

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2782

Presented by: The Manager
Introduced: 02/19/81
Drafted by: G.L.S.

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 735

A RESOLUTION URGING THE LEGISLATURE TO PASS
SENATE BILL 125 AND STATING THE INTENT
OF THE ASSEMBLY TO USE ITS ENTITLEMENT TO
REDUCE PROPERTY TAXES IN THE COMING FISCAL YEAR.

WHEREAS, prior to 1978, the State of Alaska levied a business license tax and refunded to each municipality 60 percent of the revenues derived from that tax within the municipality, and

WHEREAS, in 1978 the legislature repealed the business license tax causing a loss to municipalities of this dedicated revenue, and

WHEREAS, the same legislature provided that in lieu of the business license tax revenues, the legislature would appropriate to a municipal assistance fund an amount equal to or greater than 10 percent of the corporate income tax revenue received by the State during the previous fiscal year for distribution to municipalities, and

WHEREAS, AS 43.20.016(b) and (c) provide that if sufficient funds are appropriated to the municipal assistance fund, a municipality will receive a base allocation equal to the amount it received in business license tax refunds during fiscal year 1978, and that the excess of the amount needed to make a base distribution to all municipalities would be distributed on the basis of population, and

WHEREAS, AS 43.20.016(d) sets forth the intent of the legislature that to the extent distribution to a municipality from the municipal assistance fund constitutes an increase in state aid to the municipality, the municipality will reduce property tax levies in reasonable proportion to the amount of the increase, and

WHEREAS, Senate Bill 125 which has passed the senate appropriates to the municipal assistance fund an amount which would constitute an increase in state aid, and

WHEREAS, because municipal budgets and tax levies are usually established before it is known how much state aid municipalities will receive, it is difficult or impossible for

municipalities to reduce property tax levies with any certainty that such reductions will be met by anticipated state aid;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

1. That the House of Representatives of the State of Alaska is urged to speedily consider and pass Senate Bill 125 so that the assembly may reduce real property levies for the coming fiscal year with the certainty that state aid will be available to make up the revenue loss.

2. That it is the intent of the assembly to use its distribution from the municipal assistance fund which is in excess of the amount it would have received from a business license tax refund for the purpose of providing a reduction in the real property tax levy which is in reasonable proportion to the increase.

3. That copies of this resolution be sent to The Honorable Jay Hammond, Governor of the State of Alaska and to each member of the Alaska State Legislature.

Adopted this 19th day of February, 1981.

Mayor

Attest:

Clerk

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

March 11, 1981

to: House Community & Regional Affairs Committee
from: Ginny Chitwood, AML Executive Director *gc.*
re: SB 125 - Supplemental Appropriation

If the committee adopts the language suggested by Berrier for distribution of additional funds to native village governments, each would receive about \$13,000 in supplemental funds, raising the FY 81 entitlement for each to about \$34,000. In order to correct the inequity between the native village governments and the small incorporated communities that would be created by that language, please consider the following additional amendments:

Change amount in Section 1 of SB 125 from \$18,400,000 to \$18,650,000.

add a new section:

Relates to
HB 373
HB 374

Sec. 29.95.020. Qualification for minimum payment. (a) is amended to read:

A municipality qualifying for an entitlement under AS 29.88 or AS 29.89 shall receive a minimum payment of \$34,000 [\$25,000] plus an area cost-of-living differential for each fiscal year if

(1) the municipality has conducted a regular election under AS 29.28.010 - 29.28.050 during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.88 or AS 29.89 and has reported the results of the election to the commissioner of the Department of Community and Regional Affairs;

(2) regular council meetings are held in the municipality in accordance with the requirements of AS 29.23.210 during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.88 or AS 29.89 and a record of the proceedings is maintained;

(3) a municipal budget has been adopted for the fiscal year during which payment of an entitlement is authorized by AS 29.88 or AS 29.89 and an audit or financial statement for the preceding fiscal year has been prepared and furnished to the Department of Community and Regional Affairs in accordance with AS 29.23.560(a); and

(4) local ordinances adopted by the governing body of the municipality have been codified in accordance with AS 29.48.180.

Communities that would benefit from this amendment are:
Hydaburg, Klawock, Akhiok, Akiak, Akutan, Aleknagik, Allakaket, Anaktuvuk Pass, Anderson, Anvik, Brevig Mission, Chefor-nak, Chevak, Clark's Point, Deering, Diomede, Eagle, Eek, Ekwook, Elim, Fortuna Ledge, Gambell, Golovim, Goodnews Bay, Grayling, Holy Cross, Hooper Bay, Hughes, Kachemak, Kaktovik, Kaltag, Kasaan, Kiana, Kivalina, Kobuk, Kotlik, Koyuk, Koyukuk, Kupreanof, Kwethluk, Larsen Bay, Manokotak, Mekoryuk, Napakiak, Napaskiak, Newhalen, New Stuyahok, Newtok, Nightmute, Nikolai, Nondalton, Noorvik, Nuiqsut, Old Harbor, Ouzinkie, Pilot Station, Platinum, Point Hope, Port Alexander, Port Lions, Quinhagak, Ruby, Russian Mission, Saint Michael, Savoonga, Saxman, Scammon Bay, Selawik, Shageluk, Sheldon Point, Shishmaref, Shungnak, Stebbins, Tenakee Springs, Togiak, Toksook Bay, Tununak, Upper Kalskag, Wainwright, Wales, and White Mountain.

cc: Senator Dankworth
Dept. of C&RA

Princess Chitwood



March 19, 1981

Alaska Municipal League
204 No. Franklin
Juneau, AK 99801

The attached City of Kodiak Resolution 6-81, for tax relief in the form of a 50% mill rate reduction on real property taxes, received unanimous approval by the City Council at their regular meeting on March 16, 1981.

Sincerely,

CITY OF KODIAK

Kay M. Baker
City Clerk

cc: Senator Mulcahy
Representative Zharoff

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

March 17, 1981

to: House Finance Committee

from: Ginny Chitwood, AML Executive Director *GC*

re: SB 125 - Supplemental Appropriation for Revenue
Sharing and Municipal Assistance

Alaska Municipal League urges your favorable consideration of SB 125, which raises the revenue sharing appropriation to an amount almost high enough to fund the "125% hold harmless" provision and increases the municipal assistance fund appropriation to the minimum level authorized by law. If SB 125 is adopted before they finish budget deliberations, municipal officials have pledged to use this extra, unanticipated funding to reduce local taxes. Attached to this memo are minutes from the Alaska Conference of Mayors meeting and resolutions adopted by the City of Petersburg and the City & Borough of Juneau, promising to pass on the proceeds to the local taxpayers. In addition, there is an ordinance adopted by the Council of the City of Fairbanks, which suspends the sales tax effective April 1 if SB 125 has been adopted by that date. (April 1 was selected because that is the beginning of a quarterly reporting period for sales tax.)

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JUNEAU, ALASKA 99801

STATE REVENUE SHARING WITH MUNICIPALITIES

Title 29, Chapter 88. Municipal Tax Resource Equalization:

This chapter provides for revenue sharing to municipalities based on the formula - population times millage rate equivalent. Millage rate equivalent is determined by multiplying the sum of the locally generated revenue of the municipality by one-tenth of one percent of the full and true value of assessed property in the municipality. (The former revenue sharing program provided for per capita grants based on services provided, such as police, fire, planning, etc.)

Title 29, Chapter 89. State Aid For Miscellaneous Municipal Purposes:

Road Maintenance. Provides \$2,500 a mile for each mile of road, street or highway maintained by the local government and \$1,500 a mile for ice roads. (same provision as former program except amounts per mile increased.)

Health Facilities and Hospitals. For municipally operated and non-profit hospitals, provides \$1,000 per bed or \$75,000 a hospital with 10 beds or more, or \$25,000 a hospital with less than 10 beds. This money goes to the hospitals; there is no discretion on the part of the municipality on how the money should be spent. For a municipally operated health facility, provides \$1,000 per bed or \$4,000 per health facility, with the restriction that the money must be used for expenses of health facilities or operation and maintenance of health facilities. (same as former program)

Volunteer Fire Departments in Unorganized Borough. Provides \$10 per capita for population served by a volunteer fire department in the unorganized borough. (Former program contained a per capita amount for all fire departments. Since expenses for fire departments in organized municipalities are included in the Chapter 88 formula, this section applies only to departments in the unorganized borough.

Native Village Governments. Provides \$25,000 to each native village government. (new provision)

Title 29, Chapter 90. State Aid for Hospital Construction:

"If construction of a hospital began after January 1, 1968,

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Spring Chitwood



March 19, 1981

Alaska Municipal League
204 No. Franklin
Juneau, AK 99801

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Sincerely,

CITY OF KODIAK

Kay M. Baker
City Clerk

cc: Senator Mulcahy
Representative Zharoff

CITY OF KODIAK
RESOLUTION NUMBER 6-81

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK, ALASKA, SUPPORTING SENATE BILL 125 - FY 81 REVENUE SHARING AND MUNICIPAL ASSISTANCE SUPPLEMENTAL.

WHEREAS, the Alaska State Senate has introduced Senate Bill 125 - FY 81 REVENUE SHARING AND MUNICIPAL ASSISTANCE SUPPLEMENTAL; and,

WHEREAS, this bill provides \$64,280,000 as extra unanticipated funding to be used for local tax relief; and,

WHEREAS, the Alaska Conference of Mayors, the City of Petersburg and the City and Borough of Juneau have passed resolutions pledging tax relief; and,

WHEREAS, the City of Fairbanks has gone one step further by adopting an ordinance suspending the City sales tax on April 1 if the supplemental is approved by that date.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak that following passage of Senate Bill 125 in its present form, it is the intention of this Council to grant local tax relief in the form of a 50% mill rate reduction on real property taxes for the 1981 calendar year.

PASSED AND APPROVED this 16th day of March, 1981.

CITY OF KODIAK


MAYOR

ATTEST:


CITY CLERK

Alaska MUNICIPAL League

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Title 29, Chapter 90. State Aid for Hospital Construction:

"If construction of a hospital began after January 1, 1968,

and state matching aid for construction approved for payment to the municipality or other hospital sponsor constitutes less than 25 percent of the total project cost, the department shall pay to the municipality or other hospital sponsor each fiscal year \$2,500 a bed for the maximum number of beds provided for in the construction design of the facility or five percent of the total project cost, whichever is greater. State aid provided for in this section shall continue until the municipality or other hospital sponsor has received an amount which, combined with state matching money for construction of the hospital, equals 25 percent of the total project cost. Money received for construction may not be used for any other purpose." (emphasis added) (Same provision in former program; most of the money goes to a private hospital in Anchorage and a private hospital in Fairbanks.)

Title 29, Chapter 95. Administration of Municipal Financial Assistance Programs: Provides for a \$25,000 minimum entitlement and for cost of living differentials.

Temporary and Special Acts, Chapter 155.

Hold Harmless. Provides that for the 1st five years no municipality may receive less than 125% of what it was entitled to receive under the former program; further provides for proration of payments if appropriation is not sufficient to cover hold harmless provision. (The 33½ million appropriated last year for FY 81 revenue sharing was not sufficient to cover hold harmless provision. The supplemental amount in SB 125 almost covers deficit.)

	<u>FY 81</u>	<u>with SB 125</u>
Chapter 88 - Tax Resource Equalization	\$13,242,132	\$32,248,645
Chapters 88 & 89 - Misc. and Hospital	13,750,176	18,333,280
Chapter 95 - Minimum Entitlement Add On	1,502,161	1,889,491
Chapter 155 - Hold Harmless Add On	<u>5,005,529</u>	<u>208,582</u>
Totals	\$33,500,000	\$52,680,000

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MUNICIPAL ASSISTANCE FUND

The municipal assistance fund was created in 1978 when the legislature repealed the gross business license tax. Under that program, municipalities were guaranteed 60% of the proceeds. This funding was automatic - not subject to legislative appropriation or gubernatorial veto. Although municipalities were assured that they would benefit from the change from a guaranteed share of the business license tax to an appropriated share of the corporate income tax, local governments have received less. In FY 79, the last year under the old program, municipalities received \$13,400,000. The level for FY 80 was reduced to \$11,400,000 and will remain there without the supplemental.

"AS 43.20.016. Sharing of corporate income tax revenue with municipalities. (a) There is established within the Department of Revenue the municipal assistance fund. The legislature may appropriate to the fund during each fiscal year an amount equal to or greater than 10 per cent of the income tax revenue received by the state under sec. 11(e) of this chapter and ch. 21 of this title for the previous fiscal year."

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The Alaska Conference of Mayors met in Juneau on February 5 & 6, 1981 and adopted the following provisions:

FY 81 Supplemental (SB 125). The Alaska Conference of Mayors pledged to use any supplemental funding for tax relief.

Mobile Home Financing. The Conference of Mayors urges supplemental appropriation to the Alaska Housing Finance Corporation for mobile home loans in order to ease the serious statewide housing shortage.

High Unemployment Rate. The Conference of Mayors supports state funding for capital projects in order to alleviate the serious unemployment problem in the state by providing both construction jobs and operation and maintenance jobs when the projects are completed; urges the Legislature and Governor to approve funding early enough to get projects "on the street" this construction season.

In Lieu Of Bonds. The Conference of Mayors urges speedy passage of SB 13, making direct appropriations for projects approved by voters in lieu of selling bonds; additionally supports state interim financing for municipal bonds that have been authorized by the voters but cannot be sold because of the bond market.

Permanent Fund. The Conference of Mayors urges the Legislature to create special endowments for fundamental services, such as those provided by local governments instead of increasing the Permanent Fund, in order to lessen the risk of the federal government devising methods of taking away the state's money.

School Support. The Conference of Mayors endorses the concept of 100% state funding for schools, both operating and construction.

Communities represented at those meetings include the Municipality of Anchorage, the City of Angoon, the City of Fairbanks, Fairbanks North Star Borough, the City of Haines, Haines Borough, the City of Homer, the City of Hoonah, the City and Borough of Juneau, the City of Kenai, Kenai Peninsula Borough, Kodiak Island Borough, the City of Nenana, the City of Nome, North Slope Borough, the City of Petersburg, the City of Sand Point, the City of Seldovia and the City of Wrangell.

Bill Overstreet, President
Leo Rasmussen, Vice President
George Sullivan, Secretary/Treasurer

Resolution 870-R

Whereas the City Council of the City of Petersburg supports the use of unanticipated funds for tax relief, and

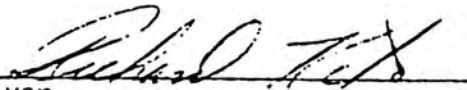
Whereas the City Council of the City of Petersburg is in agreement with the passage of Senate Bill 125 am, and

Whereas the City Council of the City of Petersburg promises to use the supplemental funds to cut local taxes.

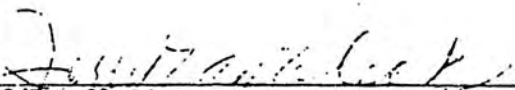
Therefore Be It Resolved to endorse the House version of Senate Bill 125 as amended.

Passed and Approved by the City Council of the City of Petersburg,

Alaska, this 23rd day of February, 1981.


Mayor

Attest:


City Clerk

Presented by: The Manager
Introduced: 02/19/81
Drafted by: G.L.S.

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 735

A RESOLUTION URGING THE LEGISLATURE TO PASS
SENATE BILL 125 AND STATING THE INTENT
OF THE ASSEMBLY TO USE ITS ENTITLEMENT TO
REDUCE PROPERTY TAXES IN THE COMING FISCAL YEAR.

WHEREAS, prior to 1978, the State of Alaska levied a business license tax and refunded to each municipality 60 percent of the revenues derived from that tax within the municipality, and

WHEREAS, in 1978 the legislature repealed the business license tax causing a loss to municipalities of this dedicated revenue, and

WHEREAS, the same legislature provided that in lieu of the business license tax revenues, the legislature would appropriate to a municipal assistance fund an amount equal to or greater than 10 percent of the corporate income tax revenue received by the State during the previous fiscal year for distribution to municipalities, and

WHEREAS, AS 43.20.016(b) and (c) provide that if sufficient funds are appropriated to the municipal assistance fund, a municipality will receive a base allocation equal to the amount it received in business license tax refunds during fiscal year 1978, and that the excess of the amount needed to make a base distribution to all municipalities would be distributed on the basis of population, and

WHEREAS, AS 43.20.016(d) sets forth the intent of the legislature that to the extent distribution to a municipality from the municipal assistance fund constitutes an increase in state aid to the municipality, the municipality will reduce property tax levies in reasonable proportion to the amount of the increase, and

WHEREAS, Senate Bill 125 which has passed the senate appropriates to the municipal assistance fund an amount which would constitute an increase in state aid, and

WHEREAS, because municipal budgets and tax levies are usually established before it is known how much state aid municipalities will receive, it is difficult or impossible for

municipalities to reduce property tax levies with any certainty that such reductions will be met by anticipated state aid;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

1. That the House of Representatives of the State of Alaska is urged to speedily consider and pass Senate Bill 125 so that the assembly may reduce real property levies for the coming fiscal year with the certainty that state aid will be available to make up the revenue loss.
2. That it is the intent of the assembly to use its distribution from the municipal assistance fund which is in excess of the amount it would have received from a business license tax refund for the purpose of providing a reduction in the real property tax levy which is in reasonable proportion to the increase.
3. That copies of this resolution be sent to The Honorable Jay Hammond, Governor of the State of Alaska and to each member of the Alaska State Legislature.

Adopted this 19th day of January, 1981.



Mayor

Attest:

Clerk

AN ORDINANCE TO STAY THE ENFORCEMENT OF
CHAPTER 5, TAXATION, ARTICLE II, SALES TAX,
OF THE FAIRBANKS CODE OF ORDINANCES, AND
PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Fairbanks presently levies a sales tax on retail goods and services in the amount of three percent (3%); and

WHEREAS, revenues from sales tax since fiscal year 1977 have been, on the average, approximately 6 million dollars per annum, and have proved a greater fiscal stability for the City of Fairbanks; and

WHEREAS, a reasonable degree of certainty exists that the Alaska State Legislature intends to share and distribute state revenues with political subdivisions of the state; and

WHEREAS, it appears that approximately, and at least, seven (7) million dollars of state revenues shall be shared with the City of Fairbanks; and

WHEREAS, it is the intent of the city council to substantially reduce the property tax at the statutory time to set the mill rate in May, and

WHEREAS, it is the sense of the council that the immediate and most direct method of infusing of said revenues into the Fairbanks economy is by suspending the municipal sales tax when the City receives state-shared revenue funds;

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF FAIRBANKS, ALASKA, AS FOLLOWS:

Section 1. That the levy of all sales taxes heretofore imposed pursuant to FGC §5.200, et seq., shall be stayed effective April 1, 1981, if the state Legislature adopts supplemental state revenue sharing and municipal assistance for the current fiscal year in an amount that would entitle the City of Fairbanks to at least \$4.5 million, and the measure has become law by April 1, 1981.

Section 2. That the duration of the stay of enforcement shall be

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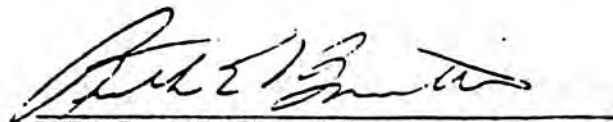
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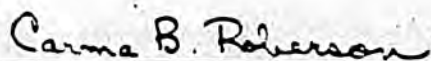
Section 2. That the duration of the stay of enforcement shall be determined by a period of time equal to that period of time during which the State of Alaska continues to share its revenue funds with the City of Fairbanks in an amount of at least \$10 million per annum, or unless sooner revoked by a vote of at least four members of the city council.

Section 3. That the effective date of this ordinance shall be the 13th day of March, 1981.


RUTH E. BURNETT, Mayor

ADOPTED: March 9, 1981

ATTEST:





Alaska Court System
State of Alaska

OFFICE OF ADMINISTRATIVE DIRECTOR

303 K Street
Anchorage, Alaska 99501

RICHARD P. BARRIER
DEPUTY ADMINISTRATIVE DIRECTOR

(907) 264-0545

March 16, 1981

Hon. Albert P. Adams
Chairman, House Finance Subcommittee
on Administration of Justice
House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Adams:

At the meeting held on March 12 with the joint Senate-House finance subcommittee on the administration of justice, I was instructed to prepare a statement to the joint committee concerning the impact on the Court System budget of the guidelines for budget preparation developed by the House Finance Committee and also utilized by the Senate Finance Committee. The specific guidelines that pertain to the Court System budget are that there will be no new positions and that the budget should be five percent under the Governor's budget level. Any new positions would need to be justified before the full committee.

The Court System budget request for FY 82 includes 22 new positions, or slightly less than five percent of the currently authorized 496 positions in the Court System. During initial budget preparation, there were a total of 60 positions requested by the various trial courts and other components of the Court System budget. While all the 60 positions initially requested would have been useful for the court locations which requested them, this office made the policy decision that only those positions which are absolutely necessary for maintaining current level of service, or else offered the most opportunity for improved level of services would be included in the budget request. Of the 22 positions requested in the budget, 14 are a result of increased workloads, either in the past year or over the past several years. These positions are as follows:

Anchorage -	Microfilm Clerk, Traffic Clerk, Deputy Coroner, Vital Statistics Clerk, Engineering Technician.
Palmer -	Traffic Clerk
Juneau -	Court Clerk II
Ketchikan -	Upgrade of half-time librarian to full-time.
Kotzebue -	Court Clerk I
Fairbanks -	Probate Clerk, Small Claims Clerk
Kenai -	Accounting Clerk
Kodiak -	Law Clerk, Court Clerk I

These 14 positions are needed in FY 82 if the Court System is to continue to provide a level of service comparable to that presently maintained by the court.

The eight new positions which will either improve administrative efficiency or provide direct services to the public are as follows:

Supreme Court -	Court Rules Attorney
Trial Courts	
Fairbanks -	Accounting Clerk, Microfilm Clerk
Anchorage -	Law Clerk
Nome -	Law Clerk
Juneau -	Intake Officer
Ketchikan -	Intake Officer

Administrative Office - Library Assistant II

These new positions will permit the Court System to make improvements in the way it functions as well as maintaining its current level of service to the public. Detailed descriptions of each position are available in the budget workbook.

The second guideline was that the budget be reduced by five percent. In the case of the Court System, this would amount to approximately \$1,600,000. A reduction in this amount would have a serious impact on the Court System's ability to deliver justice to all Alaskans. There are very few optional areas of expenditure in the base or continuation budget of the Court System. Unless positions were to be deleted or court locations closed, the personnel budget for existing personnel cannot be reduced. The court maintains court facilities or posts in 60 locations, and

the rent for these posts must be paid. Jury fees, attorneys' fees, and other contractual costs are largely out of the control of the court administrators. Travel is discretionary only to the extent that reducing travel to rural and small court locations is an acceptable alternative. In several line items, the projected costs for FY 82 will be substantially higher than that already budgeted in the continuation budget. For example, whereas an eight percent inflation factor was figured for postage, the true inflation will actually be 20 percent. This will cost the Court System an additional \$35,000 to \$45,000 during FY 82 in unbudgeted cost. Similarly, the 12 percent inflation factor used for travel and the eight percent inflation factors for commodities will most certainly prove to be insufficient to cover the true cost increases in these areas. All of these unanticipated cost increases must be absorbed within the continuation level.

Since it is not feasible to reduce the continuation level budget without detracting from court services, the five percent reduction in the Court System would require the deletion of nearly all addition items in the budget. A number of these items are required if the Court system is to continue to provide in FY 82 the same level of services it is providing currently. For example, all new positions, including those which are needed to maintain current service levels, are included in the addition level. Other budget increases at the addition level which are necessary to either provide the current level of service or to improve services are listed below:

Facilities Improvements - \$50,000 is requested for space rental to be used by the Court System to procure additional or improved facilities in the outlying court locations as space becomes available in these courts. If the Court System does not have a fund available for this type of leasing, it cannot avail itself of office spaces which are developed or become available unexpectedly during the fiscal year. Additionally, \$93,500 is requested for making minor facility improvements on a statewide basis. If these funds are approved, projects are planned for nine court locations in FY 82.

Judicial Travel - \$53,000 is requested to increase judicial travel, primarily to smaller, isolated locations. One of the continuing goals of the Court System is to maintain a consistent and equal level of justice throughout the state, and to accomplish this the judges must travel to the communities where crimes are committed or civil actions originate.

Increases in Attorneys and Doctors Fees - \$138,100 is requested to pay for increased numbers of appointments and higher fees to attorneys and doctors appointed by the Court System. The number of attorneys appointed in criminal cases as well as juvenile and domestic relations cases continues to grow. Also, the hourly rate for attorneys has not been increased for several years.

Autopsies and psychiatric exams also continue to increase in number and cost.

Equipment - \$94,000 is requested for additional filing cabinets and other storage equipment as well as equipment to improve court operations in the 60 court locations around the state. A great deal of this equipment is necessary to store and retrieve the additional case files and indexing information related to the cases that will be opened during fiscal year 1982.

Increase in Juror Pay - \$370,00 is requested to increase juror pay from \$20 per day to \$30 per day. Federal courts in Alaska presently pay \$30 per day. State jurors are dissatisfied with the current rate, with 30 percent losing pay while they are serving on juries. This rate has not been increased for many years, and is creating an economic disincentive for jurors.

Electronic Recording - \$38,400 is requested for continuing upgrade of the electronic recording equipment used in all the courtrooms in Alaska. The Legislative Budget and Audit Committee has reviewed the system and determined that Alaska has the least expensive and most efficient way of preparing records of court proceedings in the country. With changing technology and availability of equipment items, it is imperative that the Court System update its electronic recording continuously to remain abreast with the new advances.

Law Library - \$134,100 is requested to improve the libraries all over the state. Over half of this amount is for smaller court locations, with \$40,000 planned for the Kotzebue library. \$24,000 is budgeted for Anchorage and the remainder is spread among the court locations across the state.

Data Processing - \$75,500 is requested for updating certain operational systems maintained on the state computers as well as implementing new operational programs to improve the efficiency of the trial courts. The Court System, like the Executive and Legislative branches is finding that computers can serve the valuable functions of maintaining masses of data for information and statistical purposes as well as operational programs which reduce the number of tedious steps required in the processing of cases through the court system.

A five percent reduction in the Court System budget would delete all the items listed above as well as all new positions. However, many of the items listed above will be needed for the Court System to maintain its current level of services, and all the items listed above can serve a valuable function in providing a better level of service to the public across the state.

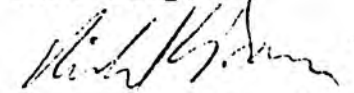
In addition to the items listed above, the Court System may be forced to submit a budget revision in the amount of \$150,000 to

Hon. Albert P. Adams
March 16, 1981
Page 5

\$250,000 in the event that the Alaska Bar Association is sunsetted at the end of this fiscal year. The Bar Association presently conducts its disciplinary matters under rules established by the Supreme Court but funded through annual dues paid by the membership of the Bar Association. If the unified bar is abolished, the requirement for disciplining members of the bar will in all likelihood fall upon the Supreme Court. I should know later in the session whether it will be necessary for the Court System to ask for these additional funds.

I look forward to meeting with the joint Senate/House Finance Subcommittee on the Administration of Justice to discuss the Court System budget. I will do my best to provide information to the subcommittee concerning our budget, to assist the subcommittee in preparing its recommendations to the full Senate and House Finance Committees.

Sincerely,



Richard P. Barrier
Deputy Administrative Director

cc: Arthur H. Snowden, II

HOUSE FINANCE COMMITTEE

March 25, 1981

1:45 p.m.

(HFC 81-24, Side 2 #329)

PRESENT

All Members of the Committee were present. (Representatives Meekins and Malone arrived later in the meeting.)

HB 351 and HB 352

Chairman Cotten called the meeting to order and brought HB 351 and HB 352 up for consideration:

HB 351 -- "An Act relating to the relocation of the state capital; amending the law enacted by the initiative popularly known as the 'FRANK Initiative', and providing for the determination of the costs of capital relocation; and providing for an effective date."

HB 352 -- "An Act making a special appropriation to the Legislative Affairs Agency for the Joint Interim Committee on Relocation of the State Capital; and providing for an effective date."

Chairman Cotten said the Committee would begin by considering HB 351 because, if certain changes are made to that Bill, HB 352 might not have to be considered.

Chairman Cotten said there are two questions with regard to the capital move. He said one is the FRANK Initiative and the mechanism by which they should arrive at a figure for the Ballot in 1982. He said HB 351 addresses the bond questions. Representative Cotten said several criticisms have been leveled at the FRANK Initiative law. He commented there are two laws covering the capital move: the 1974 initiative in which the voters mandated that the capital be moved; and the 1978 initiative stating the voters must approve the cost of the move before it happens.

Chairman Cotten said his intent would be that the FRANK Initiative would not be changed so substantially that the people couldn't have any opportunity to approve the cost of relocating the seat of government. He said HB 351 was primarily drafted by Representative Carney. He invited Representative Carney to explain the bill.

(Representative Meekins arrived at this time.)

REPRESENTATIVE CARNEY advised this bill limits the scale of the move. He explained they are proposing to move only those offices and commissioners in order to have a functional state government at Willow. He said they attempted to not amend the FRANK Initiative any more than necessary. He said he thinks they can come up with an informational figure for the cost of moving the capital. He explained the bill replaces the word "bondable" and sets out a method for determining cost. He said his feeling after being involved in the last capital relocation commission, is that it created an unnecessarily large city. He said he intends to comply with the Initiative with a Committee created by the Legislature. He advised the Bill sets out the method by which Committee members are selected. Representative Carney said he thinks the concept of the Bill is good.

Representative Rogers asked if the joint interim committee was established to insure that a majority of pro-movers would be on the Committee. Representative Carney said yes, it also sets out that representatives of the district where the capital would be moved would be on the Committee.

Representative Rogers wondered if that made it special legislation as prohibited by the constitution. Representative Carney said this had been done in the past; there was a committee to deal with the capital move, saying the Senate President, finance committee members, and others would serve on that committee. There was brief discussion.

Chairman Cotten said another approach being taken is the creation of a capital development corporation. He said the corporation would be given broad authority to make determinations on dollar amounts, relocation completion dates, definition of a functional capital, and the number of employees that would have to be moved. He said the goal of the 1974 initiative was to have as little impact on Juneau as possible. He commented in the past there have been attempts to increase the cost of the move in order to keep the capital in Juneau. He suggested they try to be as realistic as possible and try to achieve the goal as quickly as possible.

Representative Montgomery referred to page 3, lines 27 - 29, and he asked if it says who will make the joint interim committee appointments. Representative Carney said his intent was that the President of the Senate would make the appointments.

Representative Rogers said section one of the bill not only removes "bondable", but it also limits public scrutiny of all costs related to capital relocation. He said it seems the directive of the initiative was to insure that the people have an opportunity to make an intelligent and objective decision on moving the capital. He said this bill seems to be inconsistent with that in that it limits the election only to those items which are public facilities or improvements.

Chairman Cotten said one of the complaints of the FRANK Initiative is that it requires voter approval of costs other than those costs incurred by the State. He thinks the intent of the FRANK initiative was to have voters approve the costs to the State. He said he didn't know what other costs Representative Rogers might be talking about, unless they were costs that might be borne by the private sector. Representative Rogers said it doesn't include the cost of indemnification of Juneau and Anchorage. Chairman Cotten said he didn't think the initiative requires that employees be moved from Anchorage. Representative Rogers commented there are more state employees in Anchorage than Juneau, and a number of divisions have their primary office in Anchorage. He said it seems to him that in terms of trying to move the capital they would want to move those offices as well. Chairman Cotten said right now the seat of government is in Juneau, the people have voted that the seat of government be moved to Willow; he doesn't see where moving employees from Anchorage comes into this.

Representative Carney referred Committee members to page 2, line 14 of the bill, where it talks about the Committee determining the total cost of the move. He said the Committee is required to determine total costs and the people will vote on the actual bondable costs.

Representative Rogers read from the FRANK Initiative, which states in part that it is to insure that costs of relocating the capital will not be incurred by the State without the approval of the electorate. He said he thinks it is pretty clear this bill is trying to violate the intent of the FRANK Initiative. Chairman Cotten asked how amending the Initiative would violate it. Representative Rogers said by the elimination of "bondable"; and where it used to state "costs of relocation", it now states "estimated costs of the public facilities and improvements required by (b)(3) of this section". He said the costs of relocation are substantially more than the costs of public facilities. Representative Montgomery suggested page 2, subsection (c) answers that concern. Representative Rogers said the bill requires the legislative committee to calculate the cost, it doesn't require the people to vote on it, which was the intent of the FRANK Initiative.

In answer to a question from Chairman Cotten, Representative Rogers said he thinks the bill violates the intent and spirit of the FRANK Initiative. He said it doesn't include the cost of moving employees, files, the chairman's gavel, etc. He said he believes it assumes a lot of facilities will be provided by the private sector which may or may not be.

Representative Meekins said he had a technical question concerning page 3, line 13 of the bill regarding the definition of "relocate physically", and he asked if it did or did not include those items mentioned by Representative Rogers. Representative Rogers said he believes the definition of relocation on page 3 is a fairly accurate definition; however, he

said "what we are voting on is not relocation but public facilities." There was brief discussion.

(Representative Malone arrived at this time.)

Representative Meekins asked if there was a difference in the definition of cost of moving the capital from the one on page 3 and the one the public will be voting on. Representative Rogers said the cost of the capital move includes costs of physically relocating people and files, building facilities, the indemnification cost of Juneau and Anchorage, and other associated costs. He said the bill as written only includes a portion of those costs.

Chairman Cotten said he thinks this point may have some value. He said it is important that they make sure all the costs are included and considered when they are talking about providing a cost figure to the public. He said if the Corporation decides the State should lease land or actually sell land for housing, that revenue created should also be considered. He said he agree with Representative Rogers' finer points, and he asked if Representative Rogers agreed with his. Representative Rogers said to the extent the leased revenues are greater than if the state were to build a recreational city at Willow; to the extent they could get more money for leasing for a capital city, he would agree; he said to otherwise subtract what the state will make without taking into account a recreational city would be less than honest. There was brief discussion on the cost of land.

Representative Buchholdt referred to the "total cost", and said she has always had a problem with that language because she doesn't know how they can determine the actual total cost. She said she doesn't think it is possible to determine the total cost; it should say determine the best estimate they can get. Representative Carney said he thinks that is the reason the FRANK Initiative did not speak to putting the total cost on the ballot. He said they will be voting on the actual costs of relocating, and whatever figure is put on the ballot will be the total figure they can spend on capital relocation. He said the cost of public facilities is what the people will be voting on in response to the FRANK Initiative. Representative Carney added the Governor believes this bill complies with the requirements of the FRANK Initiative.

There was brief discussion on who would be appointed to the joint committee.

Representative Rogers said he opposes the move, but his feeling is they should consider a recreational city as an opportunity to bail out those people who have invested in the Willow area.

Representative Carney said he is attempting to comply with the FRANK Initiative. He said he is here to implement the vote of the people; he is not here to discuss the philosophy of the vote.

(Tape change, HFC 81-25, Side 1)

Representative Carney said what they are doing with this legislation is trying to comply with the vote of the people. Representative Rogers said it is hard to comply with the vote of the people by amending what they passed. He said it seems to him the 1978 FRANK Initiative has as much validity as the 1974 Capital Move Initiative; if anything it is more legitimate. He commented more people have left the State who voted on the 1974 initiative than the 1978 initiative. He said it is ludicrous to say they are complying with the will of the people in the FRANK Initiative by changing the initiative.

Chairman Cotten said he would say these changes are as valid as the bill introduced to repeal the 1974 initiative. He said he agrees all costs should be included. He said the question is "are the people going to have an opportunity to approve the costs of relocating the capital?" He commented that "bondable" according to one attorney general opinion would include the cost of private housing. He said he doesn't think the people understood that is what bondable meant when they voted on the 1978 initiative. He said he thinks removal of the word "bondable" is an effort to give a better definition of what public money is going to be spent on.

Representative Rogers asked if his definition would include the additional funds that would be appropriated to AHFC for additional housing at the new capital. Chairman Cotten said it could. He said he didn't believe existing law provides for that either.

Representative Rogers said one other concern he has is who is going to determine the cost? He said the new capital site planning commission as authorized in this bill is going to be wholly political. He said it seems to him that will destroy the credibility of the figures that come out of the Commission. Representative Carney said if his question is whether a political body is capable of making a responsible decision, he thinks they do have the ability to hire qualified people to give figures they can depend on and are valid.

Chairman Cotten commented there are two laws governing the capital move issue; and when people ask him why the capital isn't moved, he says one reason is because it was up to the Legislature to handle it. He said he thinks this legislation is admitting the real responsibility is with the Legislature, and if we take this approach we are accepting this responsibility. He said the bill provides the ability to hire the best advise available and arrive at a cost figure that would reflect the full cost to the State.

Representative Rogers said it seems to be inconsistent with both the original initiative and the FRANK Initiative, in that the Legislature will be doing this rather than the Commission.

Representative Buchholdt agreed with Chairman Cotten that the Legislature has not taken on the responsibility they were asked to several years back. She said it is not irresponsible to have an interim committee study an issue as a joint committee. She said this is certainly not an unusual action.

Representative Meekins asked if page 2, line 25 meant the cash appropriation would come only after the 1982 election; which would mean the newly constituted legislature would take up the issue of bonding for the capital. Representative Carney said this was correct. There was brief discussion. Representative Malone said he didn't understand why they used this mechanism. He asked if the intent was to bind future legislatures, and how will it bind them? Representative Meekins commented that any future legislature could change this statute. He said he would assume the spirit and intent would be treated in a sacrosanct manner since if it was voted on by the public it would carry some weight that should be respected. Representative Carney said one possibility would be to stipulate that it be a bond.

Representative Rogers asked if relocation of the State capital included all three branches of state government. He commented the court system is currently based in Anchorage. Chairman Cotten said it doesn't include the court system as far as he is concerned. Representative Carney said the scope of the move would be determined by the Interim Committee. Representative Meekins indicated he had a Memo from legislative counsel Jack Chenowith on this subject which suggested only the Legislature is required to convene and conduct business at the state capital or seat of government.

Representative Malone asked what the word "cost" means in this legislation, and what instructions will be given to the interim committee to define cost. Representative Carney said his intention was that the Legislature not get involved in estimating revenues. He said the definition on page 3 of the legislation defines those items that are to be included in cost. There was brief discussion.

Representative Rogers presented an AMENDMENT TO THE BILL. (See attachment #1.) He explained his amendment, and said he thinks the amendment is more consistent with the original intent of the FRANK Initiative.

Chairman Cotten asked if there were any central government personnel located in Fairbanks. Representative Rogers said he didn't know of any. He said if there were any, he thinks the 1974 initiative requires them to move.

Representative Carney asked if these amendments were adopted if Representative Rogers intended to support the bill. Representative Rogers said he didn't know. Representative Carney said if this was a method to delay the bill or cause problems he didn't want to fool with it. Representative Rogers said he thought this amendment was responsible.

Representative Rogers said he believes one of the purposes of the vote was to give the people greater access to the legislature and also to the executive branch. He said he believes the third reason for the vote was the opportunity to make money from land speculation in Willow. He said he believes all three of these goals can be accomplished without moving the capital. He suggested moving the legislature from location to location or greater use of teleconferencing and the development of a recreational city at the Willow site.

Representative Carney referred to page 2, line 14 of the amendment where they are talking about all central government offices, and he asked how they could move without impacting the economy of Juneau. Representative Rogers said he didn't think the capital could be moved without reducing the number of state employees in Juneau.

Representative Rogers pointed out that normally the Finance Committee deals with the financial aspect of bills rather than the substance. Representative Adams said concern has been expressed that sufficient information was not available to the Finance Committee. He MOVED AND ASKED UNANIMOUS CONSENT that the Committee send HB 351 and the proposed amendment to the State Affairs Committee for public input and review, and that the bill be brought back to the Finance Committee no later than three weeks from today. The QUESTION WAS CALLED FOR. Two in favor, four opposed. THE MOTION FAILED.

Chairman Cotten said it was not his intent to move the Bill out of Committee today. Representative Rogers commented the State Affairs Committee will be taking testimony on this legislation even though the bills are not before them. Representative Carney requested that he be permitted to attend those hearings (being held in Anchorage). Several committee members made the same request.

ADJOURNMENT

The meeting adjourned at 2:55 p.m.

HFC 81-24, Side 2 #329 to end
HFC 81-25, side 1 #001 to 673

AMENDMENT

OFFERED IN THE HOUSE:

By: Rogers

To: _____

HOUSE BILL No. 351

SENATE BILL No. _____

PAGE: 1

LINE: 12

Delete section 1. Replace with the following:

* Section 1. AS 44.06.196 is amended to read

Sec. 44.06.196. CAPITAL RELOCATION EXPENDITURES. (a) State money may be expended to relocate physically the present functions of the state government, including but not limited to, the legislature, the governor's office and all offices of the heads of the principal departments from their present location only after a majority of those voting on the question in the 1982 general [A STATEWIDE] election have approved a single ballot question [A BOND ISSUE] which authorizes spending for [INCLUDES] all [BONDABLE] costs to the state for the public financing of the facilities required for completion of a functional capital city at Willow and the other costs of [THE] relocation [TO THE STATE] through the year 1992, as determined by the New Capital Site Planning Commission (AS 44.06.200 - 44.06.260) [A COMMISSION CREATED BY THE LEGISLATURE TO PLAN THE RELOCATION].

(b) In addition to its responsibilities under AS 44.06.230, the New Capital Site Planning Commission [IN DETERMINING THE BONDABLE COSTS TO THE STATE THE COMMISSION] shall [ALSO] determine the total costs to the state through the year 1992, including [. THOSE COSTS SHALL INCLUDE, BUT NOT BE LIMITED TO,] the costs of moving personnel and office

1 to Willow [THE RELOCATION SITE]; the social, economic and environmental
2 costs to the present and relocation sites; the indemnification costs
3 provided in AS 44.08.010 - 44.08.080 and the costs of indemnifying
4 central state employees for their transfer to Willow; and [,] the cost
5 to the state of planning, building, furnishing, using and financing
6 the facilities required for a functional [NEW] capital city [HAVING
7 FACILITIES EQUAL TO THOSE PROVIDED BY THE PRESENT CAPITAL CITY AND
8 THOSE REQUIRED BY THE 1974 CAPITAL MOVE INITIATIVE].

9 (c) The ballot question which authorizes all costs under (a) of
10 this section shall show the total costs to the state through the year
11 1992.

12 (d) In this section,

13 (1) "functional capital city" means a city having facilities
14 to serve the needs of all central government offices, including the
15 governor's office, the departmental offices, the legislature, all
16 central government employees, and the facilities required by AS 44.06.-
17 100 - 44.06.190;

18 (2) "relocate physically the present functions of the state
19 government" means the actual physical movement of central government
20 personnel, files, furniture and the like from their location elsewhere
21 in the state to a functional capital city at Willow.

22 * Sec. 2. This Act takes effect July 1, 1981.

HOUSE FINANCE COMMITTEE
March 26, 1981
8:45 a.m.

[Tape HFC 81-25, Side 1, #673]

PRESENT

Chairman Cotten called the meeting to order at 8:45 a.m. All members of the Committee were present, except Representatives Adams, Freeman, Malone Meekins and Moss. Also in attendance: Ron Lehr, Director, Division of Budget & Management, Office of the Governor; Jacquelyn McClintock, Director, Division of Workers' Compensation, Department of Labor; Lance Youngquist, Alaska Real Estate Commission, Department of Commerce & Economic Development.

POLICY BUDGET CATEGORY BOOKS OVERVIEW

Chairman Cotten advised the first order of business is to hear Ron Lehr describe how the Agencies prepare their budgets.

Mr. Lehr distributed a set (9 books = 1 set) of the policy budget books Budget & Management uses when working on the Governor's budget. He explained the criteria they use is to "look at continuing this year's resources and next year's dollars and any cost involved in coming on line. We used 95% as a base figure for continuation, then do all their increments--about 40 programs," he said. The pages listed as "P1A," he explained, are the Agency program objectives, focusing on what is being produced for the State; "P2" contains the analytical statement; "P3" is the short-range objective page, which has the summaries of what they are going to produce; "P4A" is the funding summary--how continuation is calculated, etc.; "P5" is a priority listing of all the increments; and "P6's" are the increment summaries. Budget & Management uses the Level I and Level II priority approach, he advised.

Representative Carney wondered about an Agency using Level II as a method for cutting out a program. Mr. Lehr indicated Budget & Management calls the Agency on this; i.e., "if an Agency places something in an increment, and we think it should be in continuation." He noted Budget & Management has its priorities. He pointed out that, if a new program is established, it must be included in the "P6B". "P6NL" deals with new legislation programs, he said.

(Representative Buchholdt left the meeting at this time.)

"P1 and P2 addresses the base, and P6, the increments," Mr. Lehr continued. "What you don't have is a lot of detailed information," he stated. The main concerns they have with the budgets, he explained, is "What are you going to produce, and how

much is it going to cost." They don't place too much emphasis on the numbers, he said, with the exception of salary increases. The policy budget books, he advised, include everything the Agency submitted; however, some of it was not funded. If the Legislature goes to this system, he added, Budget & Management will submit current policy budget books and keep them up to date. "The advantage," he said, "is that you can cover a category in a day." Mr. Lehr volunteered to make himself available to answer questions as the Committee goes through the policy budget books.

Representative Haugen stated he feels it would be helpful from both standpoints to have Budget & Management submit a year-end report detailing lapses and capital projects carried forward. He noted the Committee has had this in the past, but that he has not received one this year. He stated he feels it would be more useful to have this in book form. It would be to the Committee's benefit, he said, to have an idea of how the funds were used and know exactly what the cash position is. Representative Haugen and Mr. Lehr will get together to come up with a financial report.

HB 294

HB 294 was brought up at this time:

HB 294 - "An Act making a supplemental appropriation to the Department of Law; and providing for an effective date."

Representative Rogers gave a brief overview of the bill, stating "We have bills like this every year on the miscellaneous claims against the State." This is a more difficult one this year because of the \$12,000 Zobel claim involved, he commented. There was brief discussion. Representative Rogers pointed out the State is paying 8-10% interest on the unpaid balance of these claims and that they are a final court judgement.

HB 294 HELD

HB 297

HB 297 was brought up for consideration:

HB 297 - "An Act making a supplemental appropriation to the Department of Labor and a transfer to the Department of Military Affairs; and providing for an effective date."

Jackie McClintock presented testimony for the Department of Labor. She advised the \$664,500 request is for a hearing officer for the Workers' Compensation program, and the \$600,000 request is to pay the Second Injury Fund.

(Representative Buchholdt returned to the meeting at this time.)

Representative Rogers commented he chaired the Special Commission to look into Workers' Compensation last year where a large

backlog was noted, and the Commission recommended the addition of hearing officers to reduce this backlog. The Second Injury Fund, he advised, as set up by statute, does not collect enough to cover this; therefore, the Department has been coming to the Legislature for additional funds. "However," he stated, "bailing this fund out by using general funds is setting a dangerous precedent." He suggested perhaps using this supplemental as a loan.

During discussion, Representative Carney commented increasing the tax creates a hardship on the workers. Explaining the workings of the Second Injury Fund, Ms. McClintock advised the employers or insurance carriers pay into this. Representative Carney then asked if this covers retraining, and Ms. McClintock responded it covers books and tuition while training, but that the liability of the employer is limited to 104 weeks.

Representative Rogers commented the amount of the tax increase is really negligible because of legalized price fixing by the carriers. "Somehow that \$600,000 has to be made to cover," he continued. "It is important to get that fund working correctly," he said, and still wondered if there was a way to allow this as a loan to the Second Injury Fund.

Representative Rogers also expressed surprise that the Governor included a transfer of appropriations in a supplemental bill. He indicated legislative policy has been not to mix transfers with appropriations.

HB 297 HELD

HB 148

The last bill to come before the Committee was HB 148:

HB 148 - "An Act making a supplemental appropriation to the Department of Commerce and Economic Development for the Real Estate Commission; and providing for an effective date."

Testifying before the Committee, Lance Youngquist advised the Real Estate Commission was removed from the Division of Occupational Licensing at the end of last year and set up separately in the Department of Commerce and Economic Development. He stated \$127,900 was transferred to them, which is what they are operating on now, and this supplemental is to cover the next three months.

Representative Rogers asked what their budget request for next year is, and Mr. Youngquist replied \$223,000. He also noted they average an input to the budget of about \$200,000 and that they are mandated for an investigator. Chairman Cotten requested a copy of the budget, and Mr. Youngquist distributed copies (see attachd) to the Committee and pointed out the funds involved in travel and moving and office equipment are one-time expenditures. Answering questions from the Committee, Mr. Youngquist advised the

Real Estate Commission licenses all the real estate brokers, does all the testing and investigating, etc., and is listed on shortform page 50 of the DEVELOPMENT budget category.

HB 148 HELD

Referring to the Hidden Falls Hatchery claim against the State (HB 294), Representative Haugen requested further information be provided. He referred to it as a "fiasco" and feels it lets the State wide open to claim. Representative Rogers agreed and indicated "it is obvious someone in Fish & Game blew it." He suggested perhaps dropping off the Zobel and Hidden Falls claims and taking care of everything else in the bill.

ADJOURNMENT

The meeting adjourned at 9:30 a.m.

Tape HFC 81-25, Side 1, #673 - End
Side 2, #001 - #661

SUPPLEMENTAL FUNDING NEEDED 1981

Personnel Services	Investigator	\$13,500.00
	Clerk-Typist III	8,500.00
Travel & Moving	one-time expenditure	4,000.00 *
Contractual	225, 12/1/81	5,000.00
Commodities		1,500.00
Equipment	one-time expenditure	5,200.00 *
TOTAL		\$37,700.00
Plus: Executive Director salary	22A (18)	7,000.00
TOTAL		\$44,700.00

100.

249,536.00

127,921. -

HOUSE FINANCE COMMITTEE

March 27, 1981

1:35 p.m.

(HFC 81-25, Side #2 #603)

PRESENT

All Members of the Committee were in attendance except Representative Carney. (Representatives Haugen, Meekins and Buchholdt arrived later in the meeting.) Present to provide testimony: Representatives Grussendorf and Miller; Bill Mauger, Owner, Alaska Travel; Alison Elgee, Fiscal Analyst, Legislative Finance Division; Charles Northrup, Interim Executive Director, Alaska Public Broadcasting Commission; Les Robinson, KDLG, Dillingham; Elmo Sackett, KAKM, Anchorage; Carol Schotz, KYUK, Bethel; David Thompson, KMXT, Kodiak; and Rich McClear, KCAW, Sitka.

HCR 1

Chairman Cotten called the meeting to order and brought HCR 1 up for consideration:

HCR 1 -- "Relating to reduced rate travel for older Alaskans aboard vessels of the state marine highway system."

REPRESENTATIVE GRUSSENDORF explained this Resolution attempts to expand on a program the State embarked on in 1974. He said they found the ferry system is basically used by certain types of individuals -- they have to have tremendous amounts of time on their hands; so the ferry system is mostly used by the elderly and the young. Representative Grussendorf explained this Resolution expands the time the elderly can use the ferry system at a reduced rate. He advised the use would be on a space available basis.

Representative Grussendorf said the Department's fiscal note shows a \$184.0 loss of revenue. Representative Malone asked if he had information on how this figure was calculated. Representative Grussendorf said he didn't, and he recommended someone from DOT/PF speak on the fiscal note. Representative Malone commented the Resolution provides this would be on a space available basis so he doesn't know where the loss of revenue would come in. Chairman Cotten said the only thing he can figure is the Department might be assuming these people would be traveling at full fare if the reduced rate wasn't available. There was further discussion.

(Tape Change, HFC 81-26, side 1.)

Representative Rogers asked at what age a person is eligible for reduced travel. Representative Grussendorf said 65. He said they discussed using an Alaska Senior Citizen Pass, but felt that would raise constitutional questions with the federal government.

Representative Rogers commented in the past only Alaskans have been given free passage. He said the CS for HCR 1 extends this to all senior citizens. He said he appears the original bill does more for Alaskan residents than the CS. Representative Grussendorf said his original bill was a "nightmare". He said he would have come out with a sponsor substitute if the Transportation Committee hadn't put out the CS.

(Representative Haugen arrived at this time.)

Representative Rogers asked if there were any others that couldn't afford to travel on the marine highway. Representative Grussendorf commented the marine highway system is subsidized extremely heavily by the State and the rates are reasonable, so basically, no, his concern is the elderly who are on a fixed income.

Representative Rogers asked why they are using age as a criteria rather than ability to pay. Representative Grussendorf commented that people using the ferry system usually do so because of their financial situation, if they could afford to they would fly.

Concerning the constitutional issue, Representative Freeman commented on a meeting he just had in Anchorage on the Violent Crime Task Force, where the judge present suggested the Legislature make more of an effort to pass laws they think are right rather than worrying about their constitutionality. He suggested that was not the responsibility of the Legislature. Representative Freeman said if the Legislature wants to do something, and thinks it is right and proper, they should go ahead and do it and leave the legal questions for the courts to decide. There was brief discussion.

Representative Adams MOVED AND ASKED UNANIMOUS CONSENT that CS HCR 1 (TRSP) be reported out of Committee. There being NO OBJECTION, it was so ordered. CSHCR 1 was reported out with a "do pass" recommendation.

HB 19

The next bill to be considered was HB 19:

HB 19 -- "An Act establishing a revolving fund for payment of travel costs; and providing for an effective date."

REPRESENTATIVE MILLER explained how travel agencies work and said the problem is that the State issues a TR when anyone travels on State business, and because of the complications of fiscal management in the State it is sometimes a matter of months before the State presents the travel agency with the money; yet the

travel agency has to pay the airline for the tickets within a matter of weeks.

(Representative Meekins arrived at this time.)

Representative Miller explained the travel agency is operating on a commission basis, they don't get money from the State for long periods of time, and they have to go to banks to borrow money to pay for the tickets. He said the situation is that the travel agency has to be out a large share of what would have been their commission on interest on the loan from the bank. He said this is unfair particularly because there is no question that a TR will be paid. Representative Miller explained the bill sets up a revolving loan fund out of which the money could immediately be paid to travel agencies or airlines. He explained the money would be paid from the fund and as soon as the paperwork gets done the agency would repay the fund.

Representative Miller said he is not enthused about the fiscal notes. He said he is not sure it has to cost this much to administer.

(Representative Buchholdt arrived at this time.)

Representative Malone said the Legislature appropriates money for travel and Administration issues check to pay the bills. He asked why they need a revolving fund. He asked if the real problem was the time it takes to prepare the paperwork or is there some sort of funding problem. Representative Miller said he has no idea where the knot is, but it is someplace in the morass of government. He said the revolving fund would seem to guarantee that money would be immediately available. He said he believes setting up this fund is worth doing and doing right away.

Representative Malone agreed people should have their bills paid within a reasonable period of time. However, he said since the funds for travel are appropriated and available in the budget, and administration has the authority to write checks, he doesn't understand why they just can't do that. Representative Miller said he can't answer that question. He said he has seen entries in the books of a travel agency that show the state is many weeks behind and owes thousands of dollars.

Representative Montgomery said he doesn't see why they have singled out one industry. Representative Miller said they have singled out this industry because it is being penalized even more than any other industry. There was discussion on the amount of time it takes the state to pay its bills.

MR. BILL MAUGER, Owner, Alaska Travel Service, testified that as of last night the amount the State has owed them for over thirty days is \$69,000. He explained at the present time they are paying 20% interest at the banks. He said they have some state accounts that are delinquent back to August. Mr. Mauger said the reason for the delay is the accounting system the state uses. He

explained the State has plenty of money to pay bills, but sometimes one account might be dry. He said before a TR is processed, the traveler has to return to his office and fill out his expense account.

Representative Freeman asked why he accepts TRs if it is a money losing proposition. Mr. Mauger said they are making a profit, but not what they are entitled to, to his way of thinking. He said there are many travel agencies in Anchorage that will not accept TR's.

RECESS

Chairman Cotten called for a recess at 2:26 p.m. and recalled the meeting to order at 2:31 p.m.

HB 19

Chairman Cotten appointed Representatives Malone, Rogers and Montgomery to a Subcommittee to consider the fiscal notes for HB 19 and to determine if the Committee should address the question of the amount of time it takes the state to pay its bills.

EDUCATION BUDGET CATEGORY - ALASKA PUBLIC BROADCASTING COMMISSION

Chairman Cotten said the next order of business would be to receive testimony on the Alaska Public Broadcasting Commission (APBC) budget. He advised that Representative Moss is the Chairman of the Education Subcommittee. He requested that Ms. Elgee give a brief overview of the APBC budget.

ALISON ELGEE, Fiscal Analyst, Legislative Finance Division, advised the APBC budget is located in the Education short form on Page 166. She said the request totals \$4,668,900 general funds at the continuation level of funding. She said the APBC requested considerably more than what is in the Governor's budget, but the Governor only approved a continuation level budget for this program. Ms. Elgee pointed out the Budget only shows the state support for the stations, it doesn't show federal or other funds they receive. She explained the Broadcasting Commission only submits to the State their request for the state's portion of support for the various stations.

(Tape change, HFC 81-26, side 2.)

Ms. Elgee pointed out that due to Executive Order #50 the Broadcasting Commission will no longer be in the Department of Education, it will be transferred to the Department of Administration.

In answer to a question from Representative Adams, Ms. Elgee explained the grants line item is to provide grants to local stations, and the balance of the funding is for Broadcasting Commission administration. She explained the Commission not only

administers the grants, but is also the satellite tape delay center.

Representative Adams referred to the language on page 166 of the short form and asked if the Commission had veto power over the rural stations. Ms. Elgee explained that substantial amounts of money were approved by the Legislature last year and the Governor reduced the level of funding, so the Commission had to make changes to distribute what money was left. She said the language on page 166 refers to how they made those decisions.

Representative Rogers commented they are seeing an expansion in instructional television, and he asked if there were any conflicts between the Broadcasting Commission and instructional television. Ms. Elgee suggested Commission members could better answer that.

MR. CHARLES NORTHRUP, Interim Executive Director, Alaska Public Broadcasting Commission, advised the Commission is going to be greatly affected by the implementation of Executive Order #50. He commented on the way the station budgets were developed, and explained the formula they used has been developed nationally. He said the formula was developed to assure that public stations would be more than "electronic jukeboxes". He said the formula sets standards to assure that stations will have enough resources to generate local, regional, and statewide programs of interest to and needed by the audience they serve. Mr. Northrup explained the stations submitted their request to the Commission based on that formula. The Commission scrutinized each budget submitted and sent its budget recommendation forward to the Governor and the Legislature. He said he has heard rumours that the budget numbers are arrived at capriciously by the Commission or stations, and he said that may have been true in the past, but he thinks the way they have proceeded is testimony that they take their responsibility seriously. He commented further on their budget preparation.

Mr. Northrup said they are beginning to develop a six-year capital plan. He said they are discussing methods by which new stations will be added, and they are looking at other technological services that are becoming available, for instance in some areas it may be possible to put in smaller stations rather than a full service station.

Mr. Northrup pointed out the stations receive better than 90% of the Commission's budget request in the grants category. He said the Commission places its highest priority on support for the stations. He said the Commission's request was higher than the Governor's recommendation for grants, and the Commission has submitted a request for a Budget Amendment to the Budget Review Committee. He commented their original request to the Governor lacked certain specificity and detail, so they have provided the BRC with additional information which they will consider as part of the amendment request. He said they have also provided to the BRC information on the other sources of funding for the stations.

Mr. Northrup advised that 40% of the total station's support comes from non-state sources.

Representative Moss asked why they requested the two new positions which the Governor didn't allow; and why the increase in commodities from \$18.4 to \$80.0. Mr. Northrup explained when the Commission put its budget together EO #50 was not in existence. He said the Commission hasn't had any staff additions in 6 or 7 years; yet in that time the stations they have managed has gone from 3 to 15 and the taped satellite delay project has begun operation. Mr. Northrup said their number 1 priority is grants; 2 would be additional travel so the Commissioners could get out to where the stations are located; and 3 would be those two new positions. He explained the increase in commodities is tied directly to the tape delay center.

Representative Moss questioned the \$2.5 million for grants/claims. Mr. Northrup said the number of stations has increased rapidly over the last 3-4 years. He said capital funds to establish the new stations have been approved by both the legislature and governor, but operating support has not fared as well. He said there is a widening gap between the operating funds available and the number of stations over which to spread those funds. He commented further.

Representative Moss asked what other sources of funding the stations have. Mr. Moss said they receive funds from the Corporation for Public Broadcasters, some employees are funded through CETA, funds are received from the Humanities and Arts Endowment, through local contributions, in-kind contributions, and they receive a tremendous amount of volunteer services. Representative Moss asked what percentage of their funds are federal funds that might be cut. Mr. Northrup said not every station qualified for Corporation for Public Broadcasters support; of those that are, a minimum of 25%, or \$250,000 may be lost. He said on the capital side there is a potential loss of \$700,000 or more; they will also lose CETA funds, which are approximately \$50,000.

Representative Buchholdt commented on the time that "Capital '81" is run on the various stations, and she asked if the Commission had any influence in programming to change the scheduling so their constituency could see what is going on in the Legislature. Mr. Northrup said the Commission has unequivocally, absolutely no control over programming of local stations. He said the Commission has avoided even the appearance of controlling the programs of stations because the Commission is a state agency, and the quickest way to destroy the credibility of the stations and their agency would be to provide that kind of control. He explained that "Capital '81" is produced under a production grant, and the program is made available not only to public stations but every station. He said each of those stations is free to schedule the program at whatever they feel is the most proper time. There was discussion on the scheduling of Capital '81.

Representative Rogers asked if he saw any conflicts between instructional television and public television. Mr. Northrup said they are entering into a period where it is important that there be close cooperation between the two. He commented they are currently in a situation where the Legislature is considering providing additional funds and services, and EO #50 doesn't take effect until July 1, so there is potential for systems to be set up that don't work with other systems.

In answer to a question from Chairman Cotten, Mr. Northrup explained he is the temporary part time executive director of the Commission. He explained he serves at the pleasure of the Commission. He said the Commission wanted an interim executive director to allow them time to conduct a search for a permanent executive director. He advised they plan to make that decision at their May 8th meeting. In answer to Chairman Cotten's question, Mr. Northrup said his application has not been ruled out.

Chairman Cotten asked if there had been any changes in the amount of public support they receive. Mr. Northrup said that support continues to go up.

Representative Montgomery questioned the relationship between the public and private broadcasters. Mr. Northrup said he thinks the relationship varies from community to community. He commented that in some places the only radio station available is a public broadcasting one. He said where there are private broadcasters, he thinks everyone tries to get along.

(Tape change, HFC 81-27, Side 2)

Representative Montgomery asked if EO #50 makes any changes to the make-up of the Commission. Mr. Northrup said no, it remains intact.

Chairman Cotten advised he would have to leave at this time. He TURNED THE GAVEL OVER to Vice Chairman Freeman.

MR. RICH McCLEAR, General Manager, KCAW, Sitka, introduced the other station managers present. He explained that each of the managers is selected by a local board of directors. He advised each station manager submits a budget to the Commission which has been approved by their local board. He said all the managers are supporting the APBC request to the Governor and the request for \$6.3 million operating, and the capital portion as well.

Mr. McClear advised that in FY 82 with the two new stations, Alaska public broadcasting will be serving 95% of the population. He said right now they are serving 44,000 people who only get broadcasts from public stations. He advised that 15,000 Alaskans are members of Alaska public broadcasting. Local support is \$6.10 per capita -- the highest in the country, and 40% of the total support for stations comes from non-state sources.

Mr. McClear explained what federal funds they are requesting in FY 82, and advised they believe \$1,294,000 will be lost.

MR. LES ROBINSON, KDLG, Dillingham, advised they are the only radio station serving the entire Bristol Bay area. He commented on some of the programs they provide.

(Representative Haugen left at this time.)

Representative Rogers asked how the Governor's cuts to the APBC budget will affect the stations. Mr. Robinson said it will depend on how the Commission decides to allocate the funds. He said if they allocate them on the same basis as last year the cuts to his operation would not be extremely large, but other stations would be badly hurt. He said his station would only lose \$6,000.

Representative Meekins asked if they carried Alaska Public Radio news. Mr. Robinson said yes. He advised they also carry the "capital connections" program. There was brief discussion on programming.

MR. ELMO SACKETT, General Manager, KAKM, Anchorage, commented that one measure of whether a station is doing a good job is the kind of community support it receives. He commented that in KAKM's case they are fortunate to be living in a community with a tremendous number of people, and they receive 60% of their revenue from non-state sources. He said that considering the national average of memberships, they should be very proud of their support. He advised that 12% of the households in the area are members of KAKM, and the average household contribution is \$38.75. He commented further on community support for public broadcasting. Mr. Sackett said there are 221 public radio stations and 280 television stations. He explained they can give material to and receive information from each of these stations. He said they have the ability to produce and put out programs that tell Alaska's story.

(Representative Adams left at this time.)

There was lengthy discussion concerning the time "Capital '81" is shown on KAKM.

(Tape change, HFC 81-27, side 2.)

(Representatives Meekins and Buchholdt left at this time.)

Mr. McClear advised if the Governor's request is approved they will not be able to have the new stations at Valdez and in the Prince William Sound area.

MS. CAROL SCHOTZ, KYUK, Bethel, explained they have 22 translators that bring the system to over 40 communities, and maintaining the translators is very costly since many are accessible only by helicopter or airplane. She advised that for

most communities in the region, KYUK is the only television they receive. Ms. Schotz said that part of their concern is that the whole cost for maintaining the translators comes out of their operating budget. She said they think a more equitable approach would be to take the maintenance costs out of the operating budget. In answer to a question from Representative Malone, Ms. Schotz said they are looking at alternatives to the translators.

MR. DAVID THOMPSON, KMXT, Kodiak, commented on the capital requests the stations have submitted. He said some of the systems in Alaska were activated with less than adequate facilities. He commented on some of the facilities stations are located in. Mr. Thompson said in his area there is a request for an extension of service. He said the other requests are for basic equipment and replacement of equipment. He said one other area of capital requests is for back up power facilities. He commented further.

Mr. McClear pointed out that most of the questions have been concerned with television, yet the bulk of their operating requests are for radio stations. He said that last year with the cut back in funding some of the stations were hurting. He said if the cutback continues some stations will continue to operate on a very low-key basis and a lot of stations will continue to operate at the lower revenues they were initially funded at. Mr. McClear agreed there are a lot of inequities in the system.

Representative Malone asked what sort of impact the Governor's recommended figure would have. Mr. McClear said for the new stations it is whether they can go on as a full service station or whether they have to just limp along. He said that is what would happen to McGrath, Sitka and Haines. He said many stations would not be able to purchase replacement equipment and signals would deteriorate. He said employees may have to be laid off, and they would continue to see a very high rate of turnover in personnel because their salary levels are so low.

Representative Malone commented that one of the difficulties the Legislature has had in dealing with the public broadcasting budget is there has not been a lot of information provided on the budget. He asked to what extent the Commission intended to improve that. Mr. McClear said they can provide the materials that all the station managers submit with their budgets. There was brief discussion.

Mr. Northrup said in summary, he would like to emphasize what the Committee has heard from the station managers -- that they support the Commission's request, both operating and capital. He said the stations have agreed they support what the commission has requested -- no less, no more -- and that is a big change from what has happened in the past. He commented further.

ADJOURNMENT

The meeting adjourned at 4:40 p.m.

HFC 81-25, side 2 #663 to end
HFC 81-26, side 1 #001 to end
HFC 81-26, side 2 #001 to end
HFC 81-27, side 1, #001 to end
HFC 81-27, side 2, #001 to #583

HOUSE FINANCE COMMITTEE

March 30, 1981

1:45 p.m.

{Tape HFC 81-28, Side 1, #001}

PRESENT

Chairman Cotten called the meeting to order at 1:45 p.m. All members of the Committee were present, except Representative Meekins. Representatives Rogers, Carney and Malone arrived later in the meeting. Also in attendance: Brad Brooks, Constituent Volunteer from District 20 (Fairbanks); Robert Merritt, Consultant on Telecommunications for the Legislature and Professor of Engineering at the University of Alaska-Fairbanks; Lisa Parker, Administrative Assistant to Chairman Cotten.

HB 237 AND HB 394

Chairman Cotten brought HB 237 and HB 394 up for consideration:

HB 237 - "An Act increasing the maximum amount of the agricultural revolving loan fund; and providing for an effective date."

HB 394 - "An Act making a special appropriation to the agricultural revolving loan fund; and providing for an effective date."

Representative Moss advised HB 237 is the enabling legislation that removes the ceiling from the Agricultural Revolving Loan Fund (ARLF). "Up till last year," he pointed out, "we were able to sell our (ARLF loans) to (the Department of) Revenue, but now that is not so." HB 394, Representative Moss explained, is the appropriation bill that adds the \$10 million in funds the ARLF needs now for its work. Representative Moss distributed to the Committee an "Agricultural Loan Fund Summary" package (see Attachment 1), which he discussed.

During discussion, Representative Montgomery asked why not make provisions for Revenue to pick up the paper. Chairman Cotten commented it was the intent of the Legislature last year to broadly limit the authority of the Commissioner of Revenue. Representative Moss advised it was Section 3.10.054, relating to sale or transfer of mortgage, that was repealed last year.

(Representatives Rogers, Carney and Malone arrived at this time.)

Representative Moss gave background information on the fund and how money was taken out last year to pay for firefighters in the Delta barley fire and that the money was reappropriated at a later time. Representative Rogers indicated this was discussed during several meetings last year that the Governor probably did

not have the authority to do it, but it was already done, so the money was put back in.

During further discussion, Representative Montgomery asked the total amount loaned out through the ARLF, and Representative Moss indicated \$21,365,000 in 423 loans. Basically, he continued, the loans are for three different categories: (1) seed and fertilizer, up to \$200,000 over a one-year period; (2) chattel mortgage loan, up to \$300,000, a seven-year loan; and (3) development of farm projects, \$500,000 and up to 40 years. Representative Rogers stressed the necessity for moving quickly on this bill because of the time element involved regarding the planting season.

Referring to the Commercial Fisheries and Agriculture Bank (CFAB), Representative Freeman asked if they made loans to farmers; "and if not, why not." Representative Carney replied the problem there is the high interest rates. He described the interest ratio extended down South. Representative Rogers commented CFAB interest is at 15%, and CFAB "is known as fisheries, fisheries, fisheries."

There was discussion on eliminating the loan limit, and Representative Rogers explained, "Each time we have to pass two bills; one to raise the limit and one to put the money in." He stated he feels "We should be able to do that without passage of two bills."

Representative Moss advised HB 394, companion bill to HB 237, appropriates \$10 million to the ARLF. "When that portion of the budget comes before us, we should reduce the budget (from \$23 million to \$13 million) accordingly," he said. Representative Carney disagreed with Representative Moss, stating he feels it can be a mistake to reduce the budget by that amount. Representative Rogers indicated concurrence with Representative Carney.

Representative Malone quoted a portion of the statutes on loan processing for farms and asked the reason for the \$10 million figure. Representative Moss called attention to the memorandum (see Attachment 1) from Dave Rogers and advised this is the amount known to meet existing loans. During further discussion, Representative Malone pointed out more money might be necessary and suggested perhaps this ought to be deferred to a later time in order to address the limitations placed on farm development for irrigation systems, operating purposes, etc. Representative Moss indicated they are currently working on just what Representative Malone referred to, changing the maximum allowable amounts available for farm loans.

CSHB 237 (RESOURCES) REPORTED OUT

Representative Rogers moved and asked unanimous consent that the Finance Committee report out CSHB 237 (Resources). There being

no objection, it was so ordered. CSHB 237 (Resources) was reported out with a "do pass" recommendation.

HB 394 REPORTED OUT

Representative Rogers moved and asked unanimous consent that the Finance Committee report out HB 394. There being no objection, it was so ordered. HB 394 was reported out with a "do pass" recommendation.

SSHB 138

SSHB 138 was brought before the Committee for consideration:

SSHB 138 - "An Act making special appropriations to the Department of Administration for telecommunications; and providing for an effective date."

Brad Brooks, constituent volunteer for District 20 (Representative Roger's district), distributed handouts (see Attachments 2, 3 & 4) on the bill and presented an analysis of the items in Section 1. He advised Executive Order 50 was used as a vehicle for consolidating telecommunications all under the Division of Administration in the GENERAL GOVERNMENT category of the budget, and SSHB 138 is the bill making the appropriations. He explained the difference between the television demonstration project (TVDP) and instructional television (ITV). He also pointed out ITV is different from educational broadcasting.

(Representative Rogers left the meeting at this time.)

Mr. Brooks explained Item 1 allocates to those communities needing both TVDP and ITV, and those communities noted in Section 2 need only ITV. He advised the sites listed in Section 4 were funded by SB 165 (see Attachment 3) last year, and SSHB 138 just extends them.

There was discussion on the earth station boundary lines for Anchorage. Mr. Brooks advised Hope can receive on this, but Girdwood cannot. This would create a new channel--a fifth--in the Anchorage area. There was a question on Talkeetna, and Mr. Brooks responded this was covered in HCS SB 165 (FCC) last year.

(Representative Rogers returned to the meeting at this time.)

{Tape HFC 81-28, Side 2, #001}

Section 2 of the bill, Mr. Brooks stated, relates to the \$1.8 million appropriation for purposes of additional services. As an example, he cited the double-signal programs brought up from the Lower 48 that the rural area capabilities cannot receive; they can only receive in single signal format. These are mostly prime-time, special events situations, he advised, and Section 2 provides another outlet so that a transponder can be leased, as needed, or through other satellite means.

Referring to page 2, line 21, Representative Freeman commented, "Ketchikan probably has the best (television in the State), even over Anchorage, (as) it gets and receives just about everything." He then referred to a bid submitted by Totem TV & Appliance to service Coffman Cove for \$34,000, which would provide four channels, and wondered if "maybe \$79,000 is such a bargain." Mr. Brooks responded that the \$34,000 does not include shipping and labor nor provide HBO, Madison Square Garden nor include PBS or Nova. By August 1, he said, Ketchikan will have ITV, which will then move 18 hours to its own satellite. Representative Freeman wondered if the State is "getting its money's worth in this program", and what about using the commercial market--"Is there anything wrong in doing it that way?" Mr. Brooks pointed out the only thing to consider is that the schools in the logging communities are asking that ITV be provided for educational purposes. He also noted ITV is a two-way system.

Representative Rogers indicated some of these questions may be answered after Thursday's audio-visual teleconference on the University of Alaska. He also pointed out that, for the \$79,000, they get the State channel for ITV plus the entertainment channels and added he had no problem with eliminating Coffman Cove from this bill. He said he too is interested in other technical options available regarding instructional and entertainment TV, other than what is presented in this bill.

(Representative Buchholdt left the meeting at this time.)

"Because of certain configuration," inquired Representative Rogers, "does it include certain vendors?" Mr. Brooks indicated yes, but he doesn't feel qualified to explain. Representative Rogers stated he feels ITV is important because it provides a means of offering postsecondary education. However, he indicated support of options that offer something different in entertainment that would satisfy the needs of communities such as Coffman Cove.

Representative Malone asked what this system entails and how much money is being spent on transponders at the present time. Mr. Brooks indicated it involves two-way audio, one-way TV, and the figure represents the average cost of the four vendors he contacted. Representative Malone asked the cost of satellite time, and Mr. Brooks replied the transponder's time runs \$6,700 per year. He then explained "on-top-of" costs. In answer to a question from Chairman Cotten, he noted there is \$960,000 in the UNIVERSITY budget under Statewide Administration, Community College & Regional Extension, and \$695,000 in the Department of Education for FY 82 for ITV. He advised he is currently working on a breakout of actual-cost figures. Representative Rogers requested information on other options available.

At this time, Chairman Cotten requested any proposed amendments to SSHB 138 be submitted in writing and made available before the next hearing on this bill. Representatives Adams and Rogers

indicated they would be submitting amendments. Representative Rogers stated most of his revolve around ITV.

In his closing remarks, Mr. Brooks included a brief explanation of the proposed letter of intent (see Attachment 4), stating the figures were provided by the Department of Transportation, Division of Communications, case-system configurations.

Bob Merritt, professor of engineering at the University-Fairbanks and legislative consultant, presented testimony. Some of these numbers represent the high estimate, and if they were put out to bid, they could be reduced on the commercial market, he explained. Referring to the \$34,000 earth station brought up by Representative Freeman, Mr. Merritt indicated he feels this would be reasonable; however, he does not believe the cost for distribution is included in that figure, which would make some difference in the cost analysis. He also commented some of the early numbers obtained were put together to be discussed and argued over. In describing the premise of TVDP, he explained you can take the program off the satellite and distribute via the mini-transfer, which is part of the copyright and agreement with the networks.

During discussion, Representative Adams commented he would like to keep the equipment uniform throughout Alaska to make it easier to upgrade in the future. Mr. Merritt advised this program involves two different satellites--RCA's F-1 and F-2--and ITV utilizes the F-2 satellite. Representative Adams then asked a question about rural telephone expansion, regardless of where capitol is located, and the 465 Centrex telephone prefix. Mr. Merritt indicated he has sent Representative Adams a memorandum on this, relating there is a toll charge plus \$300 per month for the Zenith operator.

There was further discussion on the programs included in TVDP.

{Tape HFC 81-29, Side 1, #001}

Representative Freeman questioned Mr. Brooks on options available to satisfy the needs and wants of the various communities; i.e., tailoring TV to fit the community. Mr. Brooks mentioned the Westar II satellite, but indicated the system for getting into this is not available in the State. Representative Malone wondered if there isn't some way to use the existing satellite as a relay to bring this into the system. Mr. Merritt indicated yes that it can be done and has been done on several occasions for special programs, but it does require retraining, which is expensive. Representative Malone asked about expanding so that rural television can be expanded. Mr. Merritt advised that, in August, this will have to be reevaluated in a program analysis and readjusted. He described what is currently available. The money proposed here, he said is to require additional channels, and one of the options is to bring over additional satellites. However, he noted, transponder space is at a premium. He discussed the situation regarding Ted Turner and the Cable News Network. He

also described the design of the new satellite slated to be launched by January 1983 and noted he was privileged to be on the designing committee.

HB 138 HELD

ADJOURNMENT

The meeting adjourned at 3:00 p.m.

Tape HFC 81-28, Side 1, #001 - End
 Side 2, #001 - End
HFC 81-29, Side 1, #001 - #429

AGRICULTURAL LOAN FUND SUMMARY

The Agricultural Revolving Loan Fund (ARLF) is the primary source of low interest loans for farm development and associated processing facilities. The fund was established, in accordance with legislative and administrative policy, to allow reinvestment of income from non-renewable resources into the renewable resource of agriculture. The Fund has grown, since 1953, to a total capitalization of over \$20 million with the bulk of this capital (\$16 million) having been added as a part of the State's large scale development program which began in 1978 (see the attached summary of the progression of added capital).

Loans from ARLF are made to farms of all sizes, in all areas of the State. The amounts loaned range from less than \$10 thousand to amounts in excess of \$1 million with the greatest number of borrowers falling in the under-\$50 thousand category. The total of 12-31-80 outstanding loans made per farm is as follows:

<u>Range</u>	<u>Number of Borrowers</u>	<u>Total Amount Loaned</u>	<u>Average Indebtedness of Borrower</u>
Under \$50,000	118	\$ 2,193,807	\$ 11,699
50,001 to 100,000	23	1,760,625	76,548
100,001 to 150,000	13	1,586,321	122,024
150,001 to 250,000	10	1,971,728	197,173
250,001 to 500,000	16	5,618,019	351,126
500,001 to 1,000,000	6	4,640,171	773,362
1,000,001 and over	3	5,555,000	1,851,666
Totals	<u>189*</u>	<u>\$23,325,671</u>	

160 farms received loans totalling less than \$200,000 per farm with the average loan being \$41,181 per farm. Of this 160, 141 farms borrowed less than \$100,000 each for an average of \$28,045 per farm.

The balances of loans outstanding December 31, 1980, by areas of the State, are as follows:

<u>Area</u>	<u>Number of Borrowers</u>	<u>Number of Loans</u>	<u>Amount</u>
Matanuska	70	137	\$ 7,457,130
Tanana	90	230	11,586,425
Kenai	26	40	978,140
Other	<u>6</u>	<u>14</u>	<u>697,509</u>
Total	192*	<u>421</u>	<u>20,719,204</u>
Special loans administered by ARLF		<u>2</u>	<u>1,134,451</u>
Totals		<u>423</u>	<u>\$21,853,655</u>

*3 Borrowers have loans in 2 areas

The loan totals vary between the two charts in that the first chart reflects total loans made and the second chart reflects loan balances as they existed December 31, 1980. The difference in the number of borrowers is caused by several individuals having loans in more than one area.

Through December 1980, the Fiscal 80 appropriations of \$12,960,000 were loaned as follows:

<u>Loan Range</u>	<u>Number of Loans</u>	<u>Amount</u>
1,000 - 5,000	19	\$ 65,300
5,001 - 15,000	63	639,475
15,001 - 25,000	31	670,770
25,001 - 50,000	30	1,093,750
50,001 - 100,000	26	2,035,550
100,001 - 150,000	13	1,786,000
150,001 - 300,000	9	2,114,515
300,001 - 500,000	1	500,000
Over 500,001	<u>3</u>	<u>2,383,033</u>
Totals	<u>195</u>	<u>\$11,288,393</u>

As the State's development program proceeds, ARLF will continue to play a primary role in financing developing areas, farms and processors. This role is required by reluctance of other financing institutions to invest in an industry with no proven track record. Our agricultural industry is too new to have developed that track record, and, as an industry, is still incomplete. It is estimated that a developmental period of from five to ten years will be required before any substantial trend toward alternative financing sources can take place.

Once the industry has become established and has developed the needed performance record, the move to alternative financing sources can begin. In the long run, it is not in the best interest of the farm community for the industry to be based on the concept of continued low-interest loans from a single governmental source. Very soon ARLF must undergo structural and procedural changes which will ease these farm-related borrowers from reliance on the Fund and into the market for other types of financing. A decreasing role for ARLF is projected after the initial five-year development phase of each new enterprise and farm area.

The Division of Agriculture's FY 82 budget request as approved by the Governor adds \$23 million to the capitalized size of the Fund. This amount will fund the planned agricultural development needs for the next year as outlined in the Department's overall agricultural development schedule. In addition to this increase in capitalization of the Fund, the statutory fund size limit will have to be changed. We have recommended an increase to \$200,000,000, which will eliminate the need for annual fund size increases over the next three years, as additional capital is needed.

It would also be advisable to increase the maximum allowable loan size per farm. At the present time, the limit of \$500,000 per farm for farm development loans is often restrictive. A dairy, beef, or pork production unit will normally see a required investment of \$1,000,000 per farm. The allowable amounts for operating capital and chattel (equipment or livestock) are also restrictive for large, economic size units producing these products.

Through use of the Department of Revenue's willingness to purchase proven loans from the Fund, it will not be necessary for a supplemental appropriation to provide operating funds for already financed farms this spring. However, at this time, there are no funds available to finance new operations until additional capitalization is added.

FISCAL SUMMARY OF LOAN FUND

YEAR	APPROPRIATION	TOTAL FUND SIZE	STATUTORY AUTHORIZATION AND CHANGES
1953	\$200,000	\$ 200,000	Fund created; authorized up to \$1,000,000 short-term loans no chattel loans not to exceed \$10,000 for 5-year terms at 5%; with up to 20 years at 4.5%.
1955	150,000	150,000	Farm development limit raised to \$20,000 maximum.
1957	125,000	125,000	
1959	100,000	100,000	
1960	75,000	75,000	
1961	200,000	200,000	Authorized Fund increased to \$2,000,000; short-term limit \$5, to \$40,000.
1962	200,000	200,000	
1964			Authorized to utilize TR and PER Funds
1966	45,000	45,000	Short-term limit raised to \$10,000; chattel limit increased development limit raised to \$50,000 for 30 years at 5%.
1967	45,000	45,000	Short-term limit raised to \$15,000; farm development limit r
1968	300,000	300,000	
1969	100,000	\$1,540,000	
1970	500,000	500,000	Special irrigation fund established with up to 20 years at 4 development limits raised to \$150,000; authority to sell loan
	800,000	800,000	Fund limits raised to \$5,000,000
1971	200,000	3,040,000	
1974 FY75	200,000	3,240,000	Additional appropriation. Short-term loan limits raised to :
1975 FY76	200,000	3,440,000	

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FISCAL SUMMARY OF LOAN FUND

YEAR	APPROPRIATION	TOTAL FUND SIZE	STATUTORY AUTHORIZATION AND CHANGES
1953	\$200,000	\$ 200,000	Fund created; authorized up to \$1,000,000 short-term loans not to exceed \$2,000 on 1-year terms at 6%; chattel loans not to exceed \$10,000 for 5-year terms at 5%; farm development loans not to exceed \$15,000 with up to 20 years at 4.5%.
1955	150,000	150,000	Farm development limit raised to \$20,000 maximum.
1957	125,000	125,000	
1959	100,000	100,000	
1960	75,000	75,000	
1961	200,000	200,000	Authorized Fund increased to \$2,000,000; short-term limit \$5,000; chattel limit \$25,000; farm development to \$40,000.
1962	200,000	200,000	
1964			Authorized to utilize TR and PER Funds
1966	45,000	45,000	Short-term limit raised to \$10,000; chattel limit increased to \$40,000 for 7 years at 6%; farm development limit raised to \$50,000 for 30 years at 5%.
1967	45,000	45,000	Short-term limit raised to \$15,000; farm development limit raised to \$75,000 and 6%.
1968	300,000	300,000	
1969	100,000	\$1,540,000	
1970	500,000	500,000	Special irrigation fund established with up to 20 years at 4%; chattel limits raised to \$100,000; farm development limits raised to \$150,000; authority to sell loans to Department of Revenue.
	800,000	800,000	Fund limits raised to \$5,000,000
1971	200,000	3,040,000	
1974 FY75	200,000	3,240,000	Additional appropriation. Short-term loan limits raised to \$25,000
1975 FY76	200,000	3,440,000	

FISCAL SUMMARY OF LOAN FUND

YEAR	APPROPRIATION	TOTAL FUND SIZE	STATUTORY AUTHORIZATION AND CHANGES
1976 FY77	\$ 200,000	\$3,440,000	
1977 FY78	400,000	4,040,000	
1978 FY79	200,000	4,240,000	
1979 FY80	4,000,000	4,000,000	Taken for fire fighting
	(1,200,000)		
	2,800,000	7,040,000	
1980 4/80	6,800,000	6,800,000	
1981	6,160,000	6,160,000	
	20,000,000	20,000,000	

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FISCAL SUMMARY OF LOAN FUND

YEAR	APPROPRIATION	TOTAL FUND SIZE	STATUTORY AUTHORIZATION AND CHANGES
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1976 FY77	\$ 200,000	\$3,440,000	
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1977 FY78	400,000	4,040,000	
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1978 FY79	200,000	4,240,000	
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1979 FY80	4,000,000	4,000,000	Taken for fire fighting
	(1,200,000)		
	2,800,000	7,040,000	

1980 4/80	6,800,000	6,800,000	
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1981	6,160,000	6,160,000	
	20,000,000	20,000,000	

MEMORANDUM

State of Alaska

DEPARTMENT OF NATURAL RESOURCES, DIVISION OF AGRICULTURE

TO: David Rogers

DATE: March 24, 1981

FILE NO:

TELEPHONE NO: 376-3276

FROM: Ed Kraker

SUBJECT: Agricultural Revolving Loan Fund

The status of the Agricultural Revolving Loan Fund is as follows:

Loans approved prior to 3/19/81 2,379.0
(Remaining portion not yet issued)

Loans approved at 3/19/81 Board Meeting 1,913.0

Apparently eligible loans considered at
the 3/19/81 Board Meeting for which
additional information has been requested 5,546.0

Amount required to meet known existing
needs 9,838.0

The above totals do not include any requests associated with the
Pt. MacKenzie Project.

Please forward a copy of this memo to Mary Eskala.

AGRICULTURAL REVOLVING LOAN FUND STATUS 3/20/81

	<u>WATAMUSKA AREA</u>	<u>TANANA AREA</u>	<u>KENAI AREA</u>	<u>OTHER AREAS</u>	<u>TOTAL</u>
LOANS OUTSTANDING	7,733,304	12,133,139	1,142,377	790,392	21,718,212
Types: Short-term					2,857,419
Chattel					7,365,783
Farm Development					8,364,618
Irrigation					310,391
Production Facility					2,820,000
LOANS IN PROCESS (Funds vouchered; loans not closed):					
Short-term	46,000	47,000			93,000
Chattel		68,500			68,500
Farm Development	192,081	15,650	15,000		222,731
Irrigation					
Production Facility	36,000	250,000			286,000
Totals	274,081	381,150	15,000		670,231
Total Loans Outstanding and vouchered funds:					22,388,443
LOAN BALANCES TO BE ISSUED (not vouchered):					
Short-term					73,000
Chattel	73,000				73,000
Farm Development	515,454	44,000	126,715		722,169
Irrigation					
Production Facility	874,000	417,000			1,291,000
Totals	1,498,454	461,000	126,715		2,086,169

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AGRICULTURAL REVOLVING LOAN FUND STATUS 3/20/81 (continued)

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	<u>MATANUSKA AREA</u>	<u>TANANA AREA</u>	<u>KENAI AREA</u>	<u>OTHER AREAS</u>	<u>TOTAL</u>
LOANS APPROVED:					
Short-term	248,000	851,450	10,000		1,109,450
Chattage	54,000	579,417			633,417
Farm Development	40,000	116,100			156,100
Irrigation		15,000			15,000
Production Facility	<u>342,000</u>	<u>1,561,967</u>	<u>10,000</u>	<u>—</u>	<u>1,913,967</u>

LOAN REQUESTS NEEDING FURTHER INFORMATION:

Various types of loans	214,390	3,363,054	74,000	265,000	<u>4,416,444</u>
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Cash with Treasury and In Transit after latest transmittal and latest vouchers: 29,137.

Total anticipated immediate needs:

Balances of existing loans not disbursed	2,086,169
Loans approved	1,913,967
Loan Requests received, require additional information	<u>4,416,444</u>
	<u>8,416,570</u>

Additional anticipated seed and fertilizer requirements for 1981 crop year
applications not received by 3/19/81

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Alaska State Legislature

House of Representatives

Committee on Resources

Terry Gardiner, Co-Chairman
Fred F. Zharoff, Co-Chairman
465-3715

HB 237
HB 294

Pouch V
State Capitol
Juneau, Alaska 99811

To: Rep. Gardiner, Co-chairman
Rep. Zharoff, Co-chairman

From: Mary Hakala, Committee Aid

Date: March 25, 1981

In addition to the four bison related bills, the committee will today consider two bills related to the Agricultural Revolving Loan Fund - HB 237 which raises the maximum allowable capitalization of the loan fund from \$20 million to \$100 million and HB 394 which is a special appropriation to the Agricultural Revolving Loan Fund to meet demand for agricultural loans. Following is a quick summary of the situation.

Basically, demand for loans from the Agricultural Revolving Loan Fund exceeds the supply of money in the fund. Additionally the Department of Revenue is no longer able to purchase loans from the loan fund as anticipated due to legislative action last year rescinding Dept. of Revenue's authority to purchase loans from the fund. (see attached statutes) These two factors leave the Fund and farmers in a serious predicament. Farmers need money to purchase the seed and fertilizer necessary for spring planting, and the loan fund is without funds. At the March 19, 1981 Loan Fund Board Meeting \$1,900,000. in loans were approved, but due to the limited capitalization of the fund (\$20 million limit) other approvable loans were not granted. However, the approval of \$1,900,000. in loans was predicated upon the belief that the Dept. of Revenue would purchase these loans, which is not the case.

The summary of need supplied by the Division of Agriculture for the Revolving Loan Fund totals \$9,838,000. and is broken down as follows:

Loans approved prior to 3/19/81 (Remaining portion not yet issued)	\$2,379,000.
Loans approved at 3/19/81 Board Meeting	1,913,000.
Apparently eligible loans considered at the 3/19/81 Board Meeting for which additional information has been requested.	<u>5,546,000.</u>
Amount required to meet known existing needs	\$9,838,000.

The Above totals do not include any requests associated with the Pt. McKenzie Project.

Within the Governor's budget \$23 million is allocated to the revolving loan fund. These funds, however, would not be available to farmers until July, too late for spring planting.

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(2) pays the outstanding principal balance for the remaining term of the loan at the prevailing rate of interest which is charged by commercial banks in the state during the calendar quarter in which the department receives notice of the change of use, sale, lease or other disposal of the farm land.

(b) In this section, "non-farm use" means a use of land other than for the production of domesticated plants and animals useful to man, including forage and sod crops, grain and feed crops, fruits, vegetables and livestock. (§ 5 ch 50 SLA 1979)

Editor's note. — Section 7, ch. 50, SLA 1979 provides: "The provisions of AS 03.10.030(e) enacted in sec. 1 of this Act and AS 03.10.035 enacted in sec. 5 of this

Act applied to farm development, chattel, and irrigation systems loans made after July 1, 1979."

Sec. 03.10.040. Creation of fund. There is an agricultural revolving loan fund which shall not exceed \$20,000,000 to carry out the purpose of this chapter. (§ 5 ch 122 SLA 1953; am § 2 ch 41 SLA 1961; am § 1 ch 81 SLA 1970; am § 6 ch 50 SLA 1979)

Effect of amendment. — The 1979 amendment substituted "\$20,000,000" for "\$5,000,000."

Sec. 03.10.050. Administration of fund. (a) The commissioner shall administer the loan fund in conjunction with the agricultural revolving loan fund board. No loan in excess of \$25,000 may be made by the commissioner without the approval of a majority of the board.

(b) The board is composed of five members appointed by the governor and confirmed by the legislature in joint session. Three members shall be persons with background and experience in Alaska agriculture. Members of the board serve for overlapping three-year terms. Members of the board are not entitled to receive compensation for their services, but shall receive the same travel pay and per diem as provided by law for boards and commissions. (§ 6 ch 122 SLA 1953; am § 1 ch 119 SLA 1976)

Effect of amendment. — The 1976 amendment rewrote this section.

Sec. 03.10.054. Sale or transfer of mortgages and notes.

Repealed by § 14 ch 122 SLA 1980.

Editor's note. — The repealed section derived from § 1, ch. 4, SLA 1964.

crediting six per cent. It shall be secured by a real estate or chattel mortgage, or both. Loans and the real estate and chattel mortgage security on them for irrigation systems may be in amounts and terms as determined by the commissioner.

(c) A short term loan, to be amortized within one year, not to exceed \$15,000 to any one borrower may be made for emergency purposes.

(d) Farm development and chattel loans for irrigation systems may be for terms as determined by the commissioner. (§ 4 ch 122 SLA 1953; am § 1 ch 156 SLA 1955; am § 1 ch 41 SLA 1961; am § 1 ch 144 SLA 1966; am § 1 ch 78 SLA 1967; am § 1 ch 135 SLA 1970)

Legislative committee report.—For report on ch. 78, SLA 1967 (HB 274), see 1967 Senate Journal, pp. 513-514.

Sec. 03.10.040. Creation of fund. There is an agricultural revolving loan fund which shall not exceed \$5,000,000 to carry out the purpose of this chapter. (§ 5 ch 122 SLA 1953; am § 2 ch 41 SLA 1961; am § 1 ch 81 SLA 1970)

Sec. 03.10.050. Administration of fund. The commissioner shall administer the loan fund. (§ 6 ch 122 SLA 1953)

Sec. 03.10.054. Sale or transfer of mortgages and notes. The commissioner may sell or transfer at par value or at a premium or discount to the Department of Revenue or a bank or other private purchaser for cash or other consideration the mortgages and notes held by the Department of Natural Resources as security for loans made under this chapter. (§ 1 ch 4 SLA 1964)

Sec. 03.10.060. Short title. This chapter may be cited as the Alaska Agricultural Loan Act. (§ 1 ch 122 SLA 1953)

Chapter 15. Agriculture Pest and Disease Control Fund.

2 [Repealed]

Section
20. Purpose of appropriations

Sec. 03.15.010. Agriculture pest and disease control fund.

Repealed by § 2 ch 34 SLA 1968.

Editor's note. — The repealed section derived from § 1, ch. 90, SLA

Sec. 03.15.020. Purpose of appropriations. Appropriations available to the department may be used

(1) to buy materials or equipment needed to control agricultural pests when the persons directly affected cannot bear the

Alcoholic Beverages

Title 4

Amusements and Sports

Title 5

**CHAPTER 39.
AGRICULTURAL REVOLVING
LOAN FUND**

Section

- 10. Types and terms of loans available
- 20. Use of funds
- 30. Application requirements for a loan
- 40. Loan limitations, terms, rates, and eligibility
- 50. The Agricultural Revolving Loan Fund Board
- 60. Approval by board and commissioner
- 100. Definitions

11 AAC 39.010. TYPES AND TERMS OF LOANS AVAILABLE. (a) Short term, working capital loans are available and may be secured or unsecured but may not be made for more than one-year terms.

(b) Secured chattel loans are available for terms not greater than seven years or the useful life of the chattel if more than seven years.

(c) Farm development loans are available for terms not greater than 30 years.

(d) Irrigation system loans are available for terms not greater than 10 years unless secured by real property. (Eff. 4/29/77, Reg. 62)

Authority: AS 03.10.020
AS 03.10.030

11 AAC 39.020. USE OF FUNDS. Funds received by the borrower under this program must be used for agricultural purposes. Controlled accounts are to be used to assure conformity to this requirement when considered necessary. (Eff. 4/29/77, Reg. 62)

Authority: AS 03.10.020

11 AAC 39.030. APPLICATION REQUIREMENTS FOR A LOAN. (a) All loan requests from the loan fund must be submitted in writing on a form prescribed by the commissioner. Additionally, any or all of the following information may be required:

(1) proof that the applicant is a resident of Alaska and meets the requirements of AS 03.10.020;

(2) that other sources of funds are not available to the loan applicant;

(3) a business history of all persons owning 10 percent or more of the business;

(4) either audited or unaudited financial statements, including balance sheets and profit-and-loss statements for the preceding three fiscal years, and/or copies of all federal and state income tax returns which have been filed by the applicant for those three fiscal years;

(5) pro forma financial statements which show the projected income and expense for the following year;

(6) proof that the applicant has the necessary skills and training to conduct the business as required;

(7) qualified collateral appraisal;

(8) a detailed written statement describing how the loan funds will be used and the borrower's plan of repayment from projected cash flow.

(b) Each applicant must provide necessary proof of insurance coverage naming the agricultural revolving loan fund as loss payee.

(c) Supporting documentation must reflect the extent to which the business will contribute to both the community and agriculture within Alaska.

(d) Applications shall be submitted to the Alaska Agricultural Revolving Loan Fund, Department of Natural Resources, P.O. Box 1088, Palmer, Alaska 99645. (Eff. 4/29/77, Reg. 62)

Authority: AS 03.10.020

11 AAC 39.040. LOAN LIMITATIONS, TERMS, RATES, AND ELIGIBILITY. Subject to the requirements of AS 03.10 and secs. 20 and 30 of this chapter, the board, after analyzing the loan request, shall fix terms of repayment, loan limitations, and the eligibility of prospective applicants. The loan board shall set interest rates, but those rates may not exceed the rate prescribed in AS 03.10.030. (Eff. 4/29/77, Reg. 62)

Authority: AS 03.10.020

11 AAC 39.050. THE AGRICULTURAL REVOLVING LOAN FUND BOARD. (a) The director and the loan administrator shall serve as staff to the Agricultural Revolving Loan Fund Board under the general administrative direction of the commissioner.

(b) Members of the board shall hold a minimum of three regular meetings each year. Other meetings may be called for at any time at the request of the commissioner or the loan administrator. Each board member shall be notified by the loan administrator at least one week in advance of a proposed meeting.

(c) Business may not be transacted at a board meeting unless three members are present.

(d) Approval of loans by the board shall be by a majority of votes of the board membership.

(e) Following board approval of an application for a loan, the application shall be forwarded for approval to the commissioner, along with all necessary supporting information in full or summary form, including a summary of the board action and reasons for it. The commissioner will in his discretion delegate all or part of his approval authority to the director. (Eff. 4/29/77, Reg. 62)

Authority: AS 03.10.020

11 AAC 39.060. APPROVAL BY BOARD AND COMMISSIONER. Loan applications must be approved by the board and the commissioner before lending commences. (Eff. 4/29/77, Reg. 62)

Authority: AS 03.10.020

11 AAC 39.100. DEFINITIONS. Unless the context requires otherwise, in this chapter and in the forms and instructions of the commissioner

(1) "applicant" means any individual, partnership, or corporation executing an application for a loan from the Alaska Agricultural Revolving Loan Fund;

(2) "board" means the Alaska Agricultural Revolving Loan Fund Board;

(3) "chattel" means property other than real property;

(4) "collateral" means adequate security without limitation as to real or personal property;

(5) "commissioner" means the commissioner of natural resources;

(6) "director" means the director of the division of agriculture;

(7) "loan fund" means the agricultural revolving loan fund;

(8) "loan administrator" means the supervising employee performing loan fund administrative activities. (Eff. 4/29/77, Reg. 62)
Authority: AS 03.10.020

BACKGROUND FOR SSHB 138

Section 1.

- 1). Allocate \$79,000 per community (40) for a Television Receive Only (TVRO) earth station and two VHF mini TV transmitters (ITV and TVDP)
- 2). Allocate \$65,000 per community (13) for a TVRO and one VHF mini TV (ITV only) (No TVDP is requested because these communities are in the grade B transmission of commercial stations.)
- 3) Allocate \$26,500 per community (28) for two VHF mini TV (ITV and TVDP) (These communities are served by Small Earth Station with telephone facilities. This facility would lease two receivers, maintenance, and operations for \$13,728 per site, ^{per year} and would be reflected in the FY 83 budget)
- 4) Allocate \$16,000 per community (20) for one VHF mini TV (TVDP) and \$14,000 per community (26) for one VHF mini TV (TVDP) at leased facilities. (These sites were funded by Ch. 174, 1980 SLA for ITV and this would add TVDP) (Leased facilities would require receiver and M and O of \$6,864 per site and reflected in the FY 83 budget)
- 5) Allocate \$14,000 per community (17) for one VHF mini TV (ITV) at leased facilities. (These sites are funded for TVDP and would add ITV) (Same as par. 4 for leased facilities)
- 6) No comment
- 7) No comment
- 8) Allocate \$6,000 per community (6) for a receiver (TVDP) at ITV sites funded by Ch 174, 1980 SLA for ITV. This will relieve TVDP from the S. E. Alaska microwave circuit, leaving it available for Public Broadcasting (KTOO-TV) distribution.
- 9) No comment
- 10) Allocates \$79,000 per community (4) for a TVDP, and two VHF mini TV (ITV and TVDP) (These sites are logging communities with ten to fifteen years left at their present locations, and they all have state supported schools. These TVDP packages can be dismantled and moved with the logging communities.)

Section 2

No comment

Brad Brooks

REPORT ON PROGRESS BY STATE AGENCIES
ON IMPLEMENTATION OF HCSSB 165 (FCC)

GLENN M. STANLEY
TELECOMMUNICATIONS CONSULTANT
DECEMBER, 1980

This report was produced under a contract between the State of
Alaska House of Representatives Research Agency and the University of
Alaska.

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ABSTRACT

This report covers the progress, to date, by state agencies charged with implementing the program funded under HCSSB 165 (FCC) which became SCL 1980, Chapter 174, Section 1 through 14, when signed by Governor Jay Hammond. Certain parts of HCSSB 165 (FCC) were vetoed or funds reduced by Governor Hammond. It is clear that the program is progressing very well, that the cooperation between the several organizations is good, and that the intent of the Legislature is being carried out.

This program is being continually updated. Enclosed as Appendix "B" is a printout of this information as of December 2, 1980. Although there have been many attempts during the past few years to assemble this information in a useable format, this appears to be a very useful document. It will, certainly, contain some errors and omissions, but as the program is continually being updated with new information these will gradually be eliminated.

This group apparently had some concerns as how DOTPF was to spend funds under SLA 1980 Chapter 174. To this end, Mr. John Bates, Deputy Commissioner, wrote a memo to the Attorney General on 24 July 1980, requesting advice and assistance. On 3 September 1980, Mr. Jack McGee, Assistant AG, Transportation Section, Department of Law, provided a memorandum to Mr. Bates detailing the legal ramifications of Chapter 174 SLA 1980 as far as DOTPF is concerned. Except in one area, DOTPF can purchase or lease equipment needed. In that area (the services of an additional satellite transponder) funds will lapse before the transponder is required. The AAG suggested that legislative action would be required early in the session to extend the time before the appropriation would lapse. However, it is believed that if money is encumbered on items that have a long lead time on procurement that funds need not lapse. There is a severe shortage of transponders available and advance requests or orders for service are required, thus DOTPF has placed an order for a transponder on the SATCOM F2 spacecraft as of 1 August 1981, thus encumbering the funds. DOTPF has also ordered downlink conversions at forty-two communities and uplink conversions at Juneau, Anchorage, and Fairbanks. Copies of these documents are available from the House of Representatives Research Agency upon request. Send requests to the attention of Ms. Ann DeVries. The state as per Chapter 174, SLA 1980 Section 1 (2) and 1 (5) through the Division of Communications is in the process of purchasing small earth stations and station transmitter links (STL). In addition, the Division of Communications is in process of procuring Federal Communications Commission licenses as required for equipment authorized in Chapter 174 SLA 1980 Sections 1 (2), 1 (3), 1 (5) and 3 (3).

It would be noted that obtaining licenses from the FCC is no trivial problem. Although traditionally the FCC has taken a very liberal and lenient view towards the development of telecommunications in the state, the process of obtaining licenses (and waivers where necessary) is a very slow one. As mentioned in a previous report, the FCC is in a somewhat confused state at this time. The Division of Communications staff is moving with as much haste as is possible, and there seems

3. Telecommunications Report, Glenn M. Stanley, House of Representatives Research Agency, November, 1980, pp 5-6.

2. (continued)

expect to obtain 10 pilot programs in time for classroom testing in April, and operation in September. Six of these programs will be with teacher guides and four will be public service programs. An RFP has been issued for a TV guide for selected prime time shows. Monthly guides will be issued.

3. Offer of grants to local educational agencies (school district level). Thus far, the following grants have been awarded:

- | | |
|--|-------|
| a. Student video production | 6 ea. |
| b. Teacher training with or without credit | 3 ea. |
| c. Equipment only | 3 ea. |
| d. T.V. viewing skills | 1 ea. |
| e. Bicultural programs | 1 ea. |
| f. Miscellaneous | 1 ea. |

The grant review process for those grants is aided by the ITV Task Force. A list of Task Force members is included as Appendix "C". The author attended part of a Task Force meeting where various proposals for grants were evaluated. The agenda for that meeting, the RFP for grants to be reviewed and a list of responses is available from the House of Representatives Research Agency, Attn: Ann DeVries, should they be desired. It was clear that the evaluation of the grant request was being carried out in a thoroughly professional manner.

Since the DOE program is extensive, there are many projects under way and a detailed review of each of them would be beyond the scope of this report. Suffice it to say that it is clear that DOE has put a very high priority on the ITV program and has assigned competent people to conduct it. It appears that the program selection and acquisition is well advanced. Test programs will be run and evaluated this year, and next year's program should be available by fall of 1981.

UNIVERSITY OF ALASKA

The University of Alaska is funded under SLA 1980 Chapter 174, Section 5 (1,2,3) and Section 10 in the amount of \$1,650,200 to (1) expand their computer network to all community colleges, (2) train teachers (presumably by instructional television), (3) for telecommunications production and acquisition, and (4) for the Northern Remote

ALASKA PUBLIC BROADCASTING COMMISSION

Under Section 2, Chapter 174, SLA 1980, \$253,000 was appropriated to the Alaska Public Broadcasting Commission (APBC) for (1) Satellite uplinks to interconnect all public radio stations in Alaska, (2) construct a studio for the Alaska Public Radio Network (APRN) and (3) to provide a grant to the Reven Radio Foundation Public Radio Station. These funds have been disbursed. Planning is progressing on Section 1 and requests for proposals are being prepared. An attempt is being made to utilize some of the funds as matching funds to obtain a grant from the National Telecommunication and Information Agency (NTIA) in the U. S. Department of Commerce. The Alaska Public Radio Network has used the funds provided under Section 2 (2) and are occupying the new studio. Funds under Section 2 (3) were used as matching funds for an NTIA grant which has been received.

GEOPHYSICAL INSTITUTE UNIVERSITY OF ALASKA

\$800,000 was appropriated under Section 10, Chapter 174, SLA 1980 to the Geophysical Institute, University of Alaska for project "Quick Look" in the Northern Remote Sensing Laboratory.

The Geophysical Institute has a long history of involvement with remote sensing from satellites. The first session of the Eleventh Legislature funded a study to determine the usefulness of obtaining immediate data from both the Landsat satellite system and from a military satellite. Although the satellites do pass over Alaska on a regular basis, the time to obtain data from these satellites is of the order of several weeks or months. The funds appropriated under Section 10 were to obtain and install a highly sophisticated system to obtain data from the Landsat satellite system. The equipment is to be installed at the NASA Gilmore Creek (Fairbanks) Tracking Station to obtain these data on a real time basis. The basic system is very expensive (of the order of \$650,000). Requests for proposals have been issued and a contract was awarded to Mconald Detweiler and Associates. Bid opening was on 24 August 1980, and delivery is expected in late 1981. It is expected that the system will be operational in February, 1982.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

ABSTRACT

This report covers the progress, to date, by state agencies charged with implementing the program funded under HCSSB 165 (FCC) which became SCL 1980, Chapter 174, Section 1 through 14, when signed by Governor Jay Hammond. Certain parts of HCSSB 165 (FCC) were vetoed or funds reduced by Governor Hammond. It is clear that the program is progressing very well, that the cooperation between the several organizations is good, and that the intent of the Legislature is being carried out.