Committee

Substitute. Mr. Hogan responded that going on a scale from "most likely" to "least likely", he thought the Legislature could make the one dealing with municipalities workable, but it would be more difficult to bring in the non-profit corporations. The reason was that it would appear to be special legislation if it included non-profit organizations, insofar as the various statutes that set up bidding requirements in the State are concerned. If the Legislature designates a specific non-profit organization, it appears to override the statute and select a "vendor". This was the problem the AG's Office had last year with many of the grants to specific non-profit corporations. It had the effect of excluding other corporations. He said that the committee might consider separating the two (municipalities and non-profit organizations) in their version of the bill so that they could each stand alone if there was a legal challenge. At present they are combined into one section and a legal challenge might nullify the entire section.

General discussion followed, and possible amendments to the were proposed. It was decided that consideration of this legislation would continue in the afternoon with representatives from the AG's Office and from the Department of Administration present.

Chairman Sackett advised that the next order of business was discussion of COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 60 (An Act appropriating for supplemental operating and capital expenses of the state government and making transfers between appropriations; and providing for an effective date), and stated that he had not yet received back-up material for many of the House figures. He also provided the committee members with a list of House items that he had marked for elimination from the bill. (this list is appended to the end of these minutes.)

CSHB 60

The meeting recessed at 10:00 a.m.

RECESS

AFTER RECESS

Chairman Sackett called the meeting to order at 1:45 p.m. He advised the committee that Assistant Attorney General Rodger Pegues and Deputy Commissioner of Administration Dick Smith were present for further discussion of COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 578 amended (An Act establishing the municipal grant account; and providing for an effective date). He then asked them what the position of the administration was.

AFTER
RECESS

CSHB 578 am

Mr. Pegues stated that he had reviewed the above version of the bill and that on the face, it seemed valid. He said that he had not seen the Senate Finance Committee Substitute yet so could not comment on it.

General discussion and questioning ensued between the committee members and the representatives named above on such aspects as the validity of audits being required for all the small grants as well as for the larger ones and for the school districts, the legal ramifications of adding non-profit organizations to the bill. Senators Ray and Sumner proposed an amendment to the Senate Finance Committee Substitute for House Bill No. 578 on line 27 that would read "shall not adopt regulations, administrative policy, or any other restrictive policy to". No action was taken on that amendment. It was concluded that above all a simple method of administering the program was necessary.

The meeting adjourned at 2:45 p.m.

ADJOURNMENT

SFC - TAPE # 33, Side 1 (000 - 730)
Side 2 (000 - 220)
TAPE # 34, Side 1 (000 - 90)

-267-

3/31/80

<u>Page, Line</u>	<u>Project</u>	<u>Amount</u>
p. 1 1. 12	Alaska Arts Council	459,300
p. 1 1. 17	Anchorage Current Events Society	54,600
p. 1 1. 23	Anchorage Assn. for Education of Young Children	72,000
p. 2 1. 11	Alaska Public Broadcasting Com. KAKM	92,700
p. 2 1. 20	Alaska State Library - teleconf.	82,000
p. 2 1. 23	Alaska Public Broadcasting Com. U of A Basketball coverage	7,500
p. 2 1. 27	Criminal Justice Center	128,600
p. 3 1. 8	U of A - Arctic Environmental Infor. and Data Center	45,000
p. 3 1. 15	U of A - Institute for Arctic Biology	50,000
p. 3 1. 21	U of A - Anchorage Community College landscaping for day care	10,000
p. 3 1. 25	U of A - misc. fiscal errors	192,800
p. 4 1. 8	U of A - Tanana Comm. College Industrial Trade Classes	202,700
p. 4 1. 12	U of A - Cost of Living Adj.	166,200
p. 4 1. 15	U of A - AEIDC	9,900
p. 4 1. 19	U of A Increased utility/fuel costs	300,000
p. 4 1. 26	U of A - Support of petroleum industry training programs	150,000
p. 5 1. 3	U of A - Women's Center	138,000
p. 5 1. 6	U of A - Great Alaska Shootout which fiscal year?	200,000
p. 5 1. 10-29	U of A - changing appropriations	
p. 7 1. 9	Anchorage Child Abuse Board - ad campaign	12,000
p. 7 1. 21	Alaska Semi-Supportive Homes	14,500

<u>Page, Line</u>	<u>Project</u>	<u>Amount</u>
p. 7 1. 29	Anchorage Child Abuse Board Crisis Nursery	450,000
p. 8 1. 20	Community & Regional Affairs Day Care Programs question on fiscal years	127,000
p. 9 1. 27	Totem Center Project - Juneau	190,000
p. 10 1. 23	Dept. of Fish and Game Sonor monitoring expenses Kenai, Kasilof, Ninilchik	37,800
p. 10 1. 27	Dept. of Natural Resources Wood River Tikchik Management Council	25,000
p. 12 1. 7	Alaska Disaster Office Rent	157,300
p. 12 1. 11	Public Defender Agency Travel	82,300
p. 15 1. 11	Mat-Su Borough Disaster Relief Fund	826,000
p. 15 1. 14	Munic. of Anch. Alternatives to Street Crime	305,000
p. 15 1. 27	Renewable Resources Corp - could use own funds -	271,400
p. 16 1. 5	Tlingit-Haida Housing Improvements	100,000
p. 16 1. 8	Municipal Revenue Sharing	6,708,912
p. 16 1. 12	Business Loans Division - staff	78,000
p. 17 1. 26	Dept. of Admin. - Admin. Costs	49,400
p. 18 1. 16	Northern SE Aquaculture Assoc.	250,000
p. 18 1. 19	Legislative Budget & Audit. Comm.	549,200
p. 18 1. 24	Legislative Council House permanent fund committee	95,000
p. 18 1. 27	Legislative Council general fund	553,320
p. 19 1. 7	Office of Gov., AK Council on Science and Technology general fund	215,000
p. 19 1. 21	Chistochina - generator Copper River REAA	50,000
p. 19 1. 24	Nome-Beltz swimming pool	2,500,000

<u>Page, Line</u>	<u>Project</u>	<u>Amount</u>
p. 20 1. 2	Annette Island REAA	
p. 20 1. 3	Metlakatla - school and community facility/move to DOT per T. Gardner	1,792,500
p. 20 1. 7	Juneau schools repair & code compliance	1,000,000
p. 21 1. 12	Commissioner's office/Tobeluk consent decree schools - should be broken out Kasigluk (5,957.0), Nightmute (\$2,865.0), Little Diomede (\$1932.0), Shaktooluk (\$450.0) - \$9209.9 - also should go to DOT not Comm.	8,009,400
p. 22 1. 10	Organized research equip. statewide	500,000
p. 22 1. 11	organized research equip., agricultural experiment station	300,000
p. 22 1. 13	facilities & equip., agricultural experiment station - Delta	113,000
p. 22 1. 18	Alternative energy research program equip. - Fairbanks	100,000
p. 23 1. 11	Instructional Equip. Replacement & Additions - Univ. Center - Fairbanks	500,000
p. 23 1. 12	Inst. Equip. Repl. & Add. University Center in Anchorage	421,000
p. 23 1. 13	Inst. Equip. Repl. & Add. Anchorage Community College	700,000
p. 23 1. 14	Inst. Equip. Repl. & Add. Tanana Valley Community College	700,000
p. 24 1. 12	Cadastral land surveying - to include Point MacKenzie and Delta II agriculture land project/not enough to include 2 pjts, money to lease aircraft 2,187.9	6,903,100
p. 24 1. 25	Anchorage presentence facility addition	1,400,000
p. 25 1. 9	Ninilchik State Fair Association	153,000 (twice)
p. 26 1. 9	Alaska 1984	1,000,000