

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2749

TRANSPORTATION:

Governor - General Fund	\$ 152,658.6
Senate - General Fund	<u>150,101.5</u>
- \$	2,557.1

Increases:

Major general increase is:

Village Airport Maintenance	\$ 350.0
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Decreases:

All reductions are either general or decreased
CIP conversions

GENERAL GOVERNMENT:

Governor	- General Fund	137,107.2
Senate	- General Fund	<u>346,035.3</u>
		+208,928.1

Increases:

Taxes/Permanent Fund Shares		\$217,391.6
1979 tax refunds	\$ 88,900.0	
Tax credits	537.0	
Permanent fund dividends	\$128,500.0	

Decreases:

Executive Operations (\$2,662.6)*
Funding for the Regulatory Reform
Office, Public Forum, and the
National Lands Legislation was
deleted. The Division of Policy
Development & Planning was reduced
(203.4).

Salary & Benefit Increases (\$2,599.3)
The General Government Category
shows a reduction due to the
transfer of Community College
contract funding to the University
of Alaska Category

Department of Administration (\$ 773.1)
Minor program reductions. The
deletion of funding for the
Council on Science & Technology

Legal Services (\$ 133.5)
Failure to approve 3 positions

Revenue Operations (\$ 545.4)
Maintain Dept. of Revenue
operations at continuation level.

Department of Transportation & Public
Facilities (\$ 405.8)
Minor program reductions. CIP conversion
conducted in 2 phases (does not affect
total, lowers general funds - (2011.6))

General Government - Continued - page 2

Legislature/Ombudsman	(\$ 99.5)
Vacancy assessment, deleted	
new position from Ombudsman	
	(\$7,219.2)**

*One budget amendment for approximately \$2,000.0 for D-2 legislation was not included.

**Actual General Fund Category reduction excluding the Taxes/Permanent Fund dividends increases is (\$9,029.5)

MINUTES
SENATE FINANCE COMMITTEE
May 5, 1980
1:45 p.m.

Chairman John Sackett convened the meeting at approximately 1:45 p.m. All committee members were present with the exception of Senator Hohman. Also in attendance were Garrey Peska, Administrative Assistant to Senate Finance, and Bill Hogan, Budget Analyst for Senate Finance.

PRESENT

The Chairman moved that CSHB 556am (An act appropriating for the operating and capital expenses of the state government) be brought up for discussion. Chairman Sackett advised committee members that the Senate budget appropriates \$1,370,449.1 for operating expenses in FY 81 and \$55,780.0 for capital projects. The total for the Senate budget is approximately \$2,931,000 less than the Governor's total. Funding within the Senate budget includes all Budget Amendments with the exception of approximately \$2 million for D-2 lands and \$166,000 for the Division of Securities and Banking to conduct a study concerning banking.

CSHB 556am

FY 81
BUDGET

The Chairman further advised that all budget amendments are shown in the Senate Budget under the line item Governor's Adjusted. The Governor went from \$1,087,000.0 to \$1,863,000.0. His amendments are reflected in the Senate operating total of \$1,370,449.1.

Responding to a question from Senator Sumner concerning funding for Lt. Governor Terry Miller's gas line task force, Garrey Peska advised that \$300,000 has been funded in HB 60 (Capital and operating supplemental) through the Legislative Council for task force use.

The Chairman further informed committee members that while the Finance Committee cut approximately \$22 million out of the Governor's budget, it added approximately \$19 million of its own back in. Considering the \$15 million in FY 81 programs included in HB 60, the Senate budget is basically \$13 million over its stipulated level. He warned that the Governor would be vetoing some budget items, advising that "he will have to cut because we didn't."

The Chairman stated he is not happy with the budget because of the fact that \$22 million was cut from the Governor's budget and then almost as much was added back in. When Senator Ray raised questions concerning who had added the funding back in, the Chairman replied "the majority." Senator Ray then asked if it would be safe to make a public release

advising that the majority is responsible for additions in the budget, and the Chairman responded "The majority did all this."

The Chairman asked for the committee recommendation concerning disposition of the budget. Senator Kerttula moved for passage of the budget with individual recommendations. Senator Ray concurred, advising he might wish to later amend the budget. Senator Hackney suggested that SCS for CSHB 566am pass from committee with a do pass recommendation based on committee understanding that the budget would not be "broken on the floor." No objection having been voiced, SCS for CSHB 556am passed from Senate Finance--all members present signing do pass. SCSfor CSHB 556am

Senator Bennett moved that SB 305 (Act making appropriations for the development of agriculture) be brought up for discussion, advising of a Committee Substitute by the Resources Committee (Act making a special appropriation for the Point MacKenzie agricultural development project). Senator Bennett moved for committee acceptance of a number of amendments to the Committee Substitute. Senator Ray, however, suggested that the amendments be incorporated in a new Committee Substitute authored by Senate Finance. The Senate Finance Committee Substitute would eliminate Sec. 1 of the Resource version of the bill thereby renumbering existing Sec. 2 as Sec. 1. It would also increase funding from \$4,925,000 to \$5,025,000 and appropriate such funding from the Alaska Renewable Resources Development Fund rather than the General Fund. The additional \$100,000 in funding to be appropriated through the Senate Finance Committee Substitute would increase the allocation for survey costs from \$100,000 to \$200,000 and unused appropriated funds lapse back into the Alaska Renewable Resource Development Fund rather than the general fund. SB 305 CS

No objection to the above Senate Finance Committee Substitute for SB 305 having been voiced, Senator Kerttula moved that it pass from committee with individual recommendations. No objection to the motion having been raised, CS SB 305 (Finance) passed from committee--Senators Sumner, Hackney, Bennett, and Kerttula signing do pass, Senator Sackett signing no recommendation, and Senator Ray signing "do not pass unless amended." MOTION CSSB 305

Senator Sumner attested to the need to "look into" funding under the Alaska Renewable Resource Corporation before CSSB 305 (Finance) reaches the floor. The Chairman advised that members of the Board of Directors of the corporation would appear before committee at 8:30 a.m. tomorrow morning.

5/5/80

Senator Kerttula moved that SB 475 (Act establishing the Point MacKenzie agricultural development project) be brought up for discussion, advising that he had prepared a Senate Finance Committee Substitute for the original legislation. Senator Kerttula stated that the proposed committee substitute "changes slightly" the surveying provisions of the original bill. On maps included within committee backup Senator Kerttula demonstrated the location of the MacKenzie project in relation to Anchorage. He informed the committee that under the bill land would be cleared and drained and farmers would have an opportunity to purchase it at agricultural rates in accordance with a preference for long-term Alaskans. The land would produce crops on a rotating basis which would culminate in dairy projects. This land is already agricultural by nature. SB 475

Senator Kerttula moved that the Finance Committee Substitute for SB 475 pass from committee with individual recommendations. No objection to the motion having been voiced, CS for SB 475 passed from committee--Senators Sackett, Hackney, Bennett, and Kerttula signing do pass, Senator Sumner signing no recommendation, and Senator Ray signing do not pass unless amended. CSSB 475 IND.REC.

The Chairman moved that SB 317 (Act making a special appropriation to the Department of Public Safety, Search and Rescue Fund) be brought up for discussion, advising that funding requested under the above bill "should have been stuck in the budget." SB 317

Senator Ray advised that SB 315 (Act relating to search and rescue and creating a search and rescue fund) represents a companion bill to SB 317, setting up a Search and Rescue Fund for money appropriated to that purpose. The Chairman suggested that the committee act on SB 315 rather than SB 317 and pass SB 315 together with its fiscal note as an appropriated bill. No objection to the above procedure having been voiced, Senator Ray moved that SB 315 pass from committee with a do pass recommendation. No objection to the motion having been voiced, SB 315 passed from Senate Finance--all members present signing do pass. SB 315 DO PASS

There being no further matters to come before committee at this time, the meeting adjourned at approximately 2:10 p.m. ADJOURNMENT

MINUTES
SENATE FINANCE COMMITTEE
May 6, 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 the Chairman and Senator Hackney who arrived later in the meeting. Also in attendance were Senator Stimson; Phil Hubbard and William Spear, representing the Alaska Renewable Resource Corporation; Fiscal Analyst Milt Barker, and Joe LaRocca.

PRESENT

Fiscal Analyst Milt Barker distributed copies of his May 6, 1980, memorandum setting forth renewable resource funding available for FY 81 appropriation (copy attached to these minutes). Mr. Barker advised that \$111.5 million is currently available in the Renewable Resource Development Fund, in addition to the \$8.5 million in the Renewable Resource Investment Fund, for a total of \$120.0 million. Table 2 of the attached memo lists appropriations proposed by the Legislature to be funded through the Renewable Resource Investment Fund or the Renewable Resource Development Fund--a total of approximately \$90 million.

MILT BARKER
RENEWABLE
RESOURCE
FUNDING

Mr. Barker advised that in addition to projects listed at Table 2, the House is contemplating somewhere between \$50 to \$70 million in hydroelectric legislation to be funded by renewable resource funding. Approximately \$28 million worth of these contemplated projects relates to Swan Lake and Tyee Lake and has already been included in the \$90 million total. The remaining approximately \$30 million in House legislation would be added to the \$90 million total should the legislation pass both houses.

Mr. Barker further advised that statute requires Renewable Resource Investment Funds to be invested in money market investments similar to the general fund (safe, trust-type investments). Such investments are to be made by the Commissioner of Revenue.

Discussion among committee members followed concerning the sequence (interrelationship) of figures listed at Table 2.

5/6/80

Mr. Phil Hubbard and William Spear next appeared before PHIL HUBBARD committee, testifying on behalf of the Alaska Renewable Resources Corporation Board. Mr. Hubbard advised that statute requires the Corporation to submit its capital budget to the Legislature based on resource sectors, timber, fishing industry, agriculture, etc. In November the Corporation submitted to the Governor's office a realistic estimate which proposed placing \$20 million in equity investments in Alaska's economy. During the eight months the Corporation has been "in business," a number of loan request amounts have been greater than allowed by the \$1.5 million statutory loan limit.

Responding to a question from Senator Ray concerning Schnabel Lumber Company, Mr. Hubbard advised that SCHNABEL LUMBER HB 1022 (Act granting authority to the Alaska Renewable Resources Corporation to exceed investment limits by investing \$3,000,000 in Schnabel Lumber Company) would enable the Corporation to provide funding to Schnabel from moneys available during the coming year.

Senator Ray next inquired concerning the fish processing plant in Coos Bay, Oregon, currently benefitting from renewable resource funding. Mr. Hubbard informed the committee that the Oregon project represents the first FISH PROCESSING COOS BAY, OREGON large equity investment made by the Corporation. In September, two principal stockholders (Leonard Lane and Arnold Tussing) came to the Alaska Renewable Resources Corporation (ARRC) with a proposal they had been working on for a year. The proposal involves development of a chemical enzyme to be used in bottom fish processing and could be a "boon" to processing in Alaska. The process would allow waste from bottom fish processing to be used rather than discarded. Of the \$50 million in unused resources resulting from bottom fish processing, exactly how much the new process will be able to recover is difficult to determine at this time. It will, however, be of significant benefit to the Pacific Coast. The company is Alaska-owned and its product is designed to be used in Alaska. In order to properly test and prove the prototype, a continuous source of bottom fish processing waste must be readily available. Such a supply could not be found in Alaska, and when it became apparent the technology could not be demonstrated in state, it became necessary to "go outside." While the prototype is being demonstrated outside Alaska, all the benefits will accrue to the state of Alaska. Mr. Spear advised further that the processing plant in Oregon consists of a small operation employing only one person. An actual processing plant in Alaska would be ten times larger.

Senator Ray asked if perhaps the process could have been demonstrated in Alaska at Kodiak or Petersburg. Mr. Hubbard stated that bottom fish processors in Alaska expressed unwillingness to disrupt their processing in order to test the prototype. Further, Alaska processors have existing contracts for disposal of processing waste, and the processors were reluctant to displace the individual currently providing such services.

Senator Kerttula attested to the fact that Legislative direction to the ARRC board was "to look over the state and find people who had expertise in various fields and help them out when they needed it." He expressed distress that something as new as a chemical enzyme process was one of the first large loans made by the board.

Mr. Hubbard advised that the board would have liked to have invested in people who have been in Alaska 20 or 30 years and who need assistance, but the Board has not experienced "that kind of walk in traffic." When the Corporation was "only in business a month," it experienced an influx of individuals seeking help who were actually beyond help. The Board has dealt with small businesses; it just happened that the first large investment made was the fish processing plant.

Senator Ray attested to the fact that such a loan bears the appearance of "cronyism." The public knows the individuals involved and they "come from high positions in state government. It seems odd that they should be the very first ones." The loan smacks of the "buddy system" and is surrounded by an "aura of complicity."

(Senator Hackney arrived at the meeting at this time, 9:40 a.m.)

Mr. Hubbard attested to the fact that while the above loan may appear as described "that is certainly not the case." Mr. Spear added that until the loan was made, he had met Leonard Lane only once. He was never associated with Mr. Lane in any way. The same is true for Mr. Tussing. Mr. Spear expressed his belief that there was no "buddy system involved" in making the loan.

Senator Sumner expressed his opinion that Mr. Lane through his experience with state government knew "how to respond to the system." He knew "how to put a good presentation together (he knew how to jump through the appropriate hoops at the appropriate time). The Senator advised that he had heard of problems associated with "getting a facility adjacent to the process." However, the problem now facing the Corporation is lack of confidence in what the Corporation will do in the coming year, assuming the present board is retained and the Corporation funded.

Senator Sumner attested to need for the Board to have a "lay out plan" for the coming year. The Corporation is to review its 60 pending applications and allocate its appropriation to fund loans in various resource categories. He further stated that he is interested in seeing the Corporation "carry out the mandate of the Legislature," rather than allowing it to march in directions which demonstrate autonomy. The Corporation should demonstrate a "much more earthy approach to helping Alaskans" rather than dabbling in innovative areas.

Senator Kerttula testified to the need for more conventional construction of the loan process including loan officers to accept and make recommendations concerning loans and a board of directors providing direction and having approval authority over loans to be made.

Mr. Hubbard advised that the Corporation has prepared a second draft of its five-year plan, designating the types of involvement and investment it contemplates. However, the Corporation "can't tell who will be coming in the door; loan decisions have to be made as they come in." He further advised that the Corporation has "a fairly good fix on the capital market in Alaska," and will make a presentation before the Resources Committee. Concerning separation of the Board of Directors and operating staff, Mr. Hubbard advised that the Board did not effect such a policy since it believed for its first year of operation it "needed direct contact with clientele." Mr. Hubbard further testified concerning the Corporation's approach to making the public aware of the Corporation's existence and financing capability as well as Corporate interest in the mix of its loans and the quality of loans made.

Senator Hohman inquired concerning Renewable Resource assistance to be given Ball Brothers during the coming fishing season in Bristol Bay. Mr. Hubbard advised that HB 1021 (Act granting authority to the Alaska Renewable Resources Corporation to exceed investment limits by investing \$3,500,000 in Ball Brothers, Inc.) would provide the means for assisting Ball Brothers. Senator Hohman asked if Ball Brothers meets all Alaska Renewable Resource Corporation funding criteria and Mr. Hubbard stated that it does. Senator Hohman produced information from his file indicating that Ball Brothers is not a corporation in good standing within the State of Alaska (one of the criteria items to be met in order for a corporation to be eligible for ARRC funding). Mr. Hubbard advised that the corporation's lack of good standing results from a back tax matter which could be "remedied." Senator Hohman advised that if it should take six months to correct the situation, Ball Brothers would miss the Bristol Bay run. He further advised that legislative intent is to give ARRC an opportunity to do something positive within the state. But situations like the above, paraded before legislators leave one feeling "duped."

BALL BROS.
HB 1021

5/6/80

Senator Ray stressed the need for ARRC to maintain a "balanced portfolio." Senator Kerttula attested to the "tremendous task" confronting ARRC and stressed the importance of determining the effect of placing large amounts of government money into public loans. The Corporation must be careful not to destroy competition in the private sector.

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

ADJOURN

AFC-80 #44, Side 1 (292-end)
Side 2 (000-327)

5/6/80

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

5/6/80
minutes

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF—STATE CAPITOL

JUNEAU 99801

May 6, 1980

M E M O R A N D U M

TO: Honorable John Sackett
Chairman, Senate Finance Committee

FROM: Milt Barker, Fiscal Analyst
Legislative Finance Division

SUBJECT: Renewable Resource Fund Appropriations

Based on the Department of Revenue's March Update, "Revenue Sources FY 1979-1981" and "Free Conference Committee Reports" on the budget, the attached Table 1 shows amounts available for appropriation from the Renewable Resources Development Fund (RRDF) and Renewable Resources Investment Fund (RRIF). Although appropriations from the RRIF seem inconsistent with the statutes, this was done for the FY 80 budget.

The attached chart assumes that the 5% of mineral leases, royalties, and bonuses are first deposited in the RRDF and that only after appropriation from the RRDF do funds go to the Alaska Renewable Resources Corporation (ARRC). It is further assumed that half of any appropriations to ARRC will be appropriations to the RRIF. Finally, it is assumed that any unappropriated funds remaining in the RRDF at the end of the fiscal year will be transferred to the RRIF.

Table 2, attached, shows the various appropriations proposed this session from either the renewable resources development or investment funds.

MBB:pw

Attachments: Table 1 & Table 2

TABLE 1

RENEWABLE RESOURCES FUNDS
AVAILABLE FOR APPROPRIATION
(\$ millions)

<u>Fiscal Year</u>	<u>RRDF Contributions</u>	<u>RRDF Appropriations</u>	<u>RRDF Balance Available for Appropriation</u>	<u>RRIF Contributions</u>	<u>RRIF Appropriations</u>	<u>RRIF Balance Available for Appropriation</u>
1979	17.0	8.5 ^{1/}		8.5		8.5
1980	66.6	24.3	42.3	11.2	11.2	
1981	69.2		69.2			
TOTAL	152.8	32.8	111.5	19.7	11.2	8.5

FOOTNOTE: ^{1/} Actual FY 79 RRDF appropriations were \$10.5 million;
however, 2.0 million for the fish and agriculture
bank lapsed.

PREPARED BY:

LEGISLATIVE FINANCE DIVISION
April 18, 1980

RENEWABLE RESOURCE FUND APPROPRIATIONS
(\$ 000)

	FCCS SCS CSHB 60	SCS CSHB 60	CSHB 556 HB 556	SCS HB 556	FCCS HB 645
<u>Renewable Resources Development Fund (RRDF)</u>					
ARRC capital			20,000.0		
ARRC operating		271.4			
Lake Elva Hydro	500.0	500.0			
Minto Small Scale Agriculture	104.0	104.0			
Susitna Hydro	7000.0	7000.0			
Delta Junction - Nistler Road		2000.1			
Goose Bay - Pt. Mackenzie Agriculture	3000.0	3000.0			
Swan Lake microwage					616.0
Equip Agricultural Experiment Station	300.0				
Experimental Farm Renovation - Fairbanks	191.3				
Facilities & Equipment - Ag Exp. Station	113.0				
Firewood Access Road construction - Fbx	250.0				
Kasilof Hatchery modifications	875.0				
Beaver Falls Hatchery Expansion	200.0				
Southern Southeast Aquaculture Grant	200.0				
Southern Southeast Aquaculture Planning Grant	150.0				
Alaska Native Tourism Assn.	168.9				
Lime Village Wind Power System	90.0				
Single Wire Ground Return Demonstration	200.0				
Scammon Bay Electricity	100.0				
King Cove Generator	200.0				
Downtown/Airport/University District Heat	35.0				
Totchaket - Agricultural Project	500.0				
Fairbanks - District Heat Demonstration	2000.0				
Kodiak - Near Island Bridge	500.0				
Unalaska Port Construction	3350.0				
King Cove - Sand Point Storm Damage Repair	1307.5				
Whittier Boat Harbor Expansion	3000.0				

Page 2 - Table 2
 Renewable Resource Fund Appropriations

	FCCS SCS CSHB 60	SCS CSHB 60	CSHB 556 HB 556	SCS HB 556	FCCS HB 645
St. Paul Harbor Engineering Study	350.0				
Homer Dock, Phase I	3820.0				
Kodiak-Near Island Harbor Engrng. Study	500.0				
Sand Point Dock Engineering Study	500.0				
Chernofski Preliminary Planning & Design	250.0				
King Cove Dock Engineering Study	150.0				
Akutan Dock Site Study	250.0				
St. George Small Boat Landing	100.0				
Bethel - Dock Expansion	650.0				
Sitka Dock Site Selection & Engineering	250.0				
TOTAL RRDF	31,154.7	12,875.5	20,000.0	0	616.0

Renewable Resources Investment Fund (RRIF)

State Forest Nursery			870.3	870.3	
Swan Lake Hydro			18,000.0		
Tyee Lake Hydro			10,000.0		
Delta I			1,000.0	1000.0	
Agriculture Revolving Loan Fund			6,160.0	6160.0	
TOTAL RRIF			36,030.3	8030.3	
TOTAL RRDF & RRIF	31,154.7	12,875.5	56,030.0	8030.3	616.0

All RRDF Projects	54,042.2
All RRIF Projects	36,030.3
All Projects	90,072.5

PREPARED BY:

LEGISLATIVE FINANCE DIVISION
 May 6, 1980

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5/6/80

MINUTES
SENATE FINANCE COMMITTEE
May 14, 1980
1:30 p.m.

Chairman Sackett called the meeting to order at 1:30 p.m. All members were present. Also in attendance were Senator Ziegler; Senator Ferguson; Ted Smith, Director of Division of Forest, Water and Land Management; Legislative Assistant to the Governor, Keith Specking; Representative to the United Fishermen of Alaska, Kent Dawson; Administrative Assistant to Senator Hohman, Rob Kocsis; Administrative Assistant to Senate Finance, Garrey Peska; and representatives from the press including Joe LaRocca.

ATTENDANCE

Chairman Sackett stated that the day's business would be consideration of bills, the first being SENATE BILL NO. 543 (An Act amending the Alaska Small Loans Act). He requested that Senator Ziegler come forward with testimony.

SB 543

It was established that the bill version before the committee at this time was COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 543 (same title). Senator Ziegler stated that the banks are not necessarily in this market (for the \$5.0 to \$25.0 loan provisions). There are savings and loan associations, mobil home companies, financing people, second mortgage companies and real estate funds that would like to see this legislation go through. He stated that the language having to do with alternative methods of changing rates had been inflated at the express request of the Director of the Department of Commerce and Economic Development Division of Banking, Security and Corporations Julius Brecht. He said that the remainder of the bill is self-explanatory, and would just give the beneficial and finance, and other financing companies the chance to lend more money.

CSSB 543

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

MOTION
CSSB 543

The next bill for consideration was SENATE CONCURRENT RESOLUTION NO. 43 (Establishing as a joint committee of the 11th Legislature a committee of the House of Representatives and Senate concerned with the organization and procedures of a state constitutional convention).

SCR 43

Senator Ziegler stated that this legislation would be a continuation of the work that was started this last summer. He said that he deplored the idea of holding a constitutional convention as it leaves the constitution "wide open", but in the event that it does occur in '82 or '83, he felt that proper preparation should be made. He said that his Adminis-

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trative Assistant Guy Van Doren had done a study of the success of the constitutional conventions held in the '70's and the most successful ones were planned well in advance. So, he said, all they are doing is anticipating a bad day for Alaska. He said that it had also been pointed out that this committee, in holding public hearings, could possibly route valid proposed amendments to the Alaska Constitution through the amendment process rather than go the convention route. Senator Hohman added that planning had started last summer with a joint committee of the House and Senate.

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

MOTION
SCR 43

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 207 (An Act relating to a highway between the Yukon River and Arctic Ocean; and other lands adjacent to it) was up for consideration. Chairman Sackett requested that Senator Bennett speak on the bill.

CSHB 207

It was established that the bill under consideration before the committee was SENATE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 207 (Fin) (An Act relating to state responsibility for the highway between the Yukon River and the Arctic Ocean, and to state management and control of resources affected by the highway between the Yukon River and the Arctic Ocean). Senator Bennett stated that extensive testimony had been taken over the last four years. He said that the high points were:

SCSHB 207
(Fin)

1. The effective date of the opening of the road to Dietrich would be June 1, 1983.
2. There would be no hunting within five miles of the highway.
3. The road to the arctic would be kept open for commercial traffic.

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

MOTION
SCSHB 207
(Fin)

Senator Hohman stated that he felt the fiscal note accompanying SENATE CONCURRENT RESOLUTION NO. 43 for \$143,000. was inflated. It was decided that he would provide a new fiscal note for the bill later in the afternoon.

NEW FISCAL
NOTE
SCR 43

5/14/80

The next bill for consideration was SENATE BILL NO. 335 (An Act relating to the lease of state land by non-profit organizations). Chairman Sackett asked Senator Bennett to speak on the bill.

SB 335

Senator Bennett said that the legislation would provide that any non-profit organization that leases state land for youth encampment would be exempt from paying rent.

Senator Hackney stated that he had a suggested amendment to the bill, and passed out copies. Extensive discussion on the proper language for the amendment ensued.

Senator Hackney stated that the amendment would give preference for the purchase of land to someone who had occupied a permanent dwelling on state land and did not have the right to own or possess the land. This would be in the case where the land was offered for sale by the State. The main point of contention was how much and in what ways preference should be given. Mr. Ted Smith, Director of the Department of Natural Resources Division of Forest, Land and Water Management, gave testimony concerning specific cases where this legislation would apply. Chairman Sackett moved that the amendment be adopted. There being no objection, it was so ordered. The amendment read:

AMENDMENT
SB 335

Page 2, Line 25: Add a new Section 5 to read:

AS 38.05.328. OCCUPANT PREFERENCE. (a) A person who occupies a permanent dwelling on state land without the right to own or possess the land is entitled to receive an offer to purchase the land from the state before it is offered to the public for disposal for private use if

(1) the person pays \$500 a year penalty for each year that he used the land without legal authority, not to exceed \$2,500;

(2) the dwelling was constructed on the land before January 1, 1980;

(3) other state land in the vicinity of the dwelling is offered for disposal to the public not later than six months after the sale under this section is completed; and

(4) the dwelling is the person's permanent place of abode.

(b) The purchase price offered to a person eligible to purchase state land under (a) of this section shall be the full appraised fair market value of the land exclusive of permanent improvements constructed on the land by the occupant or his ancestor before January 1, 1980.

(c) When not in conflict with this section, the provisions of AS 38.05.045 - 38.05.069 apply to a land sale under this section.

5/14/80

(d) The director shall publish a notice of each sale under this section in newspapers of general circulation in the vicinity of the land to be sold. The notice shall be published once each week for four consecutive weeks before the contract of sale is executed.

Page 2, line 5 - 27: Renumber existing sections 5 and 6 accordingly.

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

MOTION
SB 335 am

The next bill up for consideration was SENATE BILL NO. 364 (An Act making a special appropriation to the Legislative Council for a salmon quality control education program). Senator Hackney stated that the bill would provide funds to Legislative Council for a Salmon Quality Control Education Program, and that the legislation came as a recommendation from the Salmon Quality Control Study group. The fiscal impact would be \$175,000.

SB 364

Senator Ray moved and asked unanimous consent that the Free Conference Committee on the budget be directed by the Senate Finance Committee to put this provision in the budget. There being no objection, it was so ordered. The bill was returned to the file.

MOTION
SB 364

SENATE BILL NO. 380 (An Act making a special appropriation to the Department of Health and Social Services for the purchase of medical emergency alarm systems) was next considered. General discussion ensued. Senator Sumner moved and asked unanimous consent that consideration of the bill be moved to the bottom of the agenda. There being no objection, it was so ordered.

SB 380

MOTION
SB 380

SENATE BILL NO. 437 (An Act changing the definitions of allowable construction costs which qualify for state financial participation) was next considered.

SB 437

Senator Kerttula stated that this bill would essentially be a method for amending existing legislation to restrict funding. He requested that Governor's Office Legislative Assistant Keith Specking explain the bill further.

Mr. Specking stated that during the 1978 session the Legislature amended several statutes relating to State financial assistance for various public or quasi-public facilities (in Chapter 168). The principal effect of those amendments was to allow any and all conceivable costs, without limitation as to their reasonableness, to be eligible for state

funds. He went on to say that while the state agencies affected by the '78 legislation were unanimous in their dislike for the new law, there were rather substantial differences of opinion with respect to the wording of the bill that originally was proposed to amend the law. Subsequently, a definition acceptable to all affected departments had been compiled. He said that the Department of Law had entered a rather "scathing" review of the Governor's action in making the bill law; although, under other circumstances the Governor probably would have vetoed the bill. He said that he had the review before him and would read a portion of it to the committee. Senator Hohman moved that the committee receive a copy of the review, and that the bill be held until they had a chance to look it over. There being no objection, it was so ordered, and the bill was returned to the file.

MOTION
SB 437

SENATE BILL NO. 555 (An Act making a special appropriation for a dental program for low-income adults, and a special appropriation for an evaluation of the dental program; and providing for an effective date) was next considered. Senator Ferguson came forward to speak on the bill. He stated that he had introduced this bill (to possibly override SENATE BILL NO. 214) as he felt it would cover a larger number of people. The funding would go to Delta Dental, Inc. in Anchorage and would provide dental care to an age group 21 and over. Senator Hackney, who had sponsored SENATE BILL NO. 214, stated that he felt this was an excellent approach, and moved and asked unanimous consent that the bill be moved from committee with individual recommendations. There being no objection, it was so ordered. The committee report was signed as follows: Senators Hackney, Sumner and Sackett signed "do pass", and Senators Hohman, Ray, Kerttula and Bennett signed "no recommendation".

SB 555

MOTION
SB 555

COMMITTEE SUBSTITUTE FOR HOUSE CONCURRENT RESOLUTION NO. 35 (Relating to a study of a rail line from Fairbanks to the Ladue Valley) was next before the committee for consideration. Senator Hohman asked his Administrative Assistant Rob Kocsis, to speak on the bill.

CSHCR 35

Mr. Kocsis stated that the bills calls for a study of:

1. The cost of construction of a rail line from Fairbanks to Delta, and
2. The cost of construction of a rail line from Delta to the Ladue Valley.

He said that the studies themselves may be premature as its not yet clear what pieces of land will be necessary to connect the railroad between Fairbanks and the Canadian border, and it seems that the analysis would have to await those determinations. He suggested language changes in the bill to incorporate that provision. There being no objection to the changes, they were so ordered.

MOTION
CSHCR 35

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Senator Hohman moved that a new fiscal note be attached to the bill for \$250,000. There being no objection, it was so ordered.

NEW FISCAL
NOTE
CSHCR 35

Chairman Sackett asked if it was the wish of the committee to pass the bill out with a "do pass" recommendation. There being no objection, it was so ordered. All members signed the committee report with a "do pass" recommendation.

MOTION
CSHCR 35

The committee then took up COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 440 (An Act relating to the withdrawal of land for a utility corridor for extension of the Alaska Railroad and the preparation of a report evaluating the effect of construction of an extension of the Alaska Railroad). Senator Hohman requested that Mr. Kocsis give a synopsis of the bill.

CSSB 440

Mr. Kocsis stated that the bill provides that not later than April 1, 1981, the department would have completed the proposed utility corridor including legal description of the proposed right-of-way involved. Within 90 days after that, in line with whatever regulations necessary to acquire the right-of-way, the Department of Natural Resources would either classify or reclassify the state lands involved. He said that page 2 of the bill would insure direction that the department is to exercise its authority under the law to acquire the lands within the utility corridor which are subject to the State's power of condemnation. "B" says that the department will work with the necessary state officials involved in order to secure the necessary federal regulations. Section "C", added by the Resources Committee, was not clear. He said that in reviewing it, he found that there is a federal obligation to prepare environmental statements on their own land, and that shifting that responsibility might be unnecessary. He suggested that Section "C" be deleted. Senator Sumner moved that Section "C" be deleted from the bill. There being no objection, it was so ordered.

AMENDMENT
CSSB 440

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

MOTION
CSSB 440

Chairman Sackett left the meeting and requested that Senator Hohman take the Chair.

Senator Sumner moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 380 (Fin) (An Act making a special appropriation to the Department of Health and Social Services for the purchase of medical emergency alarm systems) be brought before the committee at this time. There being no objection, it was so ordered.

CSSB 380
(Fin)

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

MOTION
CSSB 380
(Fin)

SENATE BILL NO. 364 (An Act making a special appropriation to the Legislative Council for a salmon quality control education program) was before the committee at this time. Senator Hackney stated that he thought the committee had decided to put the provisions of this bill in the budget. The committee agreed, and the bill was returned to the file.

SB 364

MOTION
SB 364

Senator Hohman stated that SENATE BILL NO. 524 (An Act allowing credits against fisheries taxes; and providing for an effective date) was a related bill, and suggested the committee discuss it. There being no objection, it was so ordered, and the bill was before the committee for consideration.

SB 524

Senator Bennett stated that this bill would basically allow credit (not to exceed 15% of the total tax liability for each organization within the industry) to help promulgate and assist the industry. Senator Sumner asked what the fiscal impact would be; Senator Bennett responded \$47.8. A question of the actual cost arose, and Mr. Kent Dawson, representing the United Fishermen of Alaska, came forward to state that there was a companion bill which had been introduced in the House (though not in the Senate) with a \$3 million appropriation to get the program going this year. He said that possibly the committee could attach a fiscal note for \$3 million to the bill before them or address the issue in another appropriation bill. It was decided that the bill would be held over until the next bill session so that various methods could be explored. The bill was returned to the file.

MOTION
SB 524

The meeting adjourned at 2:50 p.m.

ADJOURN

MINUTES
SENATE FINANCE COMMITTEE
May 16, 1980
1:32 p.m.

In the absence of Chairman John Sackett, Vice-Chairman George Hohman convened the meeting at approximately 1:32 p.m. With the exception of the Chairman, all committee members were present. Also in attendance for portions of the meeting were Dr. J. D. Plunkett of the Montana Energy and Research and Development Institute; Speaker of the House Terry Gardiner; Representative Phillip Guy; Janis Williams, Assistant Attorney General; Dave Hutchins, representing Alaska Rural Electric Cooperative Association; Christopher Noah, Executive Director, Alaska Council on Science and Technology; Larry Vavra, representing Union Oil Company; Sharon Macklin, representing United Fishermen of Alaska; Senator Dankworth; Billy G. Berrier, Legal Counsel, Legislative Affairs Agency; and Administrative Assistant to Senate Finance Garrey Peska.

PRESENT

The Vice-Chairman moved that CSHB 687 (Act establishing the Alaska Energy Center, amending the Science and Technology Act, and adding fiscal provisions relating to appropriations for the work of the Alaska Energy Center), be brought on for discussion, advising that Speaker Gardiner and Dr. Plunkett were before committee for the purpose of testifying concerning the legislation.

CSHB 687

Dr. Plunkett advised that he directs the five-year-old Montana Montana Energy and Research and Development Institute, an agency organized to assist the State of Montana in its development of energy sources. Dr. Plunkett advised of his background degrees in engineering (B.A. and M.A. as well as PhD from MIT). He has worked 25 years in research and development for large corporations such as General Motors as well as smaller corporations. He has assisted in development of strategy which places products on the market.

DR. PLUNKETT

The Montana Institute was initiated under the auspices of Senator Mike Mansfield who felt the state was not doing enough to "keep its people there." Like Alaska Montana is essentially a thinly populated resource state. Its protein resource is beef while Alaska's is fish. While Alaska has made some progress in agricultural development, it also needs industrial development.

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In the instance of Montana, the Institute's first job was to establish the needs of the state. The Institute is chartered by the state but not state funded. The Institute attempts to develop technology what will meet the environmental concerns of the state. Dr. Plunkett spoke to the need to establish such technology in Alaska, advising that conflict between environmentalists and developmentalists is not new.

In Montana the Institute is under the control of a 17-member board representing various statewide interests (representatives from the University, power companies, coal mining industry, etc.). The board provides guidance to the Institute which started with a \$15,000 grant from the Montana Power Company and is now funded for approximately \$15 million. The Institute started with two employees and now has 300 (including spinoff organizations). The Institute consists of (1) a center for appropriate technology and (2) center for innovation and provides approximately \$1.5 million in support assistance to inventors. Fifteen products developed through the Institute are currently on the market, and \$60 million in total market activity has been generated by companies using these products.

Dr. Plunkett urged that Alaska "look into this type of activity," advising of his belief that a commitment to problem solving and job creation has had a beneficial effect upon the State of Montana.

Senator Sumner raised questions concerning the Fiscal Note attached to the subject bill, asking why Alaska is "looking at \$1 million" in grant funding when Montana generated its activity from a \$15,000 grant. He further questioned funding of an energy office in Anchorage, advising that such funding could be eliminated in the beginning since start-up could be concentrated in one office.

Senator Kerttula asked Dr. Plunkett how he happened to be in Alaska to testify on the legislation, and Dr. Plunkett advised he had been invited on three occasions to come to Alaska, most recently by Speaker Terry Gardiner. Dr. Plunkett attested to feeling in Montana that resource states must "stick together and share common interests." He cited as an example of "common interests" the severance tax situation before the U. S. Congress. In addition, Dr. Plunkett advised that he is very proud of what has been accomplished in Montana and wished to share Montana's success with Alaska.

Dr. Plunkett advised that Montana has received inquiries from 28 states concerning operation of its Center for Innovation. In 25 to 30 years the world will be very

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different from now; the future will bring the coal age, and Alaska will export 200 to 300 million tons of coal per year.

Suggesting that Alaskan representatives pay a return visit to Montana, Dr. Plunkett again stressed the need to "meet together to discuss common problems."

Senator Kerttula advised of his concern that such an Energy Institute not displace University responsibility. Dr. Plunkett stated that out of \$15 million brought in by the Montana Institute from outside, over \$1 million is "shared with the University." He further attested to the fact, however, that if left alone, academic directors will "crawl into an ivory tower." He stressed the great difference between problem solving and academic research and the need to "pull the University back from theoretical work to practical work."

Responding to questions raised by Senator Hackney concerning the mining tax in Montana, Dr. Plunkett cited Butte, Montana as an example, advising that \$20 million in copper was mined from the area but none of the money remained instate and Montana is now faced with responsibility for rehabilitating Butte. He recommended that Alaska look seriously at a tax on coal, advising that it is a fundamental mistake to consider resources as income and spend such income. Such income is better invested in a trust fund with income from the fund to be used instate.

Dr. Plunkett recommended heavier funding of an Alaska energy institute than Montana received, advising that there is a relationship between an investment and the amount returned from it as well as the time involved. If Alaska is serious and wants to get its institute underway, in order to have a good performance the State is going to have to make a larger investment. Also, five years ago energy wasn't as serious a thing as it is now. A \$10 million investment in the Alaska institute is the kind of investment which makes sense in terms of production because it will produce results without waste.

Senator Kerttula asked if Montana Institutional expertise is exportable, and Dr. Plunkett stated that he would prefer to keep current personnel but would be willing to "loan" needed expertise.

Speaker Gardiner next appeared on behalf of the legislation, advising that funding such an institute in Alaska would "show the rest of the country what we are doing with our money, and that what we produce is beneficial to the rest of the country." He further advised that his staff went

SPEAKER
TERRY
GARDINER

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through the budget and located money "put into research without getting full benefit." He attested to need for an organization which is oriented toward producing results, advising that he doesn't believe the University is profit-oriented. He stated he would like to see the center established in Fairbanks because of research currently being conducted at the University, but he doesn't want the center "under the thumb of the University."

Senator Ray attested to the need for amending language as follows:

Page 1, Line 23

Change "finds" to "expects"

Page 2, Line 10

Should "efficient technologies" be changed to "energy technology?"

(Speaker Gardiner advised that the center would be interested in energy itself including such things as the barley project and would be involved in development of interrelated projects.)

Senator Ray questioned whether legislative representatives should be ex-officio members of the board or voting members. Mr. Gardiner advised of legal opinion that legislators cannot serve on governmental boards other than as ex-officio members.

Senator Ray further recommended that on Page 4, Line 15, the term "nationally recognized experts" be eliminated. Mr. Gardiner responded that in drafting the legislation it was felt that it would be of benefit to the state to have some prominent people on the board. Senator Ray advised that such wording is too restricting, stating that \$350 per day for board meeting attendance would not pay a recognized national expert. Senator Bennett agreed, advising that \$500 a day would be more appropriate.

Senator Kerttula, referring to Page 4, Line 10, concerning qualification of board members, attested to need for a majority of the board members to be residents rather than simply four of them. Senator Kerttula also agreed that the term "nationally recognized" is too restrictive, advising that the University of Washington has a number of qualified individuals in this area but because they do not teach at Harvard or MIT, they are not considered nationally known.

Senator Sumner stated that the bill appears to set up the organization but does not give it proper direction. He further attested to problems which evolve when such organizations become "think tanks" and nothing comes from

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them. He stated that the organization needs at least initial direction, advising he doesn't wish to witness a repeat of ARRC. Speaker Gardiner advised that the center would be subject to the Executive Budget Act which should keep it under control and permit it a specific amount of money to "do a specific project." If the center used its funding unwisely, project control could be exercised. Mr. Gardiner further advised that the House prepared a letter of intent to accompany the legislation as well as an extremely detailed three-page fiscal note.

Senator Ray attested to the need to amend Page 7, Line 20, substituting "may" for "shall."

Senator Hackney, referring to Page 7, Line 24, concerning research contracts with the University of Alaska, advised that it would appear the center would want to conduct research at the University in order to avoid duplication. Speaker Gardiner advised that work at the center would go beyond research and deal with commercialization of products which the University is not properly cut out to do. Senator Hackney advised he was having "problems getting passed the dual function." Mr. Gardiner advised that the University's basic function is to educate while the center would move toward production.

The Vice-Chairman advised that CSHB 687 would be returned to committee files for consideration at a later time.

Senator Ray moved that SB 582 (Act relating to the assessment, levy and collection of property taxes on transient aircraft) be brought up for discussion. He advised that currently such taxes are levied by the municipality, i.e. an aircraft in Fairbanks for a certain number of hours and in Nome for a certain number of hours owes taxes to the respective municipalities. Commercial airliners prefer to pay only one assessment through the Department of Revenue and allow Revenue to disburse such income to the municipalities. The bill would apply to aircraft in excess of 12,500 pounds.

SB 582

Senator Ray moved that the Judiciary Committee Substitute for SB 582 pass from committee with individual recommendations. No objection having been raised, CS for SB 582 passed from Senate Finance--Senators Sumner, Hackney, Bennett, Kerttula, SSB 582 and Hohman signing no recommendation, Senator Ray signing do pass. MOTION

Senator Ray next moved that CSHB 624am (Act relating to the royalty on natural resources of the state and the Alaska Royalty Oil and Gas Development Advisory Board) be brought up for discussion, advising that the bill transfers the

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Royalty Oil and Gas Advisory Board from Natural Resources to the Department of Commerce and Economic Development; the budget already includes funds for operation. The proposed Senate Finance Committee Substitute represents an agreement reached between the House and Senate.

Senator Sumner objected to the proposed Senate Finance Committee Substitute, advising "the Chairman needs to talk to me before he changes Resource bills."

Senator Ray drew committee attention to a major change effected by the proposed committee substitute which would allow that in the course of competitive bidding, the contract need not necessarily be given to the highest bidder. Award of the contract could take into consideration the ability of the bidder to return value to the state.

Senator Sumner requested that action on CSHB 624am and the proposed committee substitute be held for later consideration.

Senator Hohman moved that CSHB 670(Fin) (Act making appropriations to the Department of Labor, workmen's compensation division) be brought up for discussion, advising that the intent of the above bill was taken care of in FCCS for HB 60, and that a Finance Committee Substitute has been prepared which would use the subject bill as a vehicle for transferring authority over court system buildings and facilities to the supreme court.

CSHB 670
(Fin)

SCS

Senator Kerttula voiced opposition to the proposed committee substitute. Garrey Peska stated that request to take the bill up during the meeting had come from the Chairman himself at the request of Art Snowden. Senator Kerttula moved to return the bill to committee files. No objection to the motion having been voiced, the bill was returned to the file.

Senator Hackney moved that CSHB 778 (Act relating to the taxation of electric cooperatives) be brought up for discussion, distributing for committee review a fact sheet with figures relative to the legislation. Dave Hutchins appeared on behalf of the Alaska Rural Electric Cooperative Association, Inc., advising that the purpose of the bill is to equalize the tax burden on electrical cooperatives statewide. An imbalance has developed across the state and Adak now pays 10 times as much per kw hour as does the Chugach area.

CSHB 778

Senator Ray moved that CSHB 778 pass from committee with individual recommendations. The motion was later amended

MOTION
CSHB 778

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to do pass, and CSHB 778 passed from Senate Finance-- Senators Hohman, Sumner, Hackney, Bennett and Ray signing do pass, Senator Kerttula signing no recommendation.

Senator Sumner moved that SCR 68 (Approving the sale of royalty gas to the Municipality of Anchorage) be brought up for discussion, advising that statute requires legislative approval of such a sale of royalty gas to Anchorage, and the contract involves some urgency. SCR 68 would ratify and approve the contract.

SCR 68

Senator Kerttula asked if the sale of such royalty gas to Anchorage involves a subsidy, and Janis C. Williams, Assistant Attorney General, appearing on behalf of the Dept. of Law advised "there is none that I know of."

Although Senator Ray advised he was technically opposed to the Resolution, SCR 68 passed from Senate Finance with individual recommendations--Senators Sumner and Hackney signing do pass, Senators Hohman, Bennett, Kerttula, and Ray signing no recommendation.

MOTION
SCR 68

Senator Sumner moved that CSSSHB 878 (Act relating to fees for hunting musk oxen) be brought up for discussion, advising that Representative Phillip Guy was present to testify on the legislation. Mr. Guy advised that the intent of the legislation is to give the Dept. of Fish and Game the right to limit the musk oxen herd on Nelson Island to 167 animals since the island cannot support more than that number. The herd is also the only source of red meat for island residents, and the local people wish to be able to take a certain number of animals for subsistence. Nothing in the legislation would reduce taxes and fees to be paid for the taking of musk oxen by big game hunters.

CS
SSHB 878

Senator Sumner moved that CSSSHB 878 pass from committee with individual recommendations. No objection having been voiced, CSSSHB 878 passed from Senate Finance-- Senators Hackney, Bennett, Kerttula, and Ray signing no recommendation, Senators Hohman and Sumner signing do pass.

MOTION
CS
SSHB 878

At this time committee discussion reverted to CSHB 624am (Act relating to the royalty on natural resources of the State and the Alaska Royalty Oil and Gas Development Advisory Board). Senator Sumner proposed an amendment which would give instate refiners of royalty oil and gas as well as those who supply products to the state market an edge in the competitive bidding process.

CSHB 624am

(Chairman John Sackett arrived at the meeting at this time.)

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Discussion followed concerning wording relative to return of oil and gas products to the state at "the lowest" versus "lower" price. The committee did not wish to preclude the state from accepting the lowest price, but wished to allow the department to evaluate each contract in light of the best interest of the state. As an example, Senator Sumner cited an instance where a bidder offers \$20 per barrel for crude oil, while another offers a slightly lower price but agrees to return the processed product to the state for a lower price than the \$20 per barrel bidder. Lower product costs should be taken into consideration when awarding the contract.

Discussion ensued involving Larry Vavra who pointed out the differences in product cost which might result from return by an instate refiner versus an out-of-state refiner having a greater capacity and thus ability to return a lower cost finished product to the state.

Senator Ray advised that the controversy surrounding ability to use and refine and return products to the state and appropriate language detailing such circumstances should be worked on before further discussion of the legislation. Senator Sumner agreed to do so.

Chairman Sackett moved that SB 524 (An act allowing credits against fisheries taxes) be brought up for discussion. Because of conflicting committee meetings, however, time was not available for proper discussion, and the Chairman announced the bill would be again brought up at the next committee meeting.

SB 524

The meeting adjourned at approximately 3:10 p.m.

ADJOURN

SFC-80 #44, Side 2 (000-end)
#45, Side 1 (entire side)
Side 2 (000-113)

5/16/80

MINUTES
SENATE FINANCE COMMITTEE
May 20, 1980
1:10 p.m.

Chairman John Sackett convened the meeting at approximately 1:10 p.m. All committee members were present with the exception of Senator Sumner who arrived shortly after the meeting began. Also in attendance were Senators Fahrenkamp and Sturgulewski; Commissioner of Community & Regional Affairs Lee McAnerney; Palmer McCarter, Director of Government Assistance for C & RA; Larry Vavra, representing Union Oil Company; Rick Lauber, representing the Pacific Seafood Processors Association; Eugene Wiles, representing Alyeska Pipeline Service Company and Chevron U.S.A., Inc.; Sharon Macklin, representing United Fishermen of Alaska, Inc.; and Mary Halloran from Representative Bill Miles' office.

PRESENT

Senator Bennett moved that SB 213 (Act relating to labor relations between school boards and other public employers and their employees) be brought on for discussion, advising that the bill would allow non-certified help consideration under the school district collective bargaining process. Senator Kerttula raised questions concerning the \$59.0 fiscal note, and Senator Hackney, advising that HESS testimony indicated that many school districts in the state are currently bargaining with such individuals, questioned the advisability of having this function "forced" upon the districts. SB 213

Senator Bennett moved for passage of SB 213 with individual recommendations. Senator Ray objected. Upon a show of hands only Senators Bennett and Kerttula demonstrated willingness to pass the legislation. The motion thus failed and the bill was returned to committee files.

(Senator Sumner arrived at the meeting at this time)

The Chairman moved that SB 350 (Act relating to the responsibilities of executive departments of state government for certain state programs) be brought on for discussion, advising that Senator Sturgulewski was present to testify concerning the bill. Senator Sturgulewski distributed a proposed Finance Committee Substitute relating to the administrative branch of government and calling for increased coordination between various governmental SB 350

SENATOR
STURGULEWSKI

5/20/80

branches in the collection of data to be made available to both the legislature and the general public throughout the state. The Committee Substitute calls for DPDP to prepare a plan for coordination. This could be done by Executive Order, but since it has not been, there is need for legislation. Senator Sturgulewski stressed the need for information especially in rural areas, and need to stop informational duplication along department lines.

Responding to inquiries from Senator Hohman concerning origin of the bill, Senator Sturgulewski advised that it stemmed from a Local Government Study (a joint House and Senate study).

Senator Sturgulewski again advised that the bill is strictly confined to administrative departments. DPDP at one time began a coordination plan which was never implemented. The bill would require departments to move within set boundaries except that Fish and Game would be exempt from REAA boundaries for collection of data. The bill would also require DPDP to evaluate its progress by the end of the year and come back with recommendations to improve coordination.

Senator Hohman advised he would prefer not to see DPDP perform the work but have it done in various areas throughout the state. Senator Sturgulewski advised that the bill would not give the responsibility to DPDP but would put the burden of coordination upon that department.

Senator Hohman advised he would prefer "to take DPDP out entirely," and Senator Ray pointed to unrestricted requirements in the original bill.

Discussion ensued concerning requirements to begin data collection by July 1, 1981, (the year-long time span to provide "gearing-up" time) and filing for exemption periods. Senator Ray advised that if DPDP asks for an extension or an exemption, there is no purpose to the bill.

Senator Sturgulewski advised that she would be happy to make language changes to "toughen" the legislation. Senator Ray moved to hold SB 350 until a later meeting at which time Senator Sturgulewski is to provide language adopting "a harder line."

The Chairman next moved that SB 450 (Act making an appropriation to the Legislative Council for a study of local options for control of the Fairbanks International Airport) be brought up for discussion, advising that Senator Fahrenkamp was present to testify on the legislation and directing

SB 450

attention to the Community & Regional Affairs Committee Substitute for SB 450 (Act making a special appropriation to the Legislative Council for a study of options for local acquisition and ownership or management of the Fairbanks International Airport and the Anchorage International Airport).

Senator Fahrenkamp advised that the bill originated through efforts by Anchorage and Fairbanks to obtain control of their own airports. An audit of airport operations, financing, staffing, etc. has never been performed. Such a research audit, focused basically on financial areas was recommended by the Legislative Budget and Audit Committee several years ago.

SENATOR
FAHRENKAMP

The Chairman asked how the authors of the bill had come up with the \$150.0 figure requested in the C & RA committee substitute. Senator Fahrenkamp advised that study estimates from the Department of Community & Regional Affairs produced costs ranging from \$125.0 to \$150.0. The Senator advised she would be happy to provide a copy of the proposed study budget for committee review. Senator Fahrenkamp was permitted time to obtain and distribute the budget (copy of the budget attached to these minutes). In the meantime, Senator Hohman proposed the following amendment to the committee substitute:

AMENDMENT

Line 13, following the word Council insert:
"for funding the Senate Special Committee
on Transportation"

No objection to the above amendment having been voiced, it was adopted.

After review of the budget submitted by Senator Fahrenkamp Senator Hohman moved to amend the committee substitute further by increasing the appropriation from \$150.0 to \$175.0. No objection to the increased appropriation having been raised, it was accepted.

AMENDMENT

Senator Hohman then moved that the C & RA CS for SB 450 pass from Senate Finance with individual recommendations. The motion was later amended to do pass, and CSSB 450 passed from committee--all seven committee members signing do pass.

MOTION
CSSB 450
w/AMEND.

The Chairman next moved that SB 524 (Act allowing credits against fisheries taxes) be brought on for discussion and Sharon Macklin and Rick Lauber appeared to testify on the bill. Mrs. Macklin advised that the legislation represents one area where fish processors and fishermen have been able to agree on a program of benefit to the State of Alaska. She spoke to existing tax credits and the need

SB 524

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to apply such credits against the tax in order to assist the troubled fishing industry. Rick Lauber advised that such action would provide economic relief to industry problems brought on by a limited market. The fishing industry does not have the money to come up with a proper program in time. Mr. Lauber advised that he didn't believe a loan program would be feasible since relief is needed immediately.

Senator Ray advised of his concern that other commercial areas would come to the state claiming the same advantage afforded fisheries (the oil industry, tourism, etc.).

Mr. Lauber advised that at the present time the industry has spent substantial amounts of money on marketing, but such expenditures are not enough. Last year the Legislature increased taxes on the fisheries industry by 300% in some areas. There are other approaches to assistance the Legislature could take, but if the industry is to have immediate relief, SB 524 would provide it.

Senator Ray attested to recognition of the problem but advised that SB 524 does not appear to be the proper vehicle.

Senator Sumner voiced objection to the legislation, labeling it a "backdoor approach for appropriating out of the general fund; others come to the legislature and ask for what they want; lots of other industries in the state need help." He advised he would have to amend the bill substantially to include other industries, labeling the present legislation "selective industry legislation."

Mr. Lauber advised that two years ago some businesses received tax relief when the gross business tax was repealed. Seafood processors did not get this benefit, and the following year taxes were increased. Mr. Lauber countered Senator Sumner's above statement regarding selective legislation, advising "we know what it is for the legislature to be selective in its taxation." He advised that while seafood processors did not pay the gross business tax, they do pay a raw fish tax. Last year the industry had a big year, but some processors lost money and still paid a large fish tax. The processing industry has always paid substantially more than the gross business tax.

Senator Kerttula advised of need to have Senate President Tillion testify on the legislation, and moved that SB 524 be returned to committee files for later consideration.

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Senator Hackney moved that SB 463 (Act relating to tariffs for the transportation of agricultural products) be brought on for discussion, advising that the bill would add motor vehicles transporting dairy and agricultural products to tariff exempt vehicles such as postal vehicles. Presently all agricultural states exempt such vehicles. SB 463

Senator Ray moved to hold the bill in committee, stating that should dairy and agricultural vehicles be exempted, it would then be necessary to exempt vehicles transporting other products such as fish, construction materials, etc.

The Chairman moved that SCR 66 (Directing the Alaska Legislative Council to revise AS 29 (Municipal Government)) be brought up for consideration, advising that Senator Sturgulewski was present to discuss the bill. Senator Sturgulewski advised that the resolution had made it to the Senate floor before it was noted it needed Finance Committee referral because of its fiscal note. The resolution directs the Legislative Council to revise AS 29 according to geographic amendment. It calls for a 12-member advisory group but the actual number of people would depend on funding (the group could consist of more than 12). SCR 66

Senator Ray moved that SCR 66 be held in committee pending further discussion at the next meeting.

Committee consideration reverted to CSHB 624am (Act relating to the royalty on natural resources of the state and the Alaska Royalty Oil and Gas Development Advisory Board), a bill discussed at some length at a prior committee meeting. Senator Sumner distributed a packet of amendments to be attached to the Senate Finance Committee Substitute version of the bill, and Mary Halloran conducted a section by section "rundown" of the committee substitute and amendments. CSHB 624am SCS

Discussion ensued between Senators Ray and Sumner concerning instate and out-of-state processing of royalty oil and gas and the price of refined products returning to state. Senator Sumner stressed need to give priority to those able to return processed products to the state at a lower price, and Senator Ray objected to use of the term "price benefits," advising that it is "too loose."

As an example of price benefit considerations, Senator Sumner stated that the problem with potential coal markets is the fact that it is not economical to ship the coal at this time. Arrangements could be made for royalty considerations which would include taking the coal. This would help the coal market become more competitive. He added "it is these considerations in addition to the dollars that we are trying to get."

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Senator Kerttula advised that it is easier to measure the dollars, however, he added that alternative industry incentive would have his support if provisions for it could be understandably worded.

Mary Halloran advised that the committee substitute with amendments attempts to cover three groups:

- (1) Those refining oil and gas instate for sale outside
- (2) Those refining instate for sale instate
- (3) Those refining outside for sale instate.

Senator Sumner raised questions concerning possible violation of federal law through use of the term "lowest price," and agreed to a need to tie down a definition of "price benefits." He moved that a new Senate Finance Committee Substitute incorporating the amendment packet be prepared for committee review at a subsequent meeting.

He advised that the legislature still needs to ratify the royalty oil and gas contracts. The proposed Finance Committee Substitute for CSHB 624 would attempt to amend the statute. The legislature should be advised of the fact that if it continues to ratify by resolution, it will appear that the legislature agrees with the Governor's position that the legislature no longer has any say concerning these contracts.

The meeting adjourned at approximately 2:35 p.m.

ADJOURN

SB 450
Budget
Jan. Fahrenkamp.

PROPOSED BUDGET

Airport Transfer Study

Purpose: To investigate the advisability of transferring from state ownership to local ownership the Anchorage and Fairbanks International Airports.

Contractual

ATC - Airport Options	\$ 50,000	
Price Waterhouse	50,000	
Transportation Consultant	<u>15,000</u>	
		\$115,000

Office

Rent (6 months at \$400/mo)	\$ 2,400	
Furnishings (supplied)	---	
Supplies (6 months at \$150/mo)	950	
Telephone (6 months at \$150/mo)		
Juneau	900	
Fairbanks	<u>900</u>	
		\$ 5,150

Staff

1 AA at \$2,400/mo for 5 months	\$ 14,880	
1 researcher at \$2,000 for 5 mo.	12,400	
1 sect., part time for 6 months at \$9.20/hr, 30 weeks	<u>6,790</u>	
		\$ 34,070

Travel and per diem

Travel-		
Juneau-Fairbanks (5)	\$1,500	
Juneau-Anchorage (2)	500	
Fairbanks-Juneau (4)	1,200	
Fairbanks-Anchorage (10)	<u>1,500</u>	
		\$ 4,700
Per diem-		
Fairbanks, Anchorage (\$60)	3,600	
Juneau (\$67)	938	
Fairbanks (\$50)	<u>2,250</u>	
		\$ 6,788
		\$ 11,488

Public Hearing expenses

Minimum of 4 hearings--2 in early summer; 2 after receipt of report

Meeting rooms, expecting 200 or so to testify.	\$ 1,500	
Hearing notification, publicity	1,000	
Witness fees	1,000	
Legal fees	<u>500</u>	
		\$ 4,000

Miscellaneous or unanticipated expenses

\$ 5,292

TOTAL BUDGET

-378-

\$175,000

MINUTES
SENATE FINANCE COMMITTEE
May 23, 1980
1:10 p.m.

Chairman Sackett called the meeting to order at 1:10 p.m. and turned the Chair over to Vice-Chairman Hohman. All other members were present. Also in attendance were Senators Tillion and Sturgulewski; Special Assistant to Commissioner of Natural Resources Kay Brown; Deputy Commissioner of Natural Resources Geoff Haynes; Administrative Assistant to Senator Rodey, Jim Kelly; Deputy Administrative Director of the Judicial Branch Richard Barrier; and representatives from the press Joe LaRocca.

ATTENDANCE

The first order of business was consideration of SENATE BILL NO. 524 (An Act allowing credits against fisheries taxes). Vice-Chairman Hohman stated that the intent was to defer discussion of this bill until a later time. There being no objection, the bill was returned to the file.

SB 524

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 624 am (An Act relating to the royalty on natural resources of the state and the Alaska Royalty Oil and Gas Development Advisory Board) was next considered.

CSHB 624 am

Senator Sumner stated that he had a Senate Committee Substitute coming that would be almost identical to the bill passed from the Senate Resources Committee. Senator Kerttula asked about the out-of-state provisions and Senator Sumner responded that the incentive amendments had been included. Vice-Chairman Hohman asked Kay Brown, Special Assistant to the Commissioner of Natural Resources, and Jeff Haynes, Deputy Commissioner of Natural Resources to come forward to testify.

SCS CSHB
624 (Fin)

Ms. Brown stated that she had not had a chance to review the new committee substitute, and added that the Commissioner would prefer the House version. Senator Sumner stated that he felt that was so because the House version gives the Commissioner more authority.

Chairman Sackett returned to the meeting at 1:25 p.m.

Senator Ray moved and asked unanimous consent that the following amendment be made to the Senate Committee Substitute on page 3, line 19: After "best" and before "price" add "competitive". There being no objection, it was so ordered.

AMEND
SCS CSHB
624 (Fin)

5/23/80

Senator Sumner moved and asked unanimous consent that SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 624 (Finance) be moved from committee with individual recommendations. There being no objection, it was so ordered. The committee report was signed as follows: Senators Sumner and Sackett signed "do pass", and Senators Ray, Hohman, Bennett and Hackney signed "no recommendation". Senator Kerttula signed "do not pass".

MOTION
SCS CSHB
624 (Fin)

SENATE BILL NO. 463 (An Act relating to tariffs for the transportation of agricultural products) was next considered. Senator Sumner stated that motor vehicles transporting ranch, farm, or dairy products had been added to the list of those exempt from tariffs. Senator Sumner moved and asked unanimous consent that the bill be moved from committee with individual recommendations. Senator Ray objected then withdrew his objection. There being no other objection, it was so ordered. The committee report was signed as follows: Senators Sackett, Kerttula, Bennett and Hackney signed "do pass", and Senators Hohman, Ray and Sumner signed "no recommendation".

SB 463

MOTION
SB 463

Consideration of COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 217 (Finance) (An Act making supplemental appropriation to the Department of Environmental Conservation) was taken up next. Chairman Sackett referred the committee to the proposed SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 217 (An Act making an appropriation to the Department of Public Safety for emergency medical services; effective date), and stated that since there were problems with a Senate bill having to do with statewide medical services, this bill was being used as a second attempt vehicle. He stated that the money amount would remain the same.

CSHB 217
(Fin)

SCS CSHB
217 (Fin)

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

MOTION
SCS CSHB
217 (Fin)

Consideration of SENATE CONCURRENT RESOLUTION NO. 66 (Directing the Alaska Legislative Council to revise AS 29 - Municipal Government) was taken up.

SCR 66

Senator Sumner referred the committee to the proposed amendment in the file. Chairman Sackett requested that Senator Sturgulewski come forward to testify on the amendment. Senator Sturgulewski stated that the amendment would basically establish the Policy Advisory Group, whose members would be representatives of the concerned public from all areas of the state. Discussion ensued on what would be the proper language, and on how the selections for the Advisory

CSSCR 66

5/23/80

Group would be made. After all changes had been made, Chairman Sackett moved that the committee adopt the amendment. There being no objection, it was so ordered. The amendment is as follows:

AMENDMENT
CSSCR 66

Beginning on Line 21, page 1 and continuing on through Line 8, page 2: Delete existing language and insert:

BE IT RESOLVED by the Alaska State Legislature that under the provisions of AS 24.20.090 and Uniform Rule 48 (c) the Alaska Legislative Council is directed to prepare a revision of Title 29 of the Alaska Statute (Municipal Government) by directing the legal services division of the Legislative Affairs Agency to prepare the revision with the assistance of a policy advisory group representative of the concerned public from all areas of the state and a group of persons experienced in the application of AS 29, and soliciting the advice of the Alaska Code Revision Commission; and be it

FURTHER RESOLVED that the policy advisory group consist of two members of each House of the Legislature appointed by the presiding officer. Public members of the Policy Advisory Group shall be selected by the presiding officers of each house from persons recommended by legislative members, by the Department of Community and Regional Affairs, the Alaska Municipal League, the Rural Alaska Community Action Program, Incorporated, Department of Law, and by the legal services division; and be it

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

MOTION
CSSCR 66

The next order of business was consideration of SENATE BILL NO. 324 (An Act amending the formula for property tax equivalency payments for senior citizens; and providing for an effective date). Senator Bennett stated that the bill would double the payments to program receipts for approximately 1050 older Alaskans, and removes the \$375 limit for each payment. He stated that Mr. Jim Kelly, Administrative Assistant to Senator Rodey was present to testify.

SB 324

Mr. Kelly stated that the bill would change the statute on property tax exemption for senior citizens, and would effectively double the amount that the renter would get as a property tax equivalency payment.

5/23/80

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

MOTION
SB 324

HOUSE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 383 (Rules) (An Act making a special appropriation to the New Capital Site Planning Commission; and providing for an effective date) was next considered.

HCS CSSB
383 (Rules)

Chairman Sackett stated that the Senate Finance Committee had an obligation to return the bill to the floor and asked if any member had questions. Senator Ray stated that he did not feel the content of the bill was germane to that of the original bill and moved that the committee report not reflect passage of the bill, but rather would reflect the committee's concurrence or non-concurrence on the issue of "germaneness". Senator Sumner objected. Chairman Sackett asked for a show of hands on the motion. Senators Ray, Bennett, Hackney and Chairman Sackett were in favor of the motion. Senators Kerttula and Hohman were momentarily absent. The motion passed. The committee report was signed as follows: Senators Hackney, Ray, Bennett, Hohman and Chairman Sackett concurred with the motion. Senators Kerttula and Sumner did not concur with the motion. A letter to the Senate President accompanying the committee report is appended to the end of these minutes.

MOTION
HCS CSSB
383 (Rules)

The committee next considered SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 670 (An Act vesting authority over court buildings and facilities in the supreme court). Deputy Administrative Director of the Judicial Branch Richard Barrier came forward with testimony. He stated that the bill would allow the Supreme Court to be directly responsible for all planning, design, construction, maintenance, occupancy and operation of all buildings and facilities of the state court system, rather than the Department of Transportation and Public Facilities. He added that past experience has shown that projects directed by DOTPF have many times been late or unsatisfactory either in terms of workmanship or cost. He said that if the bill is passed, projects would otherwise continue to be bid as they presently are under state statute. It was his feeling that if they had control over their own projects and only dealt with a few at a time, their success rate would be much higher. He concluded by saying that this change would not require the court system to add project engineers or architects to their staff.

SCS CSHB
670

5/23/80

Senator Bennett requested that the committee also hear from Commissioner of DOTPF, Robert W. Ward. Chairman Sackett stated that the bill would be returned to the file and brought up at a later time when Commissioner Ward could be present. He also requested that a Committee Substitute be drafted allowing the court system to use time until June 30, 1982 to experiment with this new process. There being no objection, it was so ordered and the bill was returned to the file.

RET'D TO
FILES
SCS CSHB
670

The meeting adjourned at 2:00 p.m.

TAPE # 46, Side 2 (000 - end)
TAPE # 47, Side 1 (000 - 383)

5/23/80

MINUTES
SENATE FINANCE COMMITTEE
May 24, 1980
1:15 p.m.

Chairman Sackett called the meeting to order at 1:15 p.m. All members were present. Also in attendance were Thomas K. Williams, Commissioner of Department of Revenue; Ms. Cindy Whalin, Staff Assistant to Representative Meekins; George Mundell of the Office of Alcoholism and Drug Abuse; Rob Kocsis, Administrative Assistant to Senator Hohman; Representative Brian Rogers; Garrey Peska, Administrative Assistant to Senate Finance; and representatives from the press including Joe LaRocca.

ATTENDANCE

HOUSE BILL NO. 904 (An Act relating to the auditing of oil and gas royalty and net profits payments and reports) was considered next. Senator Kerttula stated that Thomas K. Williams, the Commissioner of the Department of Revenue, was present to speak on that the auditing function had been transferred from the Department of Natural Resources to the Department of Revenue by the Budget and Audit Committee in 1972, but that over the years, there had been a stumbling block with the transfer because of the confidentiality provisions of documents in the Department of Revenue. This bill would deal with that problem and would allow the Department of Revenue to share information with DNR in a meaningful way so that they can administer the leases. He added that there was a revised fiscal note to accompany the bill. HB 904

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

MOTION
HB 904

Next considered was COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 220 am (An Act relating to compensation for certain state officers and employees; effective date). It was established that SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 220 (An Act extending the time in which the 1979 permanent fund dividend must be claimed; effective date) was the version the committee would consider. Chairman Sackett asked Commissioner of Revenue Thomas K. Williams, to comment. Commissioner Williams stated that the version was prepared partly because of Revenue requirements, but that also hearings had been held across the state. He said that the people in places like Nome and Kotzebue leave in June and don't return home until October, so would miss the September 1 application deadline for the permanent fund dividends. The bill would extend the application period to November 15, 1980. He

CSHB 220 am

SCS CSHB 220

5/24/80

added that this would not change the department requirement to process the applications as soon as they come in, but that it would definitely help the intended beneficiaries.

Senator Kerttula moved and asked unanimous consent that the bill be moved from committee with a "do pass" recommendation. There being no objection, it was so ordered, and all members signed the committee report "do pass".

MOTION
SCSCSHB 220

Senator Hohman moved and asked unanimous consent that HOUSE JOINT RESOLUTION NO. 80 (Proposing an amendment to the Constitution of the State of Alaska relating to joint budget revision power of interim committees of the legislature) be considered at that time. There being no objection, it was so ordered. Senator Hohman requested that the Director of Legislative Finance, Jay Hogan speak on the intent of the bill. Mr. Hogan stated that the resolution was almost word for word the same as the amendment on the ballot two years ago. Discussion ensued. Senator Hohman moved and asked unanimous consent that the bill be moved from committee with a "do pass" recommendation. There being no objection, it was so ordered and all members signed the committee report "do pass".

HJR 80

MOTION
HJR 80

Next considered was COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 830 (Fin) am (An Act relating to alcohol and drug abuse; combining and changing the membership of the advisory boards on alcoholism and drug abuse; changing the responsibilities of the office of alcoholism; amending the alcoholism grant-in-aid program; and repealing a requirement for mandatory discharge of an alcoholic from involuntary commitment; effective date). Staff Assistant to Representative Meekins, Cindy Whalin and George Mundell of the Office of Alcoholism and drug abuse were present to testify. Ms. Whalin stated that the bill would amend the grant statute for programs requiring 75-25 to 90-10. It would also give the state office the ability to waive the match requirement if need be, and would create a combined advisory board for alcoholism and drug abuse. Chairman Sackett stated that he would like Senator Ray to be present before any action was taken on the bill, and stated that the bill would be returned to the file until the next meeting. The bill was returned to the file.

CSHB 830
(Fin) am

CSHB 830
(Fin) am
RET'D TO FILE

Senator Hohman moved and asked unanimous consent that HOUSE BILL NO. 18 (An Act increasing the benefits being paid under the territorial public employees' retirement system) be taken up at this time. There being no objection, it was so ordered. Senator Hohman asked that his Administrative Assistant Rob Kocsis present SENATE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 18 (An Act relating to retirement; effective date) to the committee. Chairman Sackett asked if there was a fiscal note

HB 18

SCSHB 18

5/24/80

to accompany the new version. Mr. Kocsis stated that it had not been prepared yet. Chairman Sackett stated that the bill would be returned to the file until a fiscal note was prepared. The bill was returned to the file.

SCSHB 18
RET'D TO FILE

Chairman Sackett stated that the committee had received the bond issue bills and that he would like to go through them and taken them up all at once in committee early in the week.

BOND BILLS

COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 557 (An Act relating to scheduling oil and gas lease sales) was brought before the committee. Action was deferred until representatives from the Department of Natural Resources and from Representative Miles' office could be present. The bill was returned to the file.

CSSSHB 557

RET'D TO FILE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 644 am (An Act creating the Alaska Statehood Commission) was next considered. Chairman Sackett requested that Representative Rogers testify on the bill. Representative Rogers stated that the bill deals with the goals of the people of Alaska in self-government, and that it was identical to a bill introduced in the Senate with the exception of one amendment on page 9, lines 22 and 23. He said that over the years there have been a number of incursions, mostly in the commerce area, having to do with the right to manage our own resource wealth for the state. He felt that the Alaska Statehood Commission would be a good response to these kinds of incursions. The Commission would be a two-year one, and had been modeled after successful similar commissions in other states. The attorneys for the State on D-2 had stated that they believe the Alaska Statehood Act is a very powerful Act that could be utilized in a much broader manner than it has been. He added that other issues such as a constitutional convention could be pursued by the Commission. Alaska should be ready to protect her interests in the event a convention takes place. Senator Sumner asked what the commission would do of substance. Representative Rogers responded that for example, some serious legal work on the Alaska Statehood Act would be done, and that in the event Alaska's money were at stake the commission would act as a response team, advising the people of the state through the media. Further discussion and questioning ensued concerning the selection process for members of the commission.

CSHB 644 am

Senator Hohman stated that he felt the Legislature should have more authority in the appointment process, and that the Legislative Council appeared to be the logical place rather than the Supreme Court. Senator Kerttula moved and asked unanimous consent that the following changes be made to the bill in the form of a Committee Substitute:

MOTION
CSHB 644 am

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Page 2, Lines 10 and 11: After "governor;" delete "one shall be appointed by the chief justice of the supreme court;" and insert instead "two members shall be appointed by the chairman of the legislative council;"

Page 2, Lines 12 and 13: After "legislature" on line 12, delete "one shall be appointed by the lieutenant governor;"

There being no objection, it was so ordered.

Senator Kerttula moved and asked unanimous consent that the bill be moved from committee as a Finance Committee Substitute with individual recommendations. There being no objection, it was so ordered. The committee report was signed as follows: All members signed "do pass".

MOTION
CSHB 644 am

HOUSE BILL NO. 945 (An Act relating to interest rates on general obligation bonds) was taken up for consideration. Chairman Sackett stated that the bill would just increase the rate from 8% to 10% and also referred the committee to a letter from the Governor in the file. He added that the legislation was necessary in order for the bonds to be sold successfully. Senator Sumner moved and asked unanimous consent that the bill be moved from committee with individual recommendations. There being no objection, it was so ordered. The committee report was signed as follows: Senators Hackney, Sumner and Chairman Sackett signed "do pass", Senators Hohman and Bennett signed "no recommendation" and Senator Kerttula signed "do not pass".

HB 945

MOTION
HB 945

HOUSE BILL NO. 957 (An Act relating to the capital improvement program and budget recommendations under the Executive Budget Act) was taken up for consideration. Senator Hohman asked Jay Hogan, Director of Legislative Finance, to speak on the bill. Mr. Hogan stated that it would add the capital improvement section to the Executive Budget Act. He said that there have been many incidents where projects have ended up costing much more than the original estimate; this bill would provide for better project plans to be put before the legislature in the future. Senator Kerttula said that he was not convinced that would happen. Senator Hohman moved and asked unanimous consent that the bill be moved from committee with individual recommendations. There being no objection, it was so ordered. The committee report was signed as follows: Senators Hohman, Hackney and Chairman Sackett signed "do pass" and Senators Kerttula, Bennett and Sumner signed "no recommendation".

HB 957

MOTION
HB 957

The meeting adjourned at 2:00 p.m.

ADJOURNMENT

MINUTES
SENATE FINANCE COMMITTEE
May 26, 1980
1:40 p.m.

Chairman Sackett called the meeting to order at 1:40 p.m. All members were present. Also in attendance were Representative Gardiner; Rob Kocsis, Administrative Assistant to Senator Hohman; Kay Brown, Special Assistant to the Commissioner of Department of Natural Resources; Mary Halloran, Administrative Assistant to Representative Miles; Joe McGill, Department of Education Community Schools Office; Rick Barrier, Administrative Director of the Judicial Branch; Representative Russ Meekins; George Mundell of the Office of Alcoholism; John Sund, Administrative Assistant to Representative Gardiner; Phil Daniels, representing the United Fishermen of Alaska; Gordon Stockdale, Administrative Assistant to Representative Duncan; and representative of the press, Joe LaRocca.

ATTENDANCE

Chairman Sackett advised that the first bill up for consideration was COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 192 (Fin) amended (An Act providing for equalization of the tax resources of municipalities, continuing a portion of the program of state aid for municipal purposes, and providing for minimum entitlements; effective date). It was established that the most recent version, SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 192 (Finance) (An Act relating to programs of state aid to municipalities and other recipients; providing for equalization of the tax resources of municipalities, continuing a portion of the program of state aid for municipal purposes, providing for minimum payments, and directing state agencies to examine and recommend changes in programs of state assistance; amending the program of fisheries tax refunds to municipalities; and providing for an effective date) was under consideration by the committee at that time. Chairman Sackett requested that Representative Gardiner present testimony to the committee.

CSHB 192
(Fin am)

SCS CSHB
192 (Fin)

Representative Gardiner stated that the intent of the bill was to modernize revenue sharing. They had devised a new formula that instead of just using per-capita distribution, would take into account the population of the community, the wealth of the community by looking at all the tax revenues it receives, and its property tax base relative to other communities. The idea was to more equitably distribute the revenue sharing money going to the communities. He said that for example, some communities just don't have a tax base, so even though they tax

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themselves very heavily, they can't raise much money. He said that some of the existing programs for revenue sharing would be retained - like roads, volunteer fire departments and health care provisions under the revenue sharing formula. But the basic categorical for fire and police, etc., would be replaced with a new formula. He said that one other section was added creating a new program called "minimum entitlements". \$25.0 plus the cost of living differential would be given to any community. The reason for this was that there are a lot of very small communities that just don't qualify and that presently can only get something like \$6.0 or \$8.0. He concluded with a statement on how the language was handled so that no one would get less money than they had received in the past. He said the level of funding in the House version was increased to \$31 million so that in essence, almost all communities would get more than they are presently getting, and some would get larger increases than others due to the implementation of the formula. He said that there was a five year "grandfather clause" to insure that no one would be receiving less money.

Discussion and questioning ensued on the new formula and the tax base, etc. Senator Ray moved and asked unanimous consent that Section 29.05.030 be removed from the committee substitute. He said that leaving it in would unbalance the pro-rata part of the formula that had been devised. There being no objection, it was so ordered. Senator Ray moved and asked unanimous consent that the Senate Committee Substitute be moved from committee with individual recommendations. There being no objection, it was so ordered. The committee report was signed as follows: Senator Ray and Chairman Sackett signed "do pass" and Senators Sumner, Hackney, Bennett and Kerttula signed "no recommendation".

MOTION
SCS CSHB
192 (Fin)

The committee next considered COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 687 (An Act establishing the Alaska Energy Center, amending the Science and Technology Act, and adding fiscal provisions relating to appropriations for the work of the Alaska Energy Center; effective date).

CSHB 687

Senator Bennett moved and asked unanimous consent that the following amendment be adopted:

Page 7, Between Lines 17 and 18: Insert the following:
Sec. 45.89.155. PRINCIPAL OFFICE. The principal office of the center shall be located in Fairbanks. The board shall authorize the establishment of other offices of the center in other areas of the state as appropriate to its activities.

AMENDMENT
CSHB 687

There being no objection, it was so ordered.

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Senator Kerttula moved and asked unanimous consent that the following amendment be adopted:

Page 4, Lines 10 through 16: Delete existing material: and replace with the following:

Sec. 45.89.070. QUALIFICATIONS OF BOARD MEMBERS. (a) at least four of the board members appointed under AS 45.89.040 (a)(1) shall be residents of the state. (b) at least three of the board members appointed under AS 45.89.040(a)(1) shall have professional recognition, based on experience and achievement in their profession and in the society, in energy technology or development; business formation and management; or development and marketing of resources or products.

AMENDMENT
CSHB 687

There being no objection, it was so ordered.

Chairman Sackett moved that a new fiscal note be prepared to accompany the bill for \$6 million. There being no objection, it was so ordered.

FISCAL NOTE
CSHB 687

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

MOTION
CSHB 687

Rob Kocsis, Administrative Assistant to Senator Hohman, stated that a new fiscal note would appear with the final version of HOUSE BILL NO. 18 (An Act increasing the benefits being paid under the territorial public employees' retirement system). It was decided to hold the bill until the fiscal note was prepared. The bill was returned to the file.

HB 18

Consideration of COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 529 (An Act relating to fish disease control and the cost of fish inspections) was taken up. Senator Kerttula moved and asked unanimous consent that the bill be moved from committee with individual recommendations. There being no objection, it was so ordered. The committee report was signed as follows: Senators Bennett, Hackney and Chairman Sackett signed "do pass", and Senators Hohman, Ray, Kerttula and Sumner signed "no recommendation".

CSHB 529

MOTION
CSHB 529

COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 557 (An Act relating to scheduling oil and gas lease sales; effective date) was taken up. It was established that the committee would consider SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 557 (An Act relating to scheduling oil and gas lease sales; effective date).

CSSSHB 557

SCSCSSHB
557

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Kay Brown, Special Assistant to the Commissioner of the Department of Natural Resources, stated that the department supported this most recent version. Mary Halloran, Administrative Assistant to Representative Miles, stated that the Finance Committee Substitute and the version that came out of the House were essentially the same, and pointed to a recommended amendment by Senator Sturgulewski. Senator Sumner moved and asked unanimous consent that the following amendment be adopted:

Page 1, line 27 through page 2, line 2: Delete underlined portion and insert the following:

A lease sale shall be held in the calendar quarter for which it is scheduled in the proposed oil and gas leasing program but may be delayed by the commissioner for not more than 90 days if the commissioner determines that a delay is in the best interest of the state. A lease sale which is not held as scheduled in the oil and gas leasing program, or in the following 90 day period for a delay authorized by this subsection, may be held only if rescheduled in a proposed leasing program submitted to the legislature as provided in (b) of this section. A lease sale may not be held before the date it is scheduled in the proposed oil and gas leasing program.

Senator Kerttula objected, then withdrew his objection. There being no further objection, it was so ordered.

AMENDMENT
SCSCSSSHB 557

Senator Ray moved and asked unanimous consent that the bill be moved from committee with individual recommendations. There being no objection, it was so ordered. The committee report was signed as follows: Senator Sumner and Chairman Sackett signed "do pass", Senators Hohman, Bennett and Hackney signed "no recommendation", and Senators Ray and Kerttula signed "do not pass".

MOTION
SCSCSSSHB 557

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 629 (An Act relating to community schools; and providing for an effective date) was taken up for consideration. The version under consideration at that time was SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 629 (Same Title). Mr. Joe McGill of the Community Schools Office in the Department of Education, stated that the reason for the change was that financial support had been dramatically increased. Senator Ray was concerned that some districts would not be getting less than they had received in previous years. Mr. McGill stated that intent on the "grandfather clause" would have to be included. Senator Ray moved and asked unanimous consent that the following language be inserted in the bill:

CSHB 629

SCSCSHB 629

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"Notwithstanding the provisions of this Act, the level of State support to school districts in FY 1981 shall not be less than it was to those school districts in FY 1980."

AMENDMENT
SCSCSHB 629

There being no objection, it was so ordered.

Chairman Sackett moved to add a new fiscal note for \$1,204.0 to accompany the letter of intent. There being no objection, it was so ordered.

FISCAL NOTE
SCSCSHB 629

Senator Ray moved and asked unanimous consent that the amended Senate Finance Committee Substitute, along with the new fiscal note and Letter of Intent, be moved from committee with individual recommendations. There being no objection, it was so ordered. The committee report was signed as follows: Senators Hohman, Ray, Kerttula, Hackney and Chairman Sackett signed "do pass", and Senators Bennett and Sumner signed "no recommendation".

MOTION
SCSCSHB 629

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 670 (Finance) (An Act making appropriations to the Department of Labor, Workmen's Compensation Division; effective date) was taken up. There was a new version, SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 670 (An Act vesting authority over court buildings and facilities in the supreme court) that the committee considered at this time. Senator Kerttula stated that apparently the problem had been that the Division of Buildings was just not providing services quickly enough. Senator Ray made the comment that even though they may be slower at times, their work might be better. Senator Hackney requested that Commissioner Ward be present to testify. He expressed the concern that next year more agencies may be making the same request. Mr. Rick Barrier, Administrative Director of the Judicial Branch, commented that the court system is already independent in almost all other respects. Senator Kerttula moved that the bill be held until Commissioner Ward could be present to testify. Chairman Sackett concurred. There being no objection, it was so ordered, and the bill was returned to the file.

CSHB 670 (Fin)

RET'D TO FILE
SCSCSHB 670

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 830 (Fin) am (An Act relating to alcohol and drug abuse; combining and changing the membership of the advisory boards on alcoholism and drug abuse; changing the responsibilities of the office of alcoholism; amending the alcoholism grant-in-aid program; and repealing a requirement for mandatory discharge of an alcoholic from involuntary commitment; effective date) was taken up for consideration. Representative Meekins came forward with testimony, and stated that the most important part of the bill is the part allowing the grant-in-aid statute. He said that the match had been changed to 90-10, and it would

CSHB 830
(Fin) am

5/26/80

be important for some rural areas to waive the match requirement as it would be virtually impossible for some villages to come up with even a 10% match. The department could require the match if its available, but not if it isn't. He added that there is a provision in the bill to combine the alcoholism and drug abuse efforts. It was his feeling that this would be a good measure as there is a tendency for dual addiction. He said that places like Akila House (drugs) and the Salvation Army (alcohol) could combine to do a much better job. He added that this action would be in keeping with nationwide trends. Mr. George Mundell of the Office of Alcoholism came forward and presented to the committee suggested amendments to the bill. Discussion and questioning followed on the amendments and on the concept of either combining or keeping separate alcohol and drug related programs in the State. Senator Ray moved and asked unanimous consent that the following amendments be adopted:

1. Page 1, lines 15 through 29, and page 2, lines 1 through 5:
Delete Section 1
2. Page 2, line 14; page 3, lines 2 and 3; page 4, lines 2 and 4; and page 10, lines 15 and 18:
Change "Advisory" to "Review"
3. Page 4, lines 9 and 10:
Delete: "a member of the Alcoholic Beverage Control Board selected by its members and 12"
4. Page 4, line 10:
Before "[NINE]" insert "13", and after "governor" insert "
", and confirmed by the legislature."

There being no objection, it was so ordered.

AMENDMENT
CSHB 830
(Fin) am

Senator Ray moved and asked unanimous consent that the bill as amended be moved from committee with individual recommendations. There being no objection, it was so ordered. The committee report was signed as follows: Chairman Sackett signed "do pass" and Senators Ray, Kerttula and Sumner signed "no recommendation". Senator Hackney signed "no wreck", and Senator Bennett signed "do not pass".

MOTION
CSHB 830
(Fin) am

HOUSE BILL NO. 432 (An Act directing the director of the division of lands to convey land to Hope Cottages, Inc.; and providing for an effective date) was taken up for consideration at this

HB 432

5/26/80

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

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 969 (Finance) amended (An Act relating to salmon fisheries enhancement; effective date) was taken up for consideration. John Sund, Administrative Assistant to Representative Gardiner; and Phil Daniels, representing the United Fishermen of Alaska, came forward with testimony. Mr. Sund passed out several proposed amendments to the bill. Discussion and questioning followed. Senator Ray moved and asked unanimous consent that the following amendments be adopted:

CSHB 969
(Fin) am

Page 3, Line 24: Delete "the form of"

Page 3, Line 26: Delete "the form of"

There being no objection, it was so ordered.

AMENDMENT
CSHB 969
(Fin) am

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

MOTION
CSHB 969
(Fin) am

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 970 (Finance) (An Act making a special appropriation for regional aquaculture associations, effective date) was taken up for consideration. Chairman Sackett asked Mr. Sund how they had come up with the request figures. Mr. Daniels said that it would be a grant rather than a loan, and if they lose in court, the funding would keep them in business long enough for a new assessment to take place. If the funding wasn't provided, he said that these people would "disappear from the face of the earth". Further discussion ensued. Senator Hohman moved and asked unanimous consent that the bill be moved from committee with individual recommendations. There being no objection, it was so ordered, and the committee report was signed as follows: Senators Hohman and Sackett signed "do pass", and Senators Ray, Kerttula, Bennett and Hackney signed "no recommendation".

CSHB 970
(Fin)

MOTION
CSHB 970
(Fin)

The committee then took up COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1022 (An Act granting authority to the Alaska Renewable Resources Corporation to exceed investment limits by investing \$3,600,000 in Schnabel Lumber Company; effective date). Senator Ray explained that this legislation was worked out with Alaska Renewable Resources Corporation. He said that it is not a dir-

CSHB 1022

ective of the Legislature or of the committee to issue the loan, but it just allows them to make the expenditure - if Schnabel fits all the other qualifications. He pointed out that the necessary qualifications are included in the bill, page 1, line 21 through page 2.

Senator Ray moved and asked unanimous consent that the bill be moved from committee with individual recommendations. There being no objection, it was so ordered, and the committee report was signed as follows: Senators Hohman, Ray, Hackney and Chairman Sackett signed "do pass", Senator Kerttula signed "do not pass".

MOTION
CSHB 1022

HOUSE BILL NO. 262 amended (An Act making a special appropriation to the Department of Law for a training program on the revised criminal code; effective date) was before the committee at this time. There was a committee substitute, namely SENATE COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 262 (An Act relating to search and rescue and creating a search and rescue fund; effective date) also before the committee at this time. Senator Hackney moved and asked unanimous consent that the committee substitute be moved from committee with individual recommendations. There being no objection, it was so ordered and the committee report was signed as follows: Senators Hohman, Ray, Kerttula and Chairman Sackett signed "do pass", and Senator Bennett signed "no recommendation".

HB 262 am

SCSHB 262

MOTION
SCSHB 262

The committee next considered COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 932 (Finance) (An Act creating the office of rural development, and the Rural Development Council; effective date). It was established that the actual version under consideration was SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 932 (An Act creating the Rural Development Council; effective date). Gordon Stockdale, Administrative Assistant to Representative Duncan, stated that on page 2 of the SCS the Governor's Office wanted to place the Rural Development Council in the Department of Community and Regional Affairs rather than in the Office of the Governor. He said that this seemed to be consistent with the legislative intent. Senator Hohman moved and asked unanimous consent that the following amendment be adopted:

CSHB 932
(Fin)

SCSCSHB 932

Page 2, line 15: After "the" and before "the Rural", delete "office of the Governor", and insert instead "Department of Community and Regional Affairs"

There being no objection, it was so ordered.

AMENDMENT
SCSCSHB 932

Rob Kocsis, Administrative Assistant to Senator Hohman explained other possible amendments to the committee. Senator Ray moved and asked unanimous consent that the following amendments be adopted:

Page 3, Line 15: Following "EXECUTIVE DIRECTOR." delete all material on Lines 15 through 17 and insert the following instead: "The Executive Director shall be appointed by the Governor."

Page 3, Line 26: Delete the word "council" and insert instead "chairman".

AMENDMENT
SCSCSHB 932

There being no objection, it was so ordered.

Senator Ray moved and asked unanimous consent that the Senate Committee Substitute as amended, be moved from committee with individual recommendations. There being no objection, it was so ordered and the committee report was signed as follows: Senator Hohman and Chairman Sackett signed "do pass", and Senators Ray, Kerttula, Bennett and Hackney signed "no recommendation."

MOTION
SCS CSHB 932

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1023 (An Act granting authority to the Alaska Renewable Resources Corporation to exceed investment limits by investing \$1,600,000 in Alaska Timber Corporation; effective date) was taken up at this time. Senator Ray moved and asked unanimous consent that the bill be moved from committee with individual recommendations. There being no objection, it was so ordered, and the committee report was signed as follows: Chairman Sackett signed "do pass", and Senators Ray, Bennett and Hackney signed "no recommendation". Senator Kerttula signed "do not pass".

CSHB 1023

MOTION
CSHB 1023

HOUSE BILL NO. 610 (An Act making a special appropriation to the Department of Administration, Older Alaskans Commission, for programs of benefit to older Alaskans; effective date) was taken up at this time. Senator Hackney stated that this bill would provide grants to older Alaskans, nutritional services, unemployment, and would provide assistance for independent living. Senator Hackney moved and asked unanimous consent that the following amendments be adopted:

HB 610

Page 1, Line 7: Delete "Older Alaskans Commission"

Page 1, Line 12: Delete "Older Alaskans Commission"

Page 1, Line 17 through 19: Delete all of existing Section 3 and insert a new Section 3 to read:
"This Act takes effect immediately."

AMENDMENT
HB 610

There being no objection, it was so ordered.

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

MOTION
HB 610

HOUSE BILL NO. 611 am (An Act authorizing state aid for service programs for the benefit of older Alaskans; effective date) was next considered. Senator Hackney moved and asked unanimous consent that the following amendment be adopted:

Page 5, Lines 15 and 16: Delete all of Section 2 and insert a new Section 2 to read: "This Act takes effect immediately."

AMENDMENT
HB 610

There being no objection, it was so ordered.

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

MOTION
HB 610

The committee then took up consideration of HOUSE BILL NO. 615 (An Act relating to an exemption from municipal property taxation; effective date). Senator Ray moved and asked unanimous consent that the bill be moved from committee with individual recommendations. There being no objection, it was so ordered, and the committee report was signed as follows: Senators Hohman, Ray, Kerttula, Hackney and Chairman Sackett signed "do pass", and Senator Bennett signed "no recommendation".

HB 615

MOTION
HB 615

HOUSE JOINT RESOLUTION NO. 62 (Relating to the Alaska Power Authority, and the incurring of revenue bond indebtedness of the Alaska Power Authority for the Tyee Lake hydroelectric generating project near Petersburg and Wrangell, and for the Swan Lake hydroelectric generating project in the Ketchikan Gateway Borough) was before the committee at this time. Representative Gardiner came forward to state that the funding was already in HB 438 and that their lawyers recommended that they both approve and sell the bonds, and have given the approval for the projects. Senator Hohman moved and asked unanimous consent that the bill be moved from committee with a "do pass". Senator Bennett objected and asked that the committee report be signed with individual recommendations. There being no objection, it was so ordered, and the committee report was signed as follows: Senators Hohman, Kerttula, Hackney, Sumner and Chairman Sackett signed "do pass", and Senator Bennett signed "no recommendation".

HJR 62

MOTION
HJR 62

COMMITTEE SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 68 (Finance) (Relating to the Alaska Power Authority and giving approval to incurring revenue bonded indebtedness of specified projects of the Alaska Power Authority) was before the committee at this time. Representative Gardiner stated that this bill was similar to HJR 62. Senator Kerttula moved and asked

CSHJR 68
(Fin)

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

MOTION
CSHJR 68
(Fin)

Senator Hohman moved that consideration of HOUSE BILL NO. 18 (An Act increasing the benefits being paid under the territorial public employees' retirement system; effective date) be brought up at this time. There being no objection, it was so ordered, and the bill was before the committee. Rob Kocsis, Administrative Assistant to Senator Hohman, stated that the legislation related to three territorial employees and would raise their retirement benefits by \$100 per month. Discussion ensued. Senator Hohman moved that the bill be returned to the file. There being no objection, it was so ordered, and the bill was returned to the file.

HB 18

RET'D TO
FILE
HB 18

The meeting adjourned at 4:05 p.m.

ADJOURNMENT

TAPE # 48, Side 2 (000 - end)
TAPE # 49, Side 1 (000 - end)
Side 2 (000 - 601)

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MINUTES
SENATE FINANCE COMMITTEE
May 27, 1980
1:10 p.m.

Chairman John Sackett convened the meeting at approximately 1:10 p.m. All committee members were present with the exception of Senator Sumner who arrived shortly after the meeting began. Also in attendance were Senators Tillion, Ferguson, and Stimson; Commissioner of Transportation Robert Ward; Representative Brian Rogers; Deputy Director of Budget & Management Jim Stey; and administrative assistants to committee members as well as representatives from the press.

PRESENT

The Chairman advised that the meeting was convened for the purpose of discussing general obligation bond legislation, stating that Senator Ferguson had reviewed House-passed legislation and prepared a bond package to be offered on behalf of the Senate. Senator Ferguson was present and began an explanation of the Senate bond package.

G. O. BOND
LEGISLATION

He advised that he reviewed the seven bond bills passed by the House, "took four of them and made changes." The House left little allowance for funding of Senate projects since the total House package "is right up to the Governor's limitation." Senator Ferguson stated that changes made in the four above-mentioned pieces of bond legislation reflect Senate wishes.

SENATOR
FERGUSON

Commencing review of specific legislation, Senator Ferguson CSHB 752 (Fin) directed committee attention to CSHB 752 (Fin) (Act providing for the issuance of general obligation bonds in the amount of \$52,000,000 for the purpose of paying the cost of cultural facilities), stating that approximately \$82 million in requests for assistance in construction of cultural facilities has come in to state agencies. The Senate wished to add approximately \$126 million to the foregoing figure. Senator Ferguson advised of his belief that this level of funding would be much too high, suggesting instead that funding be increased somewhat but not to that extent. He further added that the House did not specify communities to receive funding through the bonds.

Senator Ferguson added that "essentially we are going to be over the Governor's recommended bond figure if all the bills are passed out, but I don't see any way right now to correct that."

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Senator Ferguson attested to problems surrounding deletion of House funding since communities to receive assistance under House legislation are not listed. He proposed a SCS containing funding for cultural facilities in the amount of \$64 million. Chairman Sackett advised of a letter of intent from the Health & Social Services Committee which also fails to spell out communities to receive financing.

Senator Ray attested to his belief that financing preference should be given communities which have already developed plans for such facilities. Senator Hohman advised that the bonds will "go to the voters next November; those excluded (communities not receiving financing) will be out two years."

Senator Hackney testified to need to keep such facilities "out of the political arena," and moved that CSHB 752 (Fin), the \$52 million rather than the \$64 million bond appropriation, pass from committee without the HESS letter of intent.

(Senator Sumner arrived at the meeting at this time, 1:25 p.m.)

Chairman Sackett objected to the above motion, and upon a show of hands the motion failed (Senators Hackney and Ray the only members voting in favor of the motion).

Chairman Sackett advised of his belief that the \$126 million in funding recommended by the Senate is "too high." Senator Ferguson advised he had discussed the figure with Representative Duncan and Mr. Duncan "feels the figure is appropriate." However, Senator Ferguson again pressed for adoption of the \$64 million contained in the proposed SCS, advising that the Senate would ask the House to concur, and if agreement can not be reached, the bill will go to free conference.

Senator Hackney moved that CSHB 752 (Fin) with an amendment increasing funding to \$64 million pass from committee. Senator Kerttula objected, raising questions concerning the House letter of intent specifying that the cultural facilities board select the communities to receive funding. Senator Ferguson explained his belief that it would be best to go back to the House with the above-amended bill and "set up a cultural facilities board to look into applications." Under the above proposal, if the \$52 million is already committed to requests from communities which have already formulated plans, an additional \$12 million would be available for communities just entering the planning phase.

MOTION
CSHB 752
(Fin)
AMENDMENT

Senator Hohman suggested that the bill pass from committee with a Senate letter of intent instructing the cultural facilities board to give priority consideration to communities submitting plans which allow for construction during the upcoming construction season.

LETTER OF
INTENT

Further action on CSHB 752 (Fin) as amended, was deferred until later in the meeting pending receipt of a formal version of the letter of intent suggested by Senator Hohman.

ACTION ON
CSHB 752 (Fin)
DEFERRED

The Chairman Next moved that HB 560 (Act providing for issuance of general obligation bonds in the amount of \$18,100,000 for the purpose of paying the cost of energy conservation, code upgrade, and architectural barrier removal for state facilities) be brought on for discussion, advising that the legislation for code upgrade was introduced by the Governor. The Governor has recommended that funding for this bond remain at the level introduced. Senator Ferguson advised he did not change the version passed by the House.

HB 560

Senator Hackney moved that HB 560 pass from committee with individual recommendations. No objection having been raised, HB 560 passed from Senate Finance, Senators Hackney, Ray, Hohman, and Sackett signing do pass, Senators Sumner, Bennett, and Kerttula signing no recommendation.

MOTION
HB 560

The Chairman moved that CSHB 561 (Fin) (Act providing for the issuance of general obligation bonds in the amount of \$78,700,000 for the purpose of paying the cost of capital improvements for education facilities, library facilities, and University of Alaska facilities) be brought on for discussion.

CSHB 561
(Fin)

Senator Ferguson advised he made few changes to the bill, but he did add Sec. 7, providing for the book store, and restored school districts eliminated in the original House bill (page 3, line 1). He also added "arts" for community colleges (page 3, lines 18, 19, and 25).

SCS

Senator Ray proposed the following additional amendments:

AMENDMENT

- Page 1, Line 7 - change \$92,482,300 to \$93,825,000
- Page 2, Line 2 - change \$41,667,300 to \$43,000,000
- Page 3, Lines 5 & 6 - Add \$1,332,700 for the Haines School

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No objection to the proposed SCS incorporating the additions mentioned by Senator Ferguson and the amendments proposed by Senator Ray having been voiced, they were adopted. It was then moved that SCS for CSHB 561, as amended, pass from committee with individual recommendations. The motion was later amended to do pass and SCS for CSHB 561, as amended, passed from Senate Finance-- Senators Hohman, Ray, Hackney, Sumner, and Sackett signing do pass, Senators Kerttula and Bennett signing no recommendation.

MOTION
SCS
CSHB 561

The Chairman next moved that CSHB 562 (Fin) (Act providing for the issuance of general obligation bonds in the amount of \$28,350,000 for the purpose of paying the cost of capital improvements for correctional facilities) be brought on for discussion. Garrey Peska distributed a position paper concerning the legislation, and Jim Stey appeared to testify on behalf of the administration. Mr. Stey advised of the relationship between the Governor's original request, additional budget amendment needs, and the bill which issued from the House. Senator Ferguson advised he sees no problem with differences between request figures and the House bill "because of the contingency fund and the fact that the legislature will be back in January."

CSHB 562
(Fin)

Brian Rogers briefly appeared, advising that Terry (Speaker Gardiner) is satisfied with the administration position. He further attested to need to accommodate the Sitka Jail facility under general building upgrade rather than in the corrections bond.

The Chairman moved that CSHB 562 (Fin) pass from committee with individual recommendations. No objection having been voiced, CSHB 562 (Fin) passed from committee-- Senators Hohman, Ray, Hackney, Sumner, and Sackett signing do pass, Senators Bennett and Kerttula signing no recommendation.

MOTION
CSHB 562
(Fin)

Following receipt of additional backup information on HB 560 (G.O. bonds in the amount of \$18,100,000 for energy conservation, code upgrade, and architectural barrier removal for state facilities) (previously passed from committee), the Chairman moved to add \$687,500 in additional funding to the legislation for upgrade work at the Sitka Armory. No objection having been raised, the amendment was approved and passed by committee.

HB 560
ADDITION

The Chairman next moved that CSHB 563 (Fin) (Act providing for issuance of general obligation bonds in the amount of \$100,720,000 for the purpose of paying the cost of highway,

CSHB 563
(Fin)

5/27/80

ferry, airport, port, harbor, and local service roads and trails construction and improvements; public transportation; and planning transportation projects) be brought on for discussion. Senator Ferguson advised of differences between House legislation and the Senate Committee Substitute and read a list of proposed construction sites and amounts to be appropriated for each project.

Senator Ray moved that the SCS for CSHB 563 pass from committee with individual recommendations. Senator Sumner objected, raising questions concerning construction costs for the Whittier, Portage/Bear Valley project. Senator Kerttula asked if the project could be commenced using Federal Aid to Highways funding. Commissioner of Transportation, Robert Ward informed the committee that such funding could be used since Senator Mike Gravel amended the above-mentioned act to include railroad funding. Funding for such a project "comes off the top of our original draw; it is not additional funding."

SCS for
CSHB 563

The Chairman advised that CSHB 563 (Fin) and the proposed Committee Substitute would be held for later consideration.

The Chairman moved that CSHB 689 (Fin) (Act providing for the issuance of general obligation bonds in the amount of \$38,000,000 for the purpose of paying the cost of capital improvements for water and sewer systems, solid waste facilities and village safe water facilities) be brought on for consideration. Senator Ferguson proposed passage of a SCS for CSHB 689 which would add five additional villages to those funded through House legislation. Senator Hackney moved that the SCS for CSHB 689 pass from committee with individual recommendations. No objection having been voiced, SCS for CSHB 689 passed from Senate Finance--Senators Hohman, Hackney, Sumner, and Sackett signing do pass, Senators Ray and Bennett signing no recommendation.

CSHB 689
(Fin)

SCS

MOTION SCS
CSHB 689

The Chairman moved that CSHB 691 (Act providing for the issuance of general obligation bonds in the amount of \$4,218,800 for the purpose of paying the cost of capital improvements for fisheries resources protection facilities) be brought on for consideration. Senator Ferguson gave a brief explanation of the proposed SCS, and Senator Kerttula moved that the SCS for CSHB 691 pass from committee with individual recommendations. No objection having been raised, SCS for CSHB 691 passed from Senate Finance--Senators Hohman, Kerttula, and Sackett signing do pass, Senators Ray, Bennett, Hackney and Sumner signing no recommendation.

CSHB 691

SCS

MOTION SCS
CSHB 691

Committee attention was briefly directed back to the SCS for CSHB 689 and request was made to add the community of Klukwan to the list of water and sewer projects. No objection having been voiced, Klukwan was added to the legislation.

SCS
CSHB 689
AMENDMENT

5/27/80

Committee attention reverted to CSHB 752 (Fin) and Senator Hohman read the Letter of Intent to accompany the legislation. No objection to the letter of intent or passage of CSHB 752 (Fin) as amended to \$64 million was voiced, and CSHB 752 (Fin) with the amendment and Letter of Intent passed from committee--Senators Hohman, Ray, Hackney and Sumner signing do pass, Senators Bennett and Sackett signing no recommendation.

CSHB 752
(Fin)
LETTER OF
INTENT &
AMENDMENT

Committee attention next reverted to CSHB 563 (Fin) (G.O. Bonds in amount of \$100,720,000 for highway, ferry, airport, port, harbor, and local service roads and trails construction and improvements; public transportation; and planning transportation projects) and the Chairman moved for passage of the proposed SCS in accordance with an understanding with Senate President Tillion that if passed from committee the bill will go to free conference. For the purpose of moving the bill into free conference, the Chairman moved to strike the following from the bill:

CSHB 563
(Fin)

MOTION
SCS
CSHB 563

Page 2, Items 9, 10, 11, 12, 13, 14, 15,
16, 17, & 18.

DELETIONS

No objection to the above deletions having been raised, they were eliminated from the Senate Committee Substitute.

Senator Bennett moved to add (at Page 2) additional funding in the amount of \$620,000 for upgrade and alignment of the road from Circle Hot Springs to Grave Yard Creek. No objection to the above addition having been raised, it was adopted.

ADDITION

Senator Kerttula then moved that the SCS for CSHB 563 as amended, pass from committee with individual recommendations. No objection having been raised, SCS for CSHB 563 passed from Senate Finance--Senators Kerttula, Hohman, and Sackett signing do pass, Senators Ray, Bennett, and Hackney signing no recommendation.

MOTION
SCS
CSHB 563

The meeting adjourned, subject to call of the chair, at approximately 2:20 p.m.

ADJOURN

SFC-80 # 49, Side 2 (603-end)
#50, Side 1 (Entire side)

5/27/80

MINUTES
SENATE FINANCE COMMITTEE
June 1, 1980
1:40 p.m.

Chairman John Sackett convened the meeting at approximately 1:40 p.m. All committee members were present with the exception of Senator Kerttula. Also in attendance were Senator Frank Ferguson; Bob Dupere; Dave Harbour representing Atlantic Richfield Company; Bob Van Houte representing NEA/Alaska, Inc.; Fiscal Analysts Jerry Schilz and Bob Grogan; Administrative Assistant to Senate Finance Garrey Peska; and representatives of the media including Joe LaRocca.

PRESENT

The Chairman moved that HB 233am (Act making a supplemental appropriation to the University of Alaska for laboratory equipment on the Anchorage campus) be brought up for discussion, advising that the committee would be discussing the SCS for HB 233 (An Act providing for the issuance of general obligation bonds in the amount of \$15,000,000 for the purpose of paying the cost of construction and development of senior citizen housing).

HB 233am

SCSHB 233

Senator Ferguson advised that the House bond package did not include funding for senior citizen housing. The proposed SCS would provide this housing throughout the state. It is the intent of the Legislature to get such legislation to the Governor prior to adjournment.

Senator Hohman moved that the SCS for HB 233 pass from committee with a do pass recommendation. No objection to the motion having been raised, SCS for HB 233 passed from Senate Finance, all committee members present signing do pass.

MOTION
SCSHB 233

Senator Hohman next moved to bring HB 1021 (Act granting authority to the Alaska Renewable Resources Corporation to exceed investment limits by investing \$3,500,000 in Ball Brothers, Inc.) on for consideration, advising that the committee would be discussing the SCS for HB 1021 (Act creating the Alaska Development Authority; consolidating certain state loan programs and placing those loan programs under the administration of the Alaska Development Authority; eliminating the lending powers of certain state agencies relating to loans which the Alaska Development Authority may make; providing for the financing of certain state loans by the issuance of revenue bonds; creating in the Department of Revenue a division of collections for delinquent state loans).

HB 1021

SCSHB 1021

6/1/80

Senator Hohman advised that the SCS for HB 1021 represents legislation discussed during FCC on SB 1 (State Loan Programs) and would provide low interest money for tax exempt and other than tax exempt financing. He introduced Mr. Dupere and asked that Mr. Dupere comment on the Committee Substitute.

Mr. Dupere informed the committee that the authority establishes the Lieutenant Governor as its head and includes two commissioners. These individuals will function under the authority for a two year trial period after which two public members will be added. The authority is provided a permanent source of funds through allocation of 50% of the income from the permanent fund, 15% of oil and gas receipts, and surplus moneys in the general fund, as well as bond sales. There is no conflict between ADA and AHFC or AIDA. There will be a dedicated flow of funds after the Alaska Supreme Court decides the constitutionality of the issue.

Mr. Dupere directed particular attention to p. 38 of the SCS, advising that this section, covering Limitation on Power to Make Loans, provides funding for rural areas and urban areas where individuals cannot proceed through normal lending institutions.

Responding to a question from Senator Hackney, Mr. Dupere advised that student loans will be leveraged through the sale of tax exempt bonds. The Postsecondary Commission will continue to have the greatest portion of the student loan function. All student loans will "function as a team" through three district offices--Anchorage, Fairbanks, and Juneau--and subdistricts will be spread throughout the state. Postsecondary positions will also be spread throughout the state. When asked by Senator Sumner if the SCS in any way alters the student loan program, Mr. Dupere responded, "no."

Senator Hohman moved that SCS for HB 1021 pass from committee with a do pass recommendation. Senator Ray objected, and the motion was amended by the Chairman to individual recommendation. Thus SCS for HB 1021 passed from Senate Finance--Senators Ray, Hackney, and Sackett signing no recommendation, Senators Hohman and Bennett signing do pass.

MOTION
SCSHB 1021

Senator Bennett next moved that SB 213 (Act relating to labor relations between school boards and other public employers and their employees) be brought on for discussion.

SB 213

6/1/80

No questions were raised by committee members concerning the legislation, and Senator Bennett moved that the bill pass from committee with individual recommendation. No objection having been voiced, SB 213 passed from Finance Committee--Senators Ray, Hohman, Hackney, and Sackett signing no recommendation, Senator Bennett signing do pass.

MOTION

SB 213

The meeting adjourned at approximately 1:50 p.m.

ADJOURN

MINUTES
SENATE FINANCE COMMITTEE
June 4, 1980
2:55 p.m.

Chairman John Sackett convened the meeting at approximately 2:55 p.m. All committee members were present with the exception of Senator Sumner who arrived later in the meeting. Also in attendance were Fiscal Analysts Milt Barker, Jerry, Schilz, Alison Elgee, Dave Scott, Bob Schroeder, Bob Grogan, and Director of Legislative Finance Jay Hogan. Also present for portions of the meeting were Senate President Clem Tillion; House Speaker Terry Gardiner; Senator Frank Ferguson; Representative Bill Miles; Rick Barrier, Assistant Administrator of the Court System; and representatives from the press, including Joe LaRocca.

PRESENT

The Chairman moved that CSHB 392am (Relating to domestic violence; and changing Rules 3, 65, & 76, Rules of Civil Procedure) be brought up for consideration. Since copies of the Judiciary Committee Substitute were not included in committee files, action on the bill was deferred until later in the meeting.

CSHB 392am

(Senator Sumner arrived at the meeting at this time.)

The Chairman next moved that CSHB 605 (Act relating to participation in the state program of supplemental employee benefits) be brought up for discussion, advising committee members of the existence of a State Affairs Committee Substitute with a Fiscal Note of 150.5 for FY 81. Senator Ray stated that the bill would allow any employer to withdraw from the Social Security system if he applies through the commissioner after having obtained the necessary resolution through vote of a municipality.

CSHB 605

The Chairman asked if there was objection to moving the bill from committee with individual recommendations. No objection having been raised, the State Affairs Committee Substitute for HB 605 passed from Senate Finance--all seven committee members signing "no rec."

MOTION
STATE AFFAIRS
CSHB 605
"no rec"

Chairman Sackett moved that the Senate Committee Substitute for CSHB 670 (Act vesting authority over court buildings and facilities in the supreme court) be again brought on for discussion (it had been discussed at previous meetings). Since there appeared to be no committee interest in passage of the legislation, it was returned to committee files (Rick Barrier was not present at this time).

SCS CSHB 670

The Chairman next moved that CSHB 672 (Act making an appropriation to the Department of Education for the adult basic education program) be brought on for discussion, advising that the Finance Committee Substitute from the

CSHB 672

6/4/80

House appropriates \$767.5 for this purpose. No objection to passage of the legislation having been raised, CSHB 672 passed from Senate Finance with a unanimous do pass recommendation.

MOTION
CSHB 672
DO PASS

The Chairman then moved that HB 729am (Act relating to works of art in public facilities) be brought on for consideration, advising of a Senate Committee Substitute prepared by State Affairs. Senator Hackney stated that the legislation is reputed to add no cost to building programs, and moved that the Senate State Affairs Committee Substitute pass from committee with individual recommendations. No objection having been raised, the SCS for HB 729 passed from Senate Finance--all members signing no recommendation with the exception of the Chairman who signed do pass.

HB 729am

MOTION
SCS HB 729

The Chairman moved that CSHB 863am (Act providing for a Task Force on Fire Prevention and Control) be brought up for discussion. Senator Ray moved that CSHB 863am pass from committee with individual recommendations. No objection having been raised, CSHB 863am passed from Senate Finance--all members signing do pass with the exception of Senator Bennett who signed no recommendation.

CSHB 863am

MOTION
CSHB 863am

The Chairman moved that HB 865 (Relating to civil liability for personal injuries or death occurring on unimproved land) be brought up for discussion. Senator Ray advised of problems with the legislation, suggesting the following amendment:

HB 865

Page 1, Line 14 -

After "on the" and before "land," insert
"unimproved portion"

AMENDMENT

No objection to the amendment having been voiced, it was attached to the legislation. Senator Ray then moved that HB 865, as amended, pass from committee with individual recommendations. HB 865, as amended, thus passed from committee--Senators Sackett, Hohman, Ray, Bennett, and Hackney signing do pass, Senators Kerttula and Sumner signing no recommendation.

MOTION
HB 865am

The Chairman next moved that CSHB 968am (Act relating to maximum benefits paid as aid to families with dependent children) be brought on for discussion. Senator Hackney advised of a Senate Finance Committee Substitute he was in the process of preparing and asked that the legislation be deferred until later in the meeting.

CSHB
968am

The Chairman moved that HB 1034 (Act approving the sale of state royalty gas to the Municipality of Anchorage) be brought on for discussion, advising that similar Senate legislation was previously before committee. Senator Sumner

HB 1034

moved that HB 1034 pass from committee with individual recommendations. No objection having been raised, HB 1034 passed from Senate Finance--Senators Sackett, Hohman, and Sumner signing do pass, Senators Ray and Bennett signing no recommendation.

MOTION
HB 1034

Senator Sumner moved that companion legislation to the foregoing bill, HCR 71 (Approving the sale of royalty gas to the Municipality of Anchorage) be brought on for consideration and that it pass from committee with individual recommendations. No objection having been raised, HCR 71 passed from Senate Finance--Senators Sackett, Hohman, and Sumner signing do pass, Senators Ray and Bennett signing no recommendation.

HCR 71

MOTION
HCR 71

The Chairman moved that SS for HCR 45 (Relating to Senior Citizen tax exemption) be brought on for discussion. Senator Sumner moved that SSHCR 45 pass from Senate Finance with individual recommendations. No objection having been raised, SSHCR 45 passed from Senate Finance--Senators Hohman, Ray, Bennett, Sumner, and Sackett all signing do pass.

SSHCR 45

MOTION
SSHCR 45

The Chairman moved that CSHB 969(Fin)am (Act relating to salmon fisheries enhancement) be brought up for discussion. Senator Ray moved that the bill pass from committee with individual recommendations. No objection having been noted, CSHB 969(Fin)am passed from Senate Finance--Senators Sackett, Hohman, and Sumner signing do pass, Senator Ray signing no recommendation.

CSHB 969
(Fin)am

MOTION
CSHB 969
(Fin)am

At this time Senator Sumner moved that the Senate Committee Substitute for CSHB 670 (Act vesting authority over court buildings and facilities in the supreme court) be again brought on for consideration. Senator Ray objected and called the committee. A show of hands indicated only Senators Sackett, Sumner, and Kerttula in favor of further discussion of the legislation. The motion thus failed and the bill was again returned to committee files. Senator Sumner requested permission to hold subsequent discussion of the legislation for later in the meeting. Senator Ray again objected and the bill was returned to file.

SCS for
CSHB 670

The Chairman moved that CSHB 1035 (Act relating to legislative approval of the disposition of state royalty oil and gas) be brought up for discussion, advising that Representative Miles was before committee to testify on the legislation. Mr. Miles advised that the legislation represents a technical bill necessary as a result of a recent court suit. Senator Hohman moved that CSHB 1035 pass from committee with a do pass recommendation. His motion was amended to individual

CSHB 1035

MOTION
CSHB 1035

6/4/80

recommendation, and CSHB 1035 passed from Senate Finance-- Senators Sackett, Hohman, and Kerttula signing do pass, Senators Ray, Hackney and Sumner signing no recommendation.

At this time Senator Hackney moved that CSHB 968am (Act relating to maximum benefits paid as aid to families with dependent children) be brought on for discussion, advising of a proposed Senate Finance Committee Substitute for the legislation. Senator Hackney stated that the proposed Committee Substitute represents a half way position between "what the Administration and the House had in mind." Senator Ray moved that the Senate Finance Committee Substitute for CSHB 968am pass from committee with individual recommendations. The motion was amended to a do pass recommendation and SCS for CSHB 968 passed from Senate Finance--all members present signing do pass.

CSHB
968am

MOTION
CSHB
968am

The Chairman moved that CSHB 710 (Act amending and adjusting appropriations made in 1977 and 1979) be brought on for discussion, advising that Senator Ferguson was present to testify concerning the bill. The Chairman advised that work on the legislation began when Senator Ferguson found capital expenditure funding for his district which had never been used, so he began transferring and re-appropriating these funds. Senator Ferguson directed committee attention to a proposed Senate Committee Substitute for CS for HB 710 (Act amending, adjusting, and repealing appropriations; and making special appropriations to the Department of Education, the Department of Commerce and Economic Development, the Department of Community and Regional Affairs, the Department of Public Safety, and for grants to municipalities for various purposes). He verified the Chairman's earlier statement, advising that unused appropriations for his district date back to 1970. Funding for unrealized projects (such as the Bering Museum for which funding has been "sitting" for eight years) has been reappropriated for other projects. Senator Ferguson further advised he was not prepared to speak to the Administration portion of the bill.

CSHB 710

The Chairman advised that Administration-provided backup indicates various sections contain previously-arranged commitments such as funding for Prince William Sound Community College. The Committee Substitute also contains appropriation transfers from various pieces of legislation for this year and past years where money has not been used. The bill also accommodates appropriation requests by the Administration to correct mistakes which have been made, and aids problem areas wherein REAAs and local school districts have difficulty "coming up with the local match." The Chairman concluded his remarks advising that the bill "is clean, no hanky-panky." It represents 95% cleanup legislation.

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Jay Hogan distributed a list of add-ons to the proposed Senate Committee Substitute--all of which were approved by committee. To the above Senator Sumner added 20.0 to the Department of Transportation for the dredging of Gold Creek in Juneau.

ADD-ON
GOLD CREEK
DREDGING

Senator Kerttula moved that SCS for CSHB 710 pass from committee with a do pass recommendation. No objection having been raised, SCS for CSHB 710 passed from Senate Finance--Senators Hohman, Ray, Kerttula, and Sumner signing do pass, Senators Bennett and Hackney signing no recommendation, Senator Sackett simply signing as Chairman of the committee.

MOTION
SCS for
CSHB 710

Senator Sumner again moved that SCS for CSHB 670 (Act vesting authority over court buildings and facilities in the supreme court) be brought on for consideration. Senator Ray objected. Upon a show of hands the motion carried (Senators Sackett, Sumner, Hohman, and Bennett voting in favor of consideration of the bill). Senator Sumner moved that SCS for CSHB 670 pass from committee with individual recommendations. Senator Ray again objected but again the motion carried, and SCS for CSHB 670 passed from Senate Finance--Senators Hohman, Sumner, and Sackett signing do pass, Senator Bennett signing no recommendation, Senators Ray and Hackney signing do not pass.

SCS for
CSHB 670

MOTION
SCS for
CSHB 670

The Chairman moved that CSHB 392am (Relating to domestic violence; and changing Rules 3, 65, & 76, Rules of Civil Procedure) be brought on for consideration, directing committee attention to the Senate Judiciary Committee Substitute and a proposed amendment by Representative Malone. Senator Ray advised of his belief that the amendment would weaken the bill and make falsification of petition statements more difficult to prove. He suggested that the Malone amendment not be adopted and that the Senate Judiciary Committee Substitute for CSHB 392 pass from Senate Finance. No objection to the motion having been voiced, SCS for CSHB 392 passed from Finance Committee--all seven senators signing no recommendation.

CSHB 392am

MOTION
SCS for
CSHB 392

Senator Sumner moved that HB 381 (Act making supplemental appropriations to cover salary increases for state employees not covered by a collective bargaining agreement) be brought up for discussion, advising of a proposed Senate Finance Committee Substitute for HB 381 (Act relating to child care and adult care facilities operated by a church). Senator Sumner stated that need for the Committee Substitute stems from governmental interference and regulation of church activities. He attested to problems centering around the need to provide licensed daycare

HB 381

6/4/80

people to watch children while parents attend church activities. The Committee Substitute does not preempt fire, safety, and health codes.

Senator Kerttula attested to need to limit function under the Committee Substitute to churches of long duration rather than new religious organizations formed for tax exemption purposes. He suggested adding language limiting unregulated day care operations to "a church or a convention or association of churches that has been in existence as an organization locally or nationally for at least 25 years."

Senator Sumner moved to further amend the proposed Committee Substitute limiting operation to facilities within the confines of the church or facilities immediately adjacent thereto.

Senator Sumner then moved that the Committee Substitute, including the above amendments, pass from committee with individual recommendations. No objection having been raised, SCSHB 381 passed from Senate Finance--Senators Sumner and Hackney signing do pass, Senators Hohman, Ray, and Kerttula signing no recommendation.

MOTION
SCSHB 381

Senator Hohman moved that CSHB 962(Fin) (Act allowing credits against fisheries taxes) be brought on for discussion, advising of a two page amendment submitted by House Speaker Terry Gardiner, and further advising that Speaker Gardiner and Senate President Tillion were present to testify on behalf of the bill. Senator Ray moved that CSHB 962(Fin) with the technical amendments proposed by Mr Gardiner pass from Senate Finance with individual recommendations. No objection to the motion having been voiced, CSHB 962(Fin), as amended, passed from committee--Senator Hohman signing do pass, Senators Kerttula and Hackney signing no recommendation, Senators Ray, Sumner, and Sackett signing do not pass.

AMENDMENTS

MOTION
CSHB 962
(Fin)
w/AMEND.

Senator Hohman moved that CSHB 1002 (Act making a special appropriation to the fisheries business tax donation fund in the Department of Revenue) be brought on for discussion, advising that the bill would appropriate \$3 million to the tax fund and that Speaker Gardiner was present to testify concerning the legislation. Senator Ray moved that CSHB 1002 pass from committee with individual recommendations. No objection having been raised, CSHB 1002 passed from Senate Finance--Senators Hohman, Ray, and Hackney signing no recommendation, Senator Sackett signing do pass, Senator Kerttula signing "reduce by 1/2."

CSHB 1002

MOTION
CSHB 1002

The Finance Committee adjourned sine die at approximately 4:20 p.m.

ADJOURN

SFC-80 #51, Side 1 (000-end)
Side 2 (000-267)

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