

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2794

REPRESENTATIVE BROWN advised this bill is considered a House priority. He said the Judiciary Committee Substitute virtually rewrites the bill. He explained the bill (see attachment #3). Representative Brown advised the fiscal note for the bill will be substantially the same as the fiscal note for SSSB 175 (see attachment #4).

SSHB 9

The next bill to be considered was SSHB 9.

SSHB 9 -- "An Act relating to departments and programs of state government which are concerned with energy; and providing for an effective date."

(Chairman Cotten turned the Gavel over to Vice Chairman Freeman and left at this time.)

Representative Rogers presented a draft finance CS for SSHB 9 (new title: "An Act relating to energy; and providing for an effective date."). He said there are two fiscal notes for the CS (\$230.5 and \$1037.9).

Representative Rogers said they had several subcommittee meetings on this bill. (Subcommittee members were Representatives Rogers, Haugen and Malone.) However, he said the Subcommittee did not adopt this version of the bill. He explained the bill.

(Tape change, HFC 81-87, side 1.)

Representative Rogers explained the \$1037.9 fiscal note would add new offices in Bethel and Nome, and the \$230.5 adds five new positions in the Division of Business Loans. He said the Division requested seven new positions, and by coincidence the Division is being cut by seven positions this year. Representative Rogers said the fiscal notes do not include costs of administration, grants, the loan program money, or the weather program money. He said these will be in the Resources CS CSSB 26.

Representative Rogers said on page 2, line 20 "production facilities" should be changed to "projects".

Representative Malone said he believes there is a technical error on page 5, line 22 and page 14, line 19, where it refers to "election districts". Representative Rogers MOVED to delete "election district" on those two pages, and insert "region" in its place. There being no objection, it was so ordered.

There was brief discussion on the fiscal notes. MS. NANCY LORD, Aide to Representative Rogers explained the notes and advised they add a total of 12 new positions. Representative Malone asked why they didn't have a reduced fiscal note in the area where they are reducing the loan program. Representative Rogers said he believes these people will still be getting loans, they

just won't be able to get as big a loan. Representative Malone said they didn't have a fiscal note from the Alaska Power Authority on the bill, but their responsibilities will be somewhat expanded under the bill. He asked if they can handle that with their present staff. Representative Rogers said the Legislature funds these projects on a project by project basis. He said expanding APA's abilities, doesn't expand their cost.

Representative Freeman questioned the language on page 11, lines 2-5: "security may include only a lien against the alternative energy system or energy conservation improvement, or against other collateral offered by the borrower." After brief discussion, Representative Rogers moved to delete that language and insert "department may not require a deed of trust" in its place. There being no objection, it was so ordered.

Representative Rogers MOVED to report out the Finance CS for SSHB 9 incorporating the amendments made at this meeting, with the two fiscal notes. There being NO OBJECTION, it was so ordered. CSSSHB 9 (Fin) was reported out with a "do pass" recommendation.

RECESS

Vice Chairman Freeman called for a recess at 4:45 p.m. Chairman Cotten recalled the meeting to order at 4:55 p.m.

HB 487

The next bill to be considered was HB 487.

HB 487 -- "An Act relating to the Alaska Industrial Development Authority; and providing for an effective date."

MR. MILT BARKER, Fiscal Analyst, Legislative Finance Division continued his explanation of the workdraft Finance CS. (See attachment #5.)

There was discussion on the provisions in the workdraft and on tax exempt financing.

(Tape change, HFC 81-87, Side 2.)

Mr. Barker continued his explanation of the bill.

ADJOURNMENT

The meeting adjourned at 5:45 p.m.

Tape HFC 81-85, side 2, #324 to end
HFC 81-86, side 1, #001 to end
 side 2, #001 to end
HFC 81-87, side 1, #001 to end
 side 2, #001 to #573

Original sponsors: Rogers, Brown,
Carney, et al

Offered: 5/15/81
Referred: Finance

1 IN THE HOUSE

FINANCE
BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 456 ~~(Resources)~~ FINANCE

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to agriculture; and providing for an
7 effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. PURPOSE. It is the purpose of this Act to promote

10 (1) the development of economically viable, environmentally
11 sound, and energy-efficient agricultural production which will help diversify
12 and stabilize the economy of the state; and

13 (2) the self-sufficiency of Alaskans in the production of food
14 supplies.

15 * Sec. 2. AS 03.10.010 is repealed and reenacted to read:

16 Sec. 03.10.010. DECLARATION OF POLICY. It is the policy of this
17 chapter to promote the development of agriculture throughout the state
18 by means of low-interest loans.

19 * Sec. 3. AS 03.10.020(1) is repealed and reenacted to read:

20 (1) make loans

21 (A) for development of farms and greenhouses and for
22 the storage, processing, and marketing of farm produce, livestock,
23 and machinery

24 (i) to individual resident farmers, homesteaders,
25 greenhouse gardeners; and

26 (ii) to partnerships, cooperatives, and corporations
27 composed of resident farmers, homesteaders, and greenhouse
28 gardeners;

29 (B) for storage and processing plants for agricultural

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CSHB 456(Res)

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products to resident individuals, partnerships, cooperatives, and corporations;

* Sec. 4. AS 03.10.030(a) is repealed and reenacted to read:

(a) A loan may not run longer than 30 years or the useful life of the chattel nor bear interest exceeding ^{eight}~~five~~ percent, and it shall be secured by a real estate or chattel mortgage, or both.

* Sec. 5. AS 03.10.030(b) is repealed and reenacted to read:

(b) A loan to an individual resident farmer, homesteader, or greenhouse gardener or to a partnership or corporation composed of farmers, homesteaders, or greenhouse gardeners may not exceed ^{\$750,000}~~\$500,000~~ for farm development and ^{\$500,000}~~\$300,000~~ for chattels.

* Sec. 6. AS 03.10.030(d) is repealed and reenacted to read:

(d) A loan for an irrigation system under this chapter may be made in an amount and for a term determined by the commissioner.

* Sec. 7. AS 03.10.030 is amended by adding a new subsection to read:

(g) A loan may not be made under this chapter unless the department determines that sufficient capital is not available from other sources on reasonable terms.

* Sec. 8. AS 03 is amended by adding a new chapter to read:

CHAPTER 18. ALASKA AGRICULTURAL PRODUCTS BOARD.

Sec. 03.18.010. ALASKA AGRICULTURAL PRODUCTS BOARD. (a) There is established in the Department of Natural Resources the Alaska Agricultural Products Board consisting of ⁷~~11~~ members appointed by the governor. Members of the board shall be residents of the state. The board shall consist of persons who are representative of processors of agricultural products in the state and farmers who have actively engaged in farming in the state during at least one of the three years preceding appointment. The commissioner of natural resources ^{① are}~~is a~~ nonvoting, ex officio members of the board. Members of the board serve terms of four

1 years. Six appointed members of the board constitute a quorum.

2 (b) The board shall elect a presiding officer annually and shall
3 hold at least one regular meeting a year. The board shall meet at the
4 call of the presiding officer or upon the written request of four
5 appointed members.

6 (c) Members of the board do not receive a salary, but are entitled
7 to per diem and travel expenses authorized by law for boards and commis-
8 sions under AS 39.20.180.

9 Sec. 03.18.020. MEETINGS PUBLIC. Meetings of the board are
10 public and shall be held under AS 44.62.310.

11 Sec. 03.18.030. DUTIES. The board shall

- 12 (1) ^{or sponsor} conduct ^{market research and education} programs of ~~education, research~~, advertising, or
13 sales promotion designed to accomplish the purposes of this chapter;
14 (2) contract with persons to promote the sale of agricultural
15 products;
16 (3) cooperate with any other local, state or national board,
17 organization, or agency engaged in work or activities similar to the
18 work and activities of the board and contract with those organizations
19 or agencies for carrying on joint programs of consumer education, sales
20 promotion, quality promotion, advertising, and research in the produc-
21 tion, processing, or distribution of agricultural products;
22 (4) conduct or contract for scientific research to develop
23 and discover the health, dietetic, or other uses of agricultural
24 products;
25 (5) prepare an annual budget for the board;
26 (6) employ an executive director and other employees it
27 considers necessary and prescribe their duties and fix their compensa-
28 tion;
29 (7) establish offices and incur expenses incidental to their

1 establishment;

2 (8) present facts to, and negotiate with local, state, or
3 federal governmental agencies on matters affecting quality production,
4 processing, or distribution of agricultural products.

5 Sec. 03.18.040. ANNUAL REPORTS. The board shall prepare an
6 annual report suggesting methods to promote high quality and markets
7 for agricultural products. The report shall be submitted to the legis-
8 lature on February 15 of each year.

9 Sec. 03.18.050. DEFINITIONS. In this chapter

10 (1) "agricultural products" means plants and animals useful
11 to man which are produced in the state for human food and does not
12 include aquatic plants and animals, or timber products;

13 (2) "board" means the Alaska Agricultural Products Board.

14 * Sec. 9. AS 38.05.069(c)(1) is amended to read:

15 (1) the director may convey or lease an interest in the land
16 only for agricultural purposes, and all other interests in the land
17 remain in the state; the sale or lease shall be at public auction and,
18 if the land conveyed or leased contains over 40 acres, before the con-
19 tract of sale or lease is signed the purchaser or lessee shall agree
20 to a farm conservation plan which has been approved by the director
21 and which may be modified by agreement between the purchaser or lessee
22 and the director;

23 * Sec. 10. AS 38.05.069(e) is amended by adding a new paragraph to read:

24 (3) "farm conservation plan" means an agreement which

25 (A) describes the location of the land that will be
26 cleared or cultivated;

27 (B) describes the location of buildings or other im-
28 provements that will be constructed on the land; and

29 (C) describes the soil conservation measures that will

1 ~~be taken by the purchaser or lessee.~~

2 * Sec. 11. AS 41.10.040 is amended to read:

3 Sec. 41.10.040. SOIL CONSERVATION BOARD. The district is governed
4 by the Alaska Soil Conservation Board composed of five [THREE] members.

5 * Sec. 12. AS 41.10.060 is repealed and reenacted to read:

6 Sec. 41.10.060. QUALIFICATIONS OF BOARD MEMBERS. The board shall
7 consist of resident farmers and ranchers and shall be geographically
8 representative of the state.

9 * Sec. 13. AS 41.10 is amended by adding a new section to read:

10 Sec. 41.10.095. DUTIES OF BOARD. The board shall

11 (1) receive and review reports concerning the use of soil
12 resources in the state;

13 (2) hold public hearings and meetings to determine whether
14 land in the state is being used in a manner consistent with sound soil
15 conservation practice;

16 (3) furnish the commissioner of natural resources with re-
17 ports of findings and make recommendations for specific action neces-
18 sary to provide for the effective and orderly development of farming
19 and grazing land in the state; and

20 (4) review an appeal by an applicant or lessee from a deci-
21 sion of the director of the ^{forest, land and water management} division of ~~lands~~ or the commissioner of
22 natural resources concerning ^{a sale or lease} ~~the leasing~~ of state agricultural or
23 grazing land and submit its recommendations to the commissioner or
24 hearing officer.

25 * Sec. 14. AS 44.81 is amended by adding a new section to read:

26 Sec. 44.81.215. AGRICULTURAL PROCESSING FACILITIES LOAN. The
27 bank may make a loan to provide financing for

28 (1) the construction or improvement of agricultural proces-
29 sing facilities in the state;

1 (2) the working capital requirements of an agricultural
2 processing facility in the state.

3 * Sec. 15. AS 44.81.350 is amended by adding a new paragraph to read:

4 (5) "agricultural processing facilities" means facilities
5 which process agricultural products and includes but is not limited to
6 port facilities for the storage and shipment of grain, centralized
7 grain handling facilities, slaughterhouses, dairy plants, and vegetable
8 processing plants.

9 * Sec. 16. Within 90 days after the effective date of this Act the
10 governor shall appoint two additional members to the Alaska Soil Conserva-
11 tion Board under AS 41.10.040 amended in sec. 11 of this Act. The initial
12 terms of the additional members shall be two and three years respectively.
13 The present members of the board shall complete their terms of office. All
14 appointments, whether to fill vacancies or the new positions, shall be made
15 so as to bring about the composition of the board provided in AS 41.10.060
16 as amended by sec. 12 of this Act.

17 * Sec. 17. Of the members first appointed by the governor to the Alaska
18 Agricultural Products Board under AS 03.18.010 enacted in sec. 8 of this
19 Act, three members serve for one year, three members for two years, three
20 members for three years, and two members for four years.

21 * Sec. 18. The first report required under AS 03.18.040 by the Alaska
22 Agricultural Products Board enacted in sec. 8 of this Act shall be submitted
23 to the First Session of the Thirteenth Legislature.

24 * Sec. 19. ~~The Department of Health and Social Services may provide to~~
25 ~~applicants who qualify for state assistance under AS 47.25 seeds, supplies,~~
26 ~~and tools for home gardens up to a value of \$50 for each qualifying house-~~
27 ~~hold.~~

28 [~~* Sec. 20. AS 03.10.030(f) is repealed.~~]

29 * Sec. 21. This Act takes effect July 1, 1981.

Amendment by Rogers
p. 2, line 20, insert the following:

Sec. 3.18.015 PURPOSES. The purposes of this chapter are to

(1) enable the agricultural industry to maintain and enhance the quality and purity of agricultural products harvested and processed by farmers and food processors in the state;

(2) enable the agricultural industry in the state to stimulate consumer identification of Alaska agricultural products to increase the use and consumption of agricultural products harvested and processed in the state; and

(3) stabilize and diversify the distribution of agricultural products processed and harvested in the state by encouraging consumers to purchase Alaska agricultural products.



Alaska State Legislature

House of Representatives

Committee on Resources

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

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Sam Cotten, Chairman
House Finance

FROM: Terry Gardiner, Co-Chairman
Fred Zharoff, Co-Chairman
House Resources

DATE: 14/May/1981

RE: CS HB ⁵³⁸~~537~~

Please amend CS HB 538 (an Act relating to a small-scale agriculture grant program) to include school districts & REAA's in list of eligible recipients.

The groups were removed from the list of eligible recipients in the House Resources committee substitute. However, it is now felt that school districts and REAA's could utilize these grants to provide needed agricultural educational services at the local level, and that they ought to be included in the list of eligible recipients.

The specific amendments required:

Page 2, line 20- after "village", add "school district, regional educational attendance area,".

Page 4, line 23- after "village", add "school district, regional educational attendance area,".

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Attachment #2

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HOUSE JOURNAL

LETTER OF INTENT TO ACCOMPANY JUDICIARY COMMITTEE'S SUBSTITUTE FOR HOUSE BILL 153

May 15, 1981

The Honorable Jim Duncan
Speaker of the House
Room 214, Capitol Building

Dear Mr. Speaker:

Your Judiciary Committee has extensively considered HB 153 and has offered a committee substitute with a new title, entitled "An Act relating to the responsibilities of the Alaska Public Offices Commission; establishing standards of conduct for public officials; and providing for an effective date."

The original bill created an Ethics Commission and gave it certain responsibilities. The committee substitute puts those responsibilities within the existing structure of the Alaska Public Offices Commission, and substantially rewrites the legislation taking into account various practical considerations and legal requirements.

In addition, the legislation takes into account the existing law regarding disclosure of conflicts of interest. Also, the legislation anticipates the possible passage of other pending legislation that relates to disclosures of conflicts of interest (e.g., the various versions of HB 154).

For instance, the bill forbids a public official from soliciting gifts under circumstances which he knows are intended to influence his behavior, but it does not forbid the acceptance of gifts; upon the assumption that any gifts of questionable nature would be required to be disclosed either by the existing law on disclosure of conflicts of interest or by the proposed amendments to the existing disclosure law.

The committee had hoped to provide an affirmative code of ethics as a general policy (not as word-for-word standards of conduct) as a guideline for interpretation of the rest of the bill. Because of the pressures of other work and the time requirements taken up by work on this legislation, we have reported the bill without this code of ethics.

The members of the Judiciary Committee hope that we will be able to offer a Judiciary Committee amendment supported by a majority of the committee on the floor of the House providing such a code of ethics at the time that the legislation is considered. We did not want to unduly slow the legislative process, knowing that the bill still needed to be considered by the Finance Committee.

The bill specifically provides for a definition of certain actions which are considered to be "abuse of office" by a public official.

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The Honorable Jim Duncan

May 15, 1981

The bill has a general policy that a public official not take official action which he knows or has reason to know would affect him or others close to him, but does provide for procedure that would allow actions upon conflict within certain limitations, particularly where a full disclosure is made, or where the public official is not able to disqualify himself from acting and not able to provide for the assignment of the official action to a person not having a conflict of interest.

Section 3 of the committee substitute updates and somewhat expands the duties of the commission because of the additional obligations regarding the ethics commission. Many of the provisions are the same, however some have been changed and there are some new provisions.

In general the committee wanted to provide some of the managerial flexibility now enjoyed by the Human Rights Commission to the Alaska Public Offices Commission, and therefore requested the draftsman to provide for certain sections that would accomplish that.

The bill provides that the commission may issue advisory opinions as to whether there exists a conflict of interest in certain cases, and requires that they issue such opinions on the request of a public official or former public official. There are various safeguards requiring the advisory opinion to be issued quickly so that the public official will know how to act; if the advisory opinion is not issued within thirty days after the request the official can assume the circumstances do not describe a conflict of interest that would be a violation of the law, unless material facts have been omitted or misstated in the original request.

In addition to the conflict of interest advisory opinions, there is a complaint procedure allowing a person to allege a violation of the law administered by the commission, particularly a violation of the new provisions in the committee substitute. It provides notice and opportunity to be heard on the part of the person against whom the complaint has been lodged and then allows the executive director to issue a "decision" indicating whether a probable violation has been found. The committee views this stage as parallel to a finding of "probable cause" by a grand jury investigating a crime. If the decision indicates a probable violation, the public official or former public official who is the subject of the complaint may request a hearing from the commission or alternatively comply with the decision on the direction of the executive director.

If the public official requests the determination from the commission a procedure is provided for hearing regarding that determination.

If the commission's determination is adverse to the public official and has found a serious violation that might justify removal from office, the commission refers the matter to the appropriate authority which un-

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The Honorable Jim Duncan
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der law may act to remove the public official from office; to the State Senate for impeachment proceedings; to the Governor for determination concerning a public official in the executive branch; to a presiding officer of the legislature or to both presiding officers concerning a legislator; to the chairman of the Board of Regents concerning an official in the University of Alaska; to the presiding officer of the governing body of a municipality regarding a public official in the municipality.

The bill anticipates that the Governor, Legislature, Chairman of the Board of Regents, or governing body of the municipality would accordingly take an action in response to the determination in such a manner as to constitute public information.

Other remedies provided for violation of the legislation include, where appropriate, the voiding of contracts with provisions for protecting the interests of innocent parties; recovery of compensation received by a person as a result of the violation of the provisions of the bill; appropriate civil penalties including civil fines; and, where there is an appointing authority, discipline, reprimand, probation, demotion, suspension or discharge of a public official.

The bill provides that the attorney general is legal counsel to the commission, unless the commission determines that the circumstances of the matter before the commission is such that special counsel should be appointed, in which case the chief justice acts to appoint special counsel. Such a procedure would be used, for instance, if the complaint constituted an allegation specifically against the attorney general or against the Governor or against an official in the Department of Law.

The bill provides an "out" for municipalities. That is, the legislature, in passing the bill would be expressing the view that a public official of a municipality should comply with the provisions of this bill or with a similar municipal ordinance. It provides a later effective date as to applications to public officials in the municipality, that is, July 1, 1982, unless the municipality adopts standards for its public officials and submits them to the APOC and there is a determination by the APOC that the standards are substantially similar to those in this legislation.

The last subsection of the bill indicates a policy decision for the legislature that the smaller municipalities need not provide as complex and detailed codes establishing standards of conduct in order to achieve a finding by the APOC that their standards are substantially similar to the standards of conduct in the legislation. Particularly, the last subsection provides that the APOC "shall consider the standards of conduct establishing the municipal code with reference to the size of the municipal government and recent budgets of the municipality, procedures

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adopted by the municipality for the regulation of fiscal procedures, and other matters submitted to the commission by the municipality."

In short, if the legislation passes the committee substitute or legislation substantially similar to it, it is not the policy of the legislature to overburden small municipalities with the requirement that they have expensive and detailed regulatory schemes for policing their public officials if they are indeed small municipalities with relatively simple concerns.

Since the preparation of the committee substitute there has been evidence of some concern about possible constitutional problems in the definition of a "member of household." The bill has certain proscriptions about benefiting the member of the household of a public official, and included in that definition is "a person who shares a common residence with the public official as though a spouse."

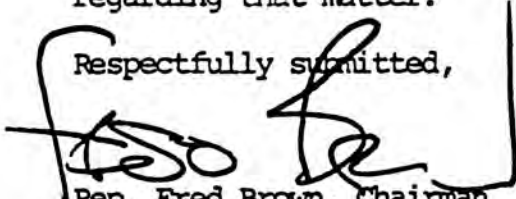
Arguments have been made that such a provision may be unconstitutional as an invasion of the right of privacy. Candidly, if the section were applied with no regard for the right of privacy of the public officials involved, it is possible that an application of the provision could be found unconstitutional. Your chairman believes that the provision is not unconstitutional on its face and that the appropriate state authorities including the commission should carefully avoid applications of it which might be found unconstitutional.

In simplest terms, if a public official is freely allowing his relationship with a person who resides with him to be common knowledge, and if it is a matter of common understanding in the community or among his business associates and friends that the person who resides with him is doing so "as though a spouse," then, your chairman believes, there would be no invasion of the right of privacy because any claimed right of privacy regarding that information would be waived by the conduct of the public official in making the matter general knowledge.

Mr. Speaker, in this day and age, it is not likely that such a matter would be kept a secret for long and therefore it appears that a possibility for unconstitutional application of the section would be rare.

Another letter accompanies this one regarding matters involving the fiscal note, along with a report from a Judiciary Committee subcommittee regarding that matter.

Respectfully submitted,


Rep. Fred Brown, Chairman
House Judiciary Committee



Official Business

Alaska State Legislature

House of Representatives

Committee on Judiciary

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

DATE: May 15, 1981

TO: The Honorable Jim Duncan
Speaker of the House

The Honorable Sam Cotten, Chairman
House Finance Committee

FROM: Rep. Fred Brown, Chairman
House Judiciary Committee

RE: House Bill 153 Fiscal Note

* * * * *

Enclosed is commentary from a subcommittee of the Judiciary Committee who looked at the proposed fiscal note which relates to committee substitute for HB 153 (Judiciary).

In fact, because of the press of time, we worked from a fiscal note originally prepared for SSSB 175, which is similar legislation pending in the other body.

We understand that the fiscal note for the Judiciary Committee substitute for HB 153 will be substantially the same as the fiscal note prepared for SSSB 175.

That fiscal note should be coming to the Finance Committee very soon from the APOC, but our information is that the Finance Committee can rely upon the older fiscal note for the Senate legislation.

Please take into account the specific criticisms offered by my subcommittee. It does appear that the APOC may be seeking more through a fiscal note with this legislation than is justified as new expenditures caused specifically by the legislation.

FEB/dmm

Attachment #4

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Alaska State Legislature House of Representatives

POUCH V
JUNEAU, ALASKA 99811

TO: REPRESENTATIVE SAM COTTEN
CHAIRMAN, HOUSE FINANCE COMMITTEE

FROM: HOUSE JUDICIARY COMMITTEE

THRU: REPRESENTATIVES DON CLOCKSIN and RANDY PHILLIPS
MEMBERS, HOUSE JUDICIARY COMMITTEE

DATE: MAY 11, 1981

RE: GENERAL GOVERNMENT SUBCOMMITTEE BUDGET PROPOSAL, APOC
FISCAL NOTE FOR SSSB 175 and CSHB 153(Judiciary)

In reviewing the fiscal note for the above bill, it was noted that some items removed by the General Government Finance Subcommittee are being put back in.

Particular notice should be taken of the reclassification of positions. In considering this category, both the House and Senate subcommittees denied the funds for the reclassification of positions.

A direct comparison of the two budgets is as follows:

<u>FY '82</u> <u>SUBCOMMITTEE</u>	<u>FY '82</u> <u>SSSB 175</u>
Personal Services 264.0	555.3
Travel 36.8	120.5
Contractual 84.5	168.4
Commodities 6.5	11.6
Equipment 2.0	9.7
Total General Funds 393.8	865.5

In addition, the Subcommittee approved staff positions for six full-time positions (Executive Director, Assistant Director, Secretary I, Clerk V, Clerk III, Regulation Specialist II) and three part-time positions (Clerk III, Clerk IV, Research Analyst II). The fiscal note provides for thirteen full-time positions and three part-time positions.

While the Judiciary Committee does not object to the fiscal note as a fiscal note for the impact of the bill on the Commission, it respectfully requests the Finance Committee to examine the use of this type of fiscal note to a bill to add back in items that a subcommittee has deleted (the reclassification, for example).

cc: House Finance Committee Members

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FISCAL NOTE

I. REQUEST

Bill/Resolution No. Sponsor Substitute for Senate Bill No. 175

Title An Act relating to a standard of conduct for public officials and employees;

Requested by Senators Fischer, Holman, Stimson, Bradley, et al. Date April 21, 1981

II. FISCAL DETAIL

Agency Affected Department of Administration

Program Category Affected Legislative and Elective Operations

BRU, Program, or Subprogram(s) Affected Alaska Public Offices Commission

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		555.3	635.8	671.9		
200 TRAVEL		120.5	132.6	145.9		
300 CONTRACTUAL		168.4	185.2	203.7		
400 COMMODITIES		11.6	12.8	14.1		
500 EQUIPMENT		9.7	-	-		
600 LAND & STRUCTURES		-	-	-		
700 GRANTS, CLAIMS, ETC.		-	-	-		
		865.5	966.4	1035.6		
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND		865.5	966.4	1035.6		
FEDERAL FUNDS		-	-	-		
OTHER (Specify Fund Source)		-	-	-		

POSITIONS

FULL TIME		13	13	13		
PART TIME		3	3	3		
TEMPORARY						

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Sponsor Substitute for Senate Bill No. 175Title An Act relating to a standard of conduct for public officials and employees; Requested by Senators Fischer, Hohman, Stimson, Bradley, et al. Date April 21, 1981

II. FISCAL DETAIL

Agency Affected Department of AdministrationProgram Category Affected Legislative and Elective OperationsBRU, Program, or Subprogram(s) Affected Alaska Public Offices Commission

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

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100 PERSONAL SERVICES		555.3	635.8	671.9		
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400 COMMODITIES		11.6	12.8	14.1		
500 EQUIPMENT		9.7	-	-		
600 LAND & STRUCTURES		-	-	-		
700 GRANTS, CLAIMS, ETC.		-	-	-		
		865.5	966.4	1035.6		

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND		865.5	966.4	1035.6		
FEDERAL FUNDS		-	-	-		
OTHER (Specify Fund Source)		-	-	-		

POSITIONS

FULL TIME		13	13	13		
PART TIME		3	3	3		
TEMPORARY			2			

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

PERSONAL SERVICES (including benefits) FY 82 Salary Schedule; 10% inflation factor projected

FY 82 APOC Request:

290,800

- 1 Executive Director, range 24, 12 ms
- 1 Assistant Director, range 21, 12 ms
- 1 Regulations Specialist, range 16, 12 ms
- 1 Administrative Assistant, range 14, 12 ms
- 1 Research Analyst, range 16, 8 ms
- 1 Secretary, range 10, 12 ms
- 2 Clerk IV's, range 9, 12 ms
- 1 Clerk III, range 8, 8 ms
- 1 Data Entry Clerk, range 9, 6 ms

IV. DATE May 5, 1981PREPARED BY [Signature]AGENCY Alaska Public Offices CommissionPHONE 276-4176

Original: Legislative Finance

cc: Budget and Management

By: Sponsor (First Legislator Named) Senator FischerGov. OfficeBeeth Spickard

33 000 100 123 00

Additional Funding, Ethic's Commission

-- Reclass Executive Director: 24A to 26A	6,405
-- Attorney, range 24, 12 ms	59,689
-- Reclass Assistant Director; 21A to 23A	6,753
-- Assistant Director; 23, 12ms	55,854
-- Regulations Specialist to Administrative Officer; 16A to 17A	2,400
-- 2 Investigators; range 17, 12 ms	75,436
-- Reclass Secretary: 10A to 12A	2,883
-- Reclass Clerk to Auditor: 9A to 12A	4,184
-- Reclass Clerk to Auditor: 9A to 12A	4,184
-- 2 Clerk IV's; range 9, 12ms	46,760
	<u>555,348</u>

TRAVEL - 10% inflation factor projected

FY 82 APOC Request	38,700
Additional Funding, Ethics Commission	
Staff Travel: 25 trips @ \$400/trip;	13,350
2 days each @ \$67/day	
Convention: 1; 3 people	3,900
@ \$1,000/ea; 5 days @ \$60/day	
Commission Travel: 12 meetings per year	
7 members x 12 @ \$400/trip	26,000
(less FY 82 APOC Request)	
7 members x 12 x 3 days @ \$67/day	8,884
(less FY 82 APOC Request)	
Non-Employee Travel	10,000
25 person @ \$400/trip	
Honorarium	
12 meetings @ 2 days each,	
7 members @ 150/day	19,600
(less FY 82 APOC Request level)	
	<u>120,434</u>

CONTRACTUAL - 10% inflation factor projected

Additional Funding, Ethic's Commission

-- Reclass Executive Director: 24A to 26A	6,405
-- Attorney, range 24, 12 ms	59,689
-- Reclass Assistant Director; 21A to 23A	6,753
-- Assistant Director; 23, 12ms	55,854
-- Regulations Specialist to Administrative Officer; 16A to 17A	2,400
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12 meetings @ 2 days each,	
7 members @ 150/day	19,600
(less FY 82 APOC Request level)	
	<u>120,434</u>

CONTRACTUAL - 10% inflation factor projected

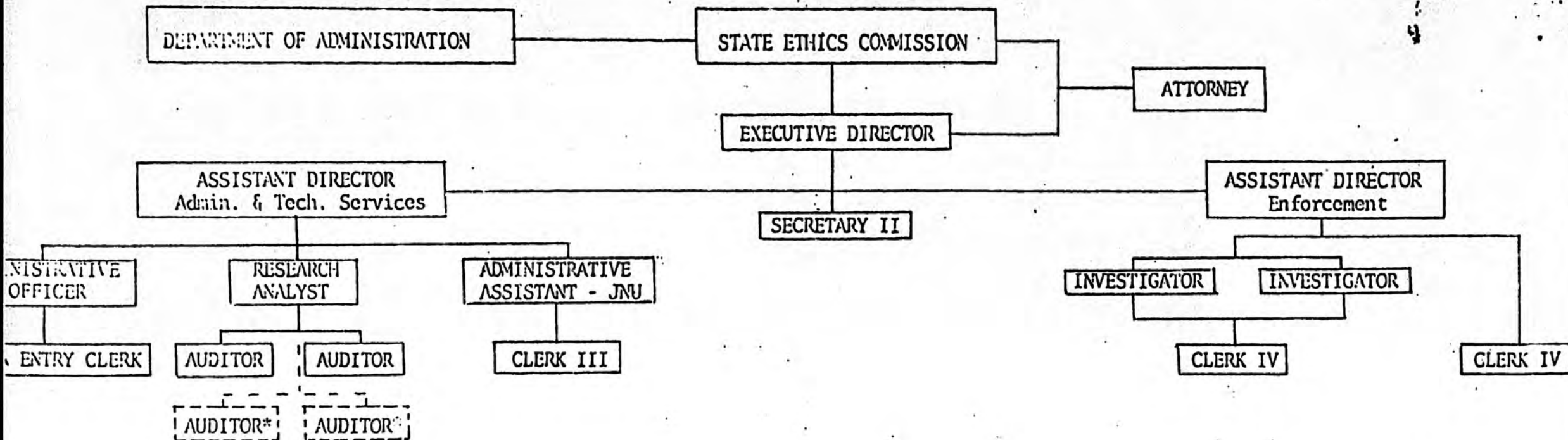
FY 82 APOC Request:	88,900
Additional Funding, Ethics Commission	
Communications	16,300
Printing and Advertising	10,800
Space Expense	16,200
Repair and Maintenance	6,000
Equipment Rental - word processing	14,600
Witness fees	600
Municipal Contracts (service & instruction)	15,000
	<u>168,400</u>

COMMODITIES - 10% inflation factor projected

FY 82 APOC Request:	6,800
Additional Funding, Ethics Commission	
Misc. Supplies	4,800
	<u>11,600</u>

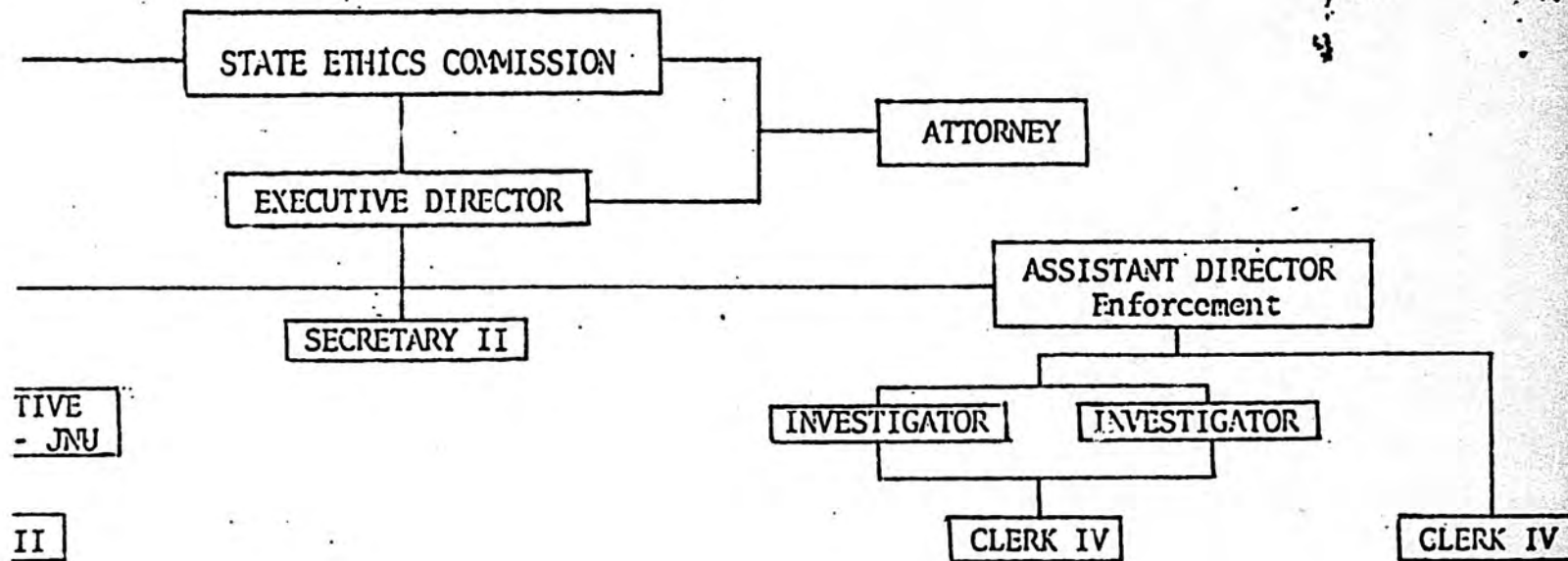
EQUIPMENT - 10% inflation factor projected

FY 82 APOC Request:	2,100
Additional Funding, Ethics Commission	
6 desks	2,276
6 chairs	903
8 side chairs	698
4 tables	660
2 credenzas	706
6 file cabinets	1,221
5 calculators	822
1 bookcase	105
1 storage cabinet	185
	<u>8,755</u>



STATE ETHICS COMMISSION
ORGANIZATIONAL CHART

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te election years only



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STATE ETHICS COMMISSION
ORGANIZATIONAL CHART

1202

Original sponsor: Rules/Governor

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 487 (Finance) II

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the loan programs of and authorizing issuance of revenue bonds for loan programs by the Alaska Housing Finance Corporation and the Alaska Industrial Development Authority."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. AS 18.56.096 is amended to read:

Sec. 18.56.096. LIMITATION ON POWER TO MAKE OR PURCHASE MORTGAGE LOANS. The corporation may not make, participate in the making of, purchase, or participate in the purchase of a mortgage loan under this chapter which

(1) exceeds the limitations on mortgage loans purchased by the Federal National Mortgage Association as to principal amount and loan-to-value ratio; or

(2) is made to a person or to the spouse of a person who has received a mortgage loan under this chapter within

Original sponsor: Rules/Governor

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 487 (Finance) II

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(1) exceeds the limitations on mortgage loans purchased by the Federal National Mortgage Association as to principal amount and loan-to-value ratio; or

(2) is made to a person or to the spouse of a person who has received a mortgage loan under this chapter within a seven-year period preceding the person's application for the loan.

* Sec. 2. AS 18.56.098(c) is amended to read:

(c) The corporation may pledge mortgage loans purchased by the corporation under (a) of this section, mortgage loans assigned to the corporation for the special mortgage loan purchase program, and mortgage loans purchased with amounts appropriated to the corporation for the special mortgage loan purchase program to pay the principal, interest, and redemption premium, if any, on bonds or bond anticipation notes issued by the corporation for the special mortgage loan purchase program

and may expend amounts appropriated to the special mortgage loan purchase program as necessary to cause the interest rate on mortgage loans purchased under the special mortgage loan purchase program and retained by the corporation or sold under AS 18.56.099 to equal the rates specified in this section.

* Sec. 3. AS 18.56.098(e) is amended to read:

(e) The corporation shall establish regulations in accordance with AS 18.56.088 to implement the special mortgage loan purchase program. The [IN ORDER TO DISCOURAGE THE SPECULATIVE USE OF MORTGAGE CREDIT UNDER THE SPECIAL MORTGAGE LOAN PURCHASE PROGRAM FOR PURPOSES OTHER THAN HOME OWNERSHIP, THE] regulations shall include provisions [ALLOWING,] prohibiting [,] or restricting [OTHERWISE SETTING CONDITIONS ON] the right to assume or to provide for the payment of mortgage loans purchased under (a) of this section by a person other than the mortgagor. The corporation shall enforce the regulations adopted under this subsection.

* Sec. 4. AS 18.56 is amended by adding a new section to read:

Sec. 18.56.104. ALLOCATION OF TAX-EXEMPT BONDS. Pursuant to sec. 103A(g)(6) of the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A) the amount of mortgage revenue bonds that may be issued in the

and may expend amounts appropriated to the special mortgage loan purchase program as necessary to cause the interest rate on mortgage loans purchased under the special mortgage loan purchase program and retained by the corporation or sold under AS 18.56.099 to equal the rates specified in this section.

* Sec. 3. AS 18.56.098(e) is amended to read:

(e) The corporation shall establish regulations in accordance with AS 18.56.088 to implement the special mortgage loan purchase program. The [IN ORDER TO DISCOURAGE THE SPECULATIVE USE OF MORTGAGE CREDIT UNDER THE SPECIAL MORTGAGE LOAN PURCHASE PROGRAM FOR PURPOSES OTHER THAN HOME OWNERSHIP, THE] regulations shall include provisions [ALLOWING,] prohibiting [,] or restricting [OTHERWISE SETTING CONDITIONS ON] the right to assume or to provide for the payment of mortgage loans purchased under (a) of this section by a person other than the mortgagor. The corporation shall enforce the regulations adopted under this subsection.

* Sec. 4. AS 18.56 is amended by adding a new section to read:

Sec. 18.56.104. ALLOCATION OF TAX-EXEMPT BONDS. Pursuant to sec. 103A(g)(6) of the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A) the amount of mortgage revenue bonds that may be issued in the state under sec. 103A(g)(4) of that Act is allocated solely to the corporation. A municipality may not issue mortgage revenue bonds unless permitted to do so by the corporation. The amount of bonds issued by a municipality with the permission of the corporation shall be deducted from the total amount permitted by the Act. The provisions of this section apply to home rule municipalities.

* Sec. 5. AS 44.88.010 is amended to read:

Sec. 44.88.010. LEGISLATIVE FINDING AND POLICY. (a) The legislature finds, determines and declares that

(1) there exist areas of the state in which seasonal and nonseasonal unemployment exist;

(2) this unemployment is a serious menace to the health, safety and general welfare, not only to the people in those areas, but also to the people of the entire state;

(3) the state lacks the basic manufacturing, industrial, and small [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises and other facilities referred to in AS 44.88.010(a)(5) necessary to permit adequate development of its natural resources and the balanced growth of its economy;

(4) the establishment, and expansion of industrial, manufacturing, and small [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises in Alaska, including facilities for air and water transportation, facilities for pollution control and waste disposal, facilities for the local furnishing of gas, facilities for water, and facilities for industrial parks, is essential to the development of the natural resources and the long-term economic growth of the state, and will directly and indirectly alleviate unemployment in the state; ,

(5) the achievement of the goal of full employment, and of establishment and continuing operation and development of industrial,

(1) there exist areas of the state in which seasonal and nonseasonal unemployment exist;

(2) this unemployment is a serious menace to the health, safety and general welfare, not only to the people in those areas, but also to the people of the entire state;

(3) the state lacks the basic manufacturing, industrial, and small [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises and other facilities referred to in AS 44.88.010(a)(5) necessary to permit adequate development of its natural resources and the balanced growth of its economy;

(4) the establishment, and expansion of industrial, manufacturing, and small [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises in Alaska, including facilities for air and water transportation, facilities for pollution control and waste disposal, facilities for the local furnishing of gas, facilities for water, and facilities for industrial parks, is essential to the development of the natural resources and the long-term economic growth of the state, and will directly and indirectly alleviate unemployment in the state; ,

(5) the achievement of the goal of full employment, and of establishment and continuing operation and development of industrial, manufacturing, and small [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises in the state, including facilities for air and water transportation, facilities for pollution control and waste disposal, facilities for the local furnishing of gas, facilities for water, and facilities for industrial parks, will be accelerated and facilitated by the creation of an instrumentality of the state with powers to incur debt and to make and insure loans to finance, and to assist private lenders to make loans to finance, the establishment, operation, and development of industrial, manufacturing, and small

[BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises, including facilities for air and water transportation, facilities for pollution control and waste disposal, facilities for the local furnishing of gas, facilities for water, and facilities for industrial parks, for private operation;

(6) it is in the public interest to promote the prosperity and general welfare of all citizens of the state by stimulating commercial and industrial growth and expansion by encouraging an increase of private investment by banks, investment houses, insurance companies, and other financial institutions, including pension and retirement funds, to help satisfy the need for economic expansion;

(7) it is in the state's interest to import private capital to create new economic activity which would not otherwise take place in the state.

(b) It is declared to be the policy of the state, in the interests of promoting the health, security and general welfare of all the people of the state, and a public purpose, to increase job opportunities and otherwise to encourage the economic growth of the state, including the development of its natural resources, through the establishment of manufacturing, industrial, and small [BUSINESS. TOURISM MINING AND

[BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises, including facilities for air and water transportation, facilities for pollution control and waste disposal, facilities for the local furnishing of gas, facilities for water, and facilities for industrial parks, for private operation;

(6) it is in the public interest to promote the prosperity and general welfare of all citizens of the state by stimulating commercial and industrial growth and expansion by encouraging an increase of private investment by banks, investment houses, insurance companies, and other financial institutions, including pension and retirement funds, to help satisfy the need for economic expansion;

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(b) It is declared to be the policy of the state, in the interests of promoting the health, security and general welfare of all the people of the state, and a public purpose, to increase job opportunities and otherwise to encourage the economic growth of the state, including the development of its natural resources, through the establishment of manufacturing, industrial, and small [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises and the other facilities referred to in AS 44.88.010(a)(5) by creating the public corporation with power, duties and functions as provided in this chapter.

* Sec. 6. AS 44.88.050(a) is amended to read:

(a) A majority of the members of the authority constitutes a quorum for the transaction of business or the exercise of a power or function at a meeting of the authority. In case of a tie vote on a motion or resolution pending before the authority the motion or resolution shall be presented to the governor and if approved by him, is

considered adopted by the authority. The authority may meet and trans-
act business by electronic media, including conference telephone call,
if the public is given notice and has the same right to participate in
the meeting as if the meeting was conducted in person. A meeting by
electronic media as authorized in this subsection has the same legal
effect as a meeting in person.

* Sec. 7. AS 44.88.070 is amended to read:

Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the authority is to promote, develop and advance the general prosperity and economic welfare of the people of Alaska, to relieve problems of unemployment, and to create additional employment by providing various means of financing and means of facilitating the financing of industrial, manufacturing, and small [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprises and the other facilities referred to in AS 44.88.010(a)(5) within the state.

* Sec. 8. AS 44.88.080(18) is amended to read:

(18) to facilitate the expansion of a secondary market for the resale of federally or commercially insured loans made to finance the costs of projects held by commercial banks in Alaska.

+ Sec. 9. AS 44.88.080(12) is amended to read:

considered adopted by the authority. The authority may meet and trans-act business by electronic media, including conference telephone call, if the public is given notice and has the same right to participate in the meeting as if the meeting was conducted in person. A meeting by electronic media as authorized in this subsection has the same legal effect as a meeting in person.

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* Sec. 8. AS 44.88.080(18) is amended to read:

(18) to facilitate the expansion of a secondary market for the resale of federally or commercially insured loans made to finance the costs of projects held by commercial banks in Alaska.

* Sec. 9. AS 44.88.080(12) is amended to read:

(12) to purchase or insure loans to finance the costs of manufacturing, industrial, and small [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING] enterprise projects;

* Sec. 10. AS 44.88 is amended by adding a new section to read:

Sec. 44.88.085. FEES CHARGED BY AUTHORITY. (a) An application fee may not be charged for an application for authority participation in a loan under AS 44.88.158.

(b) The commitment fee for a loan commitment by the authority may not exceed two percent of the principal amount of the loan.

* Sec. 11. AS 44.88.105 is amended by adding new subsections to read:

(f) The authority may establish a reserve fund, other than a capital reserve fund, to secure its bonds. The authority may deposit in a reserve fund established under this subsection the proceeds of sale of its bonds and other money which may be made available from any other source. A reserve fund established under this subsection must comply with (a) - (c) of this section. The authority may allow a reserve fund established under this subsection to be depleted without complying with (d) of this section.

(g) The authority may not establish a capital reserve fund to secure a bond if the proceeds of the bond are used to finance a project whose cost exceeds \$10,000,000.

* Sec. 12. AS 44.88.155(b) is amended to read:

(b) The authority shall establish within the enterprise development fund a loan insurance account, a small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account, and other accounts it considers appropriate. Amounts in the enterprise development fund including, without limitation, repayments of loan principal and interest, may be pledged to the payment of bonds of the authority and shall be held and invested by the authority at

* Sec. 11. AS 44.88.105 is amended by adding new subsections to read:

(f) The authority may establish a reserve fund, other than a capital reserve fund, to secure its bonds. The authority may deposit in a reserve fund established under this subsection the proceeds of sale of its bonds and other money which may be made available from any other source. A reserve fund established under this subsection must comply with (a) - (c) of this section. The authority may allow a reserve fund established under this subsection to be depleted without complying with (d) of this section.

(g) The authority may not establish a capital reserve fund to secure a bond if the proceeds of the bond are used to finance a project whose cost exceeds \$10,000,000.

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(b) The authority shall establish within the enterprise development fund a loan insurance account, a small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account, and other accounts it considers appropriate. Amounts in the enterprise development fund including, without limitation, repayments of loan principal and interest, may be pledged to the payment of bonds of the authority and shall be held and invested by the authority at competitive national market rates in investments authorized under AS 37.10.-070(a) or which [AS] may be authorized in agreements with bondholders respecting amounts in the loan insurance account, the small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account, and other accounts within the enterprise development fund.

* Sec. 13. AS 44.88.157 is amended by adding new subsections to read:

(j) Notwithstanding (a) - (i) of this section, the authority may establish additional loan insurance accounts outside the enterprise development fund to secure special obligation bonds, and pay into the

loan insurance account money made available from an appropriation or from any other source. A loan insurance account established under this subsection is not subject to the requirements of (d) and (g) of this section.

(k) A loan may not be insured from a loan insurance account within the enterprise development fund if the loan is for a project the cost of which exceeds \$10,000,000.

* Sec. 14. AS 44.88.158(a) is amended to read:

Sec. 44.88.158. SMALL ENTERPRISE [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] LOAN ACCOUNT. (a) The authority may use the assets of the small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account to purchase loans made by others to [SMALL BUSINESS ENTERPRISES, TOURISM ENTERPRISES, MINING ENTERPRISES, AND COMMERCIAL FISHING] enterprises to pay the costs of projects, as defined in AS 44.88.220, which have been or which the authority anticipates will be financed with the proceeds of bonds.

* Sec. 15. AS 44.88.158(b) is amended to read:

(b) The interest rate on a loan purchased with money in the small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account must equal the interest rate which the authority

loan insurance account money made available from an appropriation or from any other source. A loan insurance account established under this subsection is not subject to the requirements of (d) and (g) of this section.

(k) A loan may not be insured from a loan insurance account within the enterprise development fund if the loan is for a project the cost of which exceeds \$10,000,000.

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* Sec. 15. AS 44.88.158(b) is amended to read:

(b) The interest rate on a loan purchased with money in the small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account must equal the interest rate which the authority estimates would be payable on bonds issued by the authority to provide money to make the loan.

* Sec. 16. AS 44.88.158(c) is amended to read:

(c) A loan purchased with money in the small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account

(1) may not exceed \$7,500,000

[(A) \$6,000,000 IF THE LOAN IS MADE TO A TOURISM ENTERPRISE;

(B) \$1,000,000 IF THE LOAN IS MADE TO A MINING ENTER-

PRISE OR TO A SMALL BUSINESS ENTERPRISE THAT IS NOT A TOURISM ENTERPRISE OR A COMMERCIAL FISHING ENTERPRISE; OR

(C) \$500,000 FOR EACH INDIVIDUAL COMMERCIAL FISHERMAN IN THE COMMERCIAL FISHING ENTERPRISE IF THE LOAN IS MADE TO A COMMERCIAL FISHING ENTERPRISE];

(2) may not exceed 75 percent of the cost of the project or 75 percent of the appraised value of the project, whichever is less, unless the amount of the loan in excess of those limits is federally insured or guaranteed or is insured by a qualified mortgage insurance company;

(3) may not be made for a term longer than three-quarters of the authority's estimate of the life of the project or 25 years from the date the loan is made, whichever is earlier;

(4) shall contain complete amortization provisions satisfactory to the authority requiring periodic payments by the borrower;

(5) shall be in the form and contain the terms and provisions with respect to insurance, repairs, alterations, payment of taxes and assessments, default reserves, delinquency charges, default remedies, acceleration of maturity, secondary liens and other matters the authority prescribes; [AND]

(6) shall be secured as to repayment by a mortgage or other security instrument in the manner the authority determines is feasible to assure timely repayment under a loan agreement entered into with the borrower; and

(7) may not be made unless at least 10 percent of the principal amount of the loan is retained by the originator of the loan.

* Sec. 17. AS 44.88.158(d) is amended to read:

(d) The authority may adopt regulations for the administration of the small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING

PRISE OR TO A SMALL BUSINESS ENTERPRISE THAT IS NOT A TOURISM ENTERPRISE OR A COMMERCIAL FISHING ENTERPRISE; OR

(C) \$500,000 FOR EACH INDIVIDUAL COMMERCIAL FISHERMAN IN THE COMMERCIAL FISHING ENTERPRISE IF THE LOAN IS MADE TO A COMMERCIAL FISHING ENTERPRISE];

(2) may not exceed 75 percent of the cost of the project or 75 percent of the appraised value of the project, whichever is less, unless the amount of the loan in excess of those limits is federally insured or guaranteed or is insured by a qualified mortgage insurance company;

(3) may not be made for a term longer than three-quarters of the authority's estimate of the life of the project or 25 years from the date the loan is made, whichever is earlier;

(4) shall contain complete amortization provisions satisfactory to the authority requiring periodic payments by the borrower;

(5) shall be in the form and contain the terms and provisions with respect to insurance, repairs, alterations, payment of taxes and assessments, default reserves, delinquency charges, default remedies, acceleration of maturity, secondary liens and other matters the authority prescribes; [AND]

ENTERPRISES] loan account which may include, without limitation, provisions for fees and agreements relating to application, loan commitment, servicing, and origination of loans by other lenders.

* Sec. 18. AS 44.88.158(e) is amended to read:

(e) The authority may enter into agreements as to the use of the money in the small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account, including without limitation, trust or custody arrangements with banks or trust companies. It may also pledge, assign, or grant the agreement, interests under an agreement, or interests in the small enterprise, [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account as may be necessary or appropriate to provide for payment and security for bonds of the authority.

* Sec. 19. AS 44.88.220(2) is amended to read:

(2) "business enterprise" means a single proprietorship, corporation, firm, partnership, or other association of persons organized in any manner, for any business purpose, other than [WHICH IS NOT ORGANIZED] on a nonprofit basis;

* Sec. 20. AS 44.88.220(5) is amended to read:

(5) "project" means [INCLUDES]

(A) a plant or facility used or intended for use in connection with making, processing, preparing, or producing in any manner, goods, products or substances of any kind or nature or in connection with developing or utilizing a natural resource, or extracting, smelting, transporting, converting, assembling or producing in any manner, minerals, raw materials, chemicals, compounds, alloys, fibers, commodities and materials, products or substances of any kind or nature, any plant or facility used or intended for use as an industrial park or in connection with air

ENTERPRISES] loan account which may include, without limitation, provisions for fees and agreements relating to application, loan commitment, servicing, and origination of loans by other lenders.

* Sec. 18. AS 44.88.158(e) is amended to read:

(e) The authority may enter into agreements as to the use of the money in the small enterprise [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account, including without limitation, trust or custody arrangements with banks or trust companies. It may also pledge, assign, or grant the agreement, interests under an agreement, or interests in the small enterprise, [BUSINESS, TOURISM, MINING, AND COMMERCIAL FISHING ENTERPRISES] loan account as may be necessary or appropriate to provide for payment and security for bonds of the authority.

* Sec. 19. AS 44.88.220(2) is amended to read:

(2) "business enterprise" means a single proprietorship, corporation, firm, partnership, or other association of persons organized in any manner, for any business purpose, other than [WHICH IS NOT ORGANIZED] on a nonprofit basis;

* Sec. 20. AS 44.88.220(5) is amended to read:

(5) "project" means [INCLUDES]

and water transportation, or any plant or facility for the prevention, limitation or control of air or water pollution, for the disposal of sewage or solid waste, for the local furnishing of gas, or for the furnishing of water; or

(B) a small [BUSINESS] enterprise [, TOURISM ENTERPRISE, MINING ENTERPRISE, AND COMMERCIAL FISHING ENTERPRISE AS DEFINED IN (12), (13), (14), AND (15) OF THIS SECTION];

* Sec. 21. AS 44.88.220(8) is amended to read:

(8) "project cost" or "cost of a project"

(A) means all or any part of the aggregate costs determined by the authority to be necessary to finance the construction, expansion, or acquisition of a project, including without limitation the cost of acquiring real or tangible personal property, and, in connection with real property, the cost of constructing buildings and improvements, the cost of constructing means of access to and from the project, the cost of constructing extension of utility systems to the site of the project; the cost of a project includes, without limitation, the cost of financing the project, interest charges before, during or after construction, expansion, or acquisition of the project, costs related to the determination of the feasibility, planning, design or engineering of the project and, to the extent determined necessary by the authority, administrative expenses, the cost of machinery or equipment to be used in the operation of the project and expenses of installation, replacement or rehabilitation, and all other costs, charges, fees and expenses which may be determined by the authority to be necessary to finance the construction, expansion, or acquisition;

(B) does not include work in progress, stock in trade.

and water transportation, or any plant or facility for the prevention, limitation or control of air or water pollution, for the disposal of sewage or solid waste, for the local furnishing of gas, or for the furnishing of water; or

(B) a small [BUSINESS] enterprise [, TOURISM ENTERPRISE, MINING ENTERPRISE, AND COMMERCIAL FISHING ENTERPRISE AS DEFINED IN (12), (13), (14), AND (15) OF THIS SECTION];

* Sec. 21. AS 44.88.220(8) is amended to read:

(8) "project cost" or "cost of a project"

(A) means all or any part of the aggregate costs determined by the authority to be necessary to finance the construction, expansion, or acquisition of a project, including without limitation the cost of acquiring real or tangible personal property, and, in connection with real property, the cost of constructing buildings and improvements, the cost of constructing means of access to and from the project, the cost of constructing extensions of utility systems to the site of the project; the cost of a project includes, without limitation, the cost of financing the project, interest charges before, during or after construction, expansion, or acquisition of the project, costs related to the

or the refinancing of the existing indebtedness of a project applicant;

* Sec. 22. AS 44.88.220(12) is repealed and reenacted to read:

(12) "small enterprise" means a business enterprise which is a project applicant with gross income of \$10,000,000 or less for its annual reporting period which ended immediately before the application to the authority for a loan, including

- (A) a tourism enterprise;
- (B) a commercial fishing enterprise;
- (C) a mining enterprise;
- (D) an agricultural enterprise;
- (E) a timber enterprise;
- (F) a telephone enterprise; or
- (G) a multi-family dwelling enterprise;

* Sec. 23. AS 44.88.220(13) is amended to read:

(13) "tourism enterprise" means a business enterprise which is a project applicant directly involved in ~~the~~ tourist industry;

* Sec. 24. AS 44.88.220(14) is amended to read:

(14) "commercial fishing enterprise" means one or more individual commercial fishermen who are project applicants and residents of the state who jointly apply for and receive a commercial fishing loan from a private financial institution in the state or from a state or federal loan program;

* Sec. 25. AS 44.88.220(15) is amended to read:

(15) "mining enterprise" means a business enterprise which is a project applicant directly involved in the mining industry.

* Sec. 26. AS 44.88.220 is amended by adding new paragraphs to read:

(16) "agricultural enterprise" means a project applicant involved in the raising and harvesting of plants, trees, crops, and

or the refinancing of the existing indebtedness of a project applicant;

* Sec. 22. AS 44.88.220(12) is repealed and reenacted to read:

(12) "small enterprise" means a business enterprise which is a project applicant with gross income of \$10,000,000 or less for its annual reporting period which ended immediately before the application to the authority for a loan, including

- (A) a tourism enterprise;
- (B) a commercial fishing enterprise;
- (C) a mining enterprise;
- (D) an agricultural enterprise;
- (E) a timber enterprise;
- (F) a telephone enterprise; or
- (G) a multi-family dwelling enterprise;

* Sec. 23. AS 44.88.220(13) is amended to read:

(13) "tourism enterprise" means a business enterprise which is a project applicant directly involved in ~~the~~ tourist industry;

* Sec. 24. AS 44.88.220(14) is amended to read:

(14) "commercial fishing enterprise" means one or more individual commercial fishermen who are project applicants and residents of

livestock and includes the real estate, buildings, equipment, and supplies normally necessary for the distribution, processing, marketing, and servicing of products related to agriculture or an agricultural purpose;

(17) "multi-family dwelling enterprise" means a project applicant which is directly involved as a commercial enterprise in the construction, operation, rental or sale of dwellings having eight or more units;

(18) "telephone enterprise" means a project applicant which is a public utility under AS 42.05.701(2)(B) and which is providing telephone service to the public under a certificate of public convenience and necessity issued by the Alaska Public Utilities Commission at the time of submitting a loan application;

(19) "timber enterprise" means a project applicant which is directly involved in the timber industry.

* Sec. 27. The Alaska Housing Finance Corporation may issue revenue bonds in the principal amount of \$492,000,000 during the fiscal year ending June 30, 1982.

* Sec. 28. Subject to the limitation of AS 44.88.090(g), the Alaska Industrial Development Authority may issue revenue bonds in the principal

livestock and includes the real estate, buildings, equipment, and supplies normally necessary for the distribution, processing, marketing, and servicing of products related to agriculture or an agricultural purpose;

(17) "multi-family dwelling enterprise" means a project applicant which is directly involved as a commercial enterprise in the construction, operation, rental or sale of dwellings having eight or more units;

(18) "telephone enterprise" means a project applicant which is a public utility under AS 42.05.701(2)(B) and which is providing telephone service to the public under a certificate of public convenience and necessity issued by the Alaska Public Utilities Commission at the time of submitting a loan application;

(19) "timber enterprise" means a project applicant which is directly involved in the timber industry.

* Sec. 27. The Alaska Housing Finance Corporation may issue revenue bonds in the principal amount of \$492,000,000 during the fiscal year ending June 30, 1982.

* Sec. 28. Subject to the limitation of AS 44.88.090(g), the Alaska Industrial Development Authority may issue revenue bonds in the principal amount of \$230,000,000 during the fiscal year ending June 30, 1982.

HOUSE FINANCE COMMITTEE

May 18, 1981

8:40 a.m.

[Tape HFC 81-87, Side 2, #573]

PRESENT

Chairman Cotten called the meeting to order at 8:40 a.m. All members of the Committee were present. Representatives Malone, Buchholdt and Meekins arrived later in the meeting. Also in attendance: Representative Joe Hayes; C.B. Bettisworth, Anchorage, co-author of the FRANK Initiative; Connie Sipe, Chief, Consumer Protection Section, Department of Law.

CSSB 86 (RLS)

Chairman Cotten brought CSSB 86 (RLs) up for consideration:

CSSB 86 (RLs) - "An Act relating to relocation of the state capital, and repealing and reenacting the law enacted by the initiative popularly known as the 'FRANK Initiative' to provide for the determination of the costs of capital relocation."

Chairman Cotten announced it was not his intent to take action on the bill at this time but only to accept testimony from C.B. Bettisworth, Anchorage, one of the three original sponsors of the FRANK (Frustrated Responsible Alaskans Needing Knowledge) Initiative. He stated the Committee would continue consideration of the bill at 1:30 p.m. to accommodate the Department of Law.

Mr. Bettisworth distributed copies of his statement outline (see Attachment 1) and explained the history of the Frank Initiative, which passed in 1978. He stated he feels it is the responsibility of the Legislature to keep the will and public trust of the people of Alaska through the FRANK Initiative.

(Representative Malone arrived at this time.)

Mr. Bettisworth addressed the remainder of his comments to the current House Finance Committee draft of the bill and the specific points to which the FRANK Committee takes exception. He advised they are opposed to the Capital Development Corporation (CDC) as the executive arm of the initiative, because there is no control and because it introduces a new entity into the "ball game", in addition to the Capital Site Planning Commission (CSPC)--which he felt represented a good work.

(Representative Buchholdt arrived at this time.)

In summary, Mr. Bettisworth, stated the FRANK Committee is opposed to the amendments he outlined and added "essentially

there are 20 more pages that we feel unnecessary and do not, in our opinion, meet the Governor's five criteria in order to survive a veto..."

Representative Carney inquired if he was in favor of the move; and Mr. Bettisworth indicated, "My response, in the past and today, is I am ambivalent. My concern is the cost." He commented it is not a matter of being all pro-move or all against.

{Tape HFC 81-88, Side 1, #001}

Reading an excerpt from the FRANK Initiative passed in 1978-- "...move the seat of government only after...which includes all bondable costs...also the total cost..."--Chairman Cotten asked Mr. Bettisworth to explain what is meant by bondable and total costs. Mr. Bettisworth responded, "Apparently, we think there are more costs involved than just state funds...such as revenues...and we wanted to make sure all the costs were laid out, which the CSPC did."

(Representative Meekins arrived at this time.)

Referring to bonding costs, Mr. Bettisworth explained in some cases you are talking about opportunity costs, such as land. That land should then have a cost to the CDC, he said; it has a value and should be appraised.

There was brief discussion on the Attorney General's opinion on the definition of costs, and Mr. Bettisworth indicated he is not familiar it. Representative Carney acknowledged difficulty with the opinion.

Answering a question from Representative Moss, Mr. Bettisworth commented he did not want to get into the issue of indemnification, but the moving of people from Juneau to Willow is a State cost.

CSSB 86 (RLS) HELD

HB 292

The next order of business was HB 292:

HB 292 - "An Act making a special appropriation to the Department of Law for investigation of automobile repair abuses; and providing for an effective date."

Representative Hayes, prime sponsor, testified briefly, stating this bill was introduced in response to constituent complaints, and essentially appropriates \$65,000 to the Department of Law, Consumer Protection Section, for investigation of abuses related to automobile repairs.

In her presentation, Connie Sipe pointed out automobile complaints are the most numerable and least happily resolved ones the Consumer Protection Section receives.

Representative Carney indicated his support of the bill.

Representative Rogers wondered if these funds would be sufficient, and Ms. Sipe indicated it is adequate.

Representative Freeman wondered if this is a "sort of ABSCOM against mechanics". Ms. Sipe indicated it is civil, not criminal, at this time. The funds would be used to set up cars to take around to several of the shops targeted, based on past complaint track records, and get estimates and then have the cars fixed. She said this is only a small part of the program and is used as a deterrent against fraud. She pointed out auto mechanics are not licensed, which is one of the problems, and are only required to have a \$25 business license.

Representative Moss questioned why this was not requested in their original budget, and Ms. Sipe replied because this program did not meet the overall priorities of the entire Department.

Representative Rogers stated he believes the Attorney General will not advise the Governor to veto the bill and moved to report out HB 292. Representative Freeman objected. He noted the only position added is an associate attorney for \$43,000. Ms. Sipe explained this person is an investigator; the title is just to be consistent with Department of Law classification, as other investigators within the Department are also called associate attorneys. During further discussion, she indicated that person is not yet on staff, but they do have someone in mind who lives in the community and who is knowledgeable in auto mechanics.

Representative Rogers called attention to the fact that this bill represents the only priority of the minority likely to be addressed by the Committee this year and again moved to report the bill out.

There was discussion on using public service announcements as a deterrent against fraud. Both Representatives Meekins and Malone pronounced this an excellent idea. Ms. Sipe indicated this could probably be handled out of contractual services. She noted they really don't have any enforcement abilities, however, they do have two lawsuits in the courts now that she believes the Department will be able to prove fraud.

Representative Malone moved to add \$3,000 to the fiscal note under contractual services for public service announcements and written information, thereby increasing the appropriation to \$68,000. Representative Rogers asked unanimous consent the amendment be adopted.

Representative Freeman stated he does not object to the program, only to the appropriation method. He said he feels this ought to

be included in their budget. He also expressed concern with impartiality, in that "This associate attorney might be over-zealous." As far as auto mechanics not being licensed, he said, "I might remind you, neither are legislators." He maintained his objection.

{Tape HFC 81-88, Side 2, #001}

CSHB 292 (FINANCE) REPORTED OUT

Representative Rogers moved to amend his motion to report out a Finance Committee Substitute for HB 292, with an appropriation of \$68,000. There being no further objection, it was so ordered. CS for HB 292 (Finance) was reported out of Committee with a "do pass" recommendation.

ADJOURNMENT

The meeting adjourned at 9:40 a.m.

Tape HFC 81-87, Side 2, #573 - End
HFC 81-88, Side 1, #001 - End
Side 2, #001 - #016

FRANK COMMITTEE STATEMENT OUTLINE

CB Bettisworth
one of 3 authors
FRANK Init
SON

The FRANK Committee opposes SB 86 and the amendments to that bill presently being considered by the House Finance Committee for the reasons that it removes from the initiative the requirement that the full cost of capital relocation be disclosed and it deletes the requirement that the people vote on the full costs or all bondable costs. Additionally, the proposed amendments fail to specify realistic standards for determination of a functional capital city and would impose a time limitation for the move as well as the period for which costs would be determined which are totally unrealistic.

The specific points in the bill to which the FRANK Committee takes exception are:

1. Total costs would not be disclosed
2. Changes relocation date from 1992 to 1990 when the Capital Site Planning Commission recognized the need for at least a 15-year construction and relocation period.
3. Vests planning and development in the Capital Development Corporation
4. Permits the Capital Development Corporation to dictate the requirements of the legislative, executive and judicial branches of government for a functional city
5. The Capital Development Corporation would have unlimited authority to expend state funds without appropriation. See Sec. 44.07.100 (12) (14) (15)
6. The Capital Development Corporation would not be required to abide by any of the land disposition laws applicable to state land
7. Would duplicate the planning already accomplished by the Capital Site Planning Commission without adequate limits and guidelines from the legislature
8. No identification of "net costs" upon which the people will be asked to vote

1219

HOUSE FINANCE COMMITTEE

May 18, 1981

2:45 p.m.

{Tape HFC 81-88, Side 2, #018}

PRESENT

Chairman Cotten called the meeting to order at 2:45 p.m. All members of the Committee were present. Representatives Haugen and Moss arrived later in the meeting. Also in attendance: Representatives Jim Duncan, Jack Fuller, Mike Miller and Eric Sutcliffe; Rodger Pegues, Assistant Attorney General, Department of Law; General B.B. and Virginia Talley, Anchorage; Beverly Alec, Administrative Assistant to Senator Bradley; Felix Toner and Carolyn Berg, Juneau.

CSSB 86 (RLS)

Chairman Cotten brought CSSB 86 (RLs) up for consideration:

CSSB 86 (RLs) - "An Act relating to relocation of the state capital, and repealing and reenacting the law enacted by the initiative popularly known as the 'FRANK Initiative' to provide for the determination of the costs of capital relocation."

Chairman Cotten referred to the current House Finance Committee Substitute for CSSB 86 workdraft prepared by Jack Chenoweth, Legislative Counsel, Division of Legal Services, Legislative Affairs Agency. He noted Legal Services made a few changes to the previous draft, discussed last Friday (see HFC Minutes dated 5-15-81). in addition to other technical amendments (see Attachment 1) he instructed Mr. Chenoweth to add to the bill, including a new title:

HCS CSSB 86 (Fin) - "An Act relating to relocation of the state capital: repealing and reenacting the law enacted by the initiative popularly known as the 'FRANK Initiative' to provide for the determination of the costs of capital relocation, and repealing and reenacting laws establishing the Alaska Capital City Development Corporation and the Capital City Development Oversight Committee."

At this time, Rod Pegues testified this latest version of the bill does not meet one of the five criteria required by the Governor in any capital move legislation. He again outlined those five points as set forth in the Governor's State of the State message:

- 1) true cost must be voted on by the people;

- 2) those costs are to be determined by revitalized Capital Site Planning Commission;
- 3) the question on the ballot must be specific as to the amount to be spent to achieve a specific result;
- 4) the ballot must contain the number or class of jobs or both that will be relocated from both Anchorage and Juneau; and
- 5) the bill have a mechanism for laying the issue to rest.

Mr. Pegues noted he had prepared a proposed substitute, and they still urge adoption of that substitute or something similar. In addition, he said, he has prepared some amendments (see Attachment 2) to this version of the bill that would meet at least three of the five requirements.

(Representative Haugen arrived at this time.)

During discussion, Mr. Pegues referred to Item 2 above and noted if this bill were amended to provide for standards for planning the Capital City Development Corporation could do it as well as the CSPC. Chairman Cotten commented that in previous testimony Mr. Pegues indicated Item 5 was no longer a requirement of the Governor. Mr. Pegues responded the Governor would not insist, that he was willing to accept the Legislature's conclusion that it cannot do it at this time.

Representative Carney asked if he thought the FRANK Initiative required that the people vote on all costs of relocation. Mr. Pegues indicated no, that it required the people vote on all bondable costs; therefore, indemnification and physical relocation of people would not have been part of those costs. He agreed the Governor's standards go beyond the scope of the FRANK Initiative.

Representative Meekins referred to the Governor's April 10th press release, in which he refrained from endorsing a specific version of the bill. Representative Meekins stated he thinks it is important to know which way the Governor is going to go, so as to avoid a veto. Mr. Pegues indicated he does not know what the Governor will do, that he would like to sign a bill that would allow the people to vote on the true costs, that he sees no way of laying the issue to rest without that vote. He stated his advice to the Governor will be that this bill does not meet those standards that require the true costs be voted on; therefore, the people could receive information that is really not accurate. Representative Meekins commented he feels the Department of Law is still in the process of giving the Legislature overviews. He asked if there are any constitutional problems with the proposed HCS for CSSB 86 (Finance). Mr. Pegues indicated he has not had the opportunity to look at the bill from that standpoint, but did note there is potential for a constitutional problem involving the disposition of land and the money from the land.

(Representatives Malone and Freeman left the meeting.)

Representative Meekins thought it important Mr. Pegues look at the bill from a constitutional viewpoint as soon as possible. Mr. Pegues agreed and added most of the bill is simply a rewrite of the development corporation law, and there would be no problem there. With respect to other changes, he said, then the bill would require some amendments to meet the Governor's criteria.

There was further discussion on token move versus true cost and how not to impact the City of Juneau.

(Representative Moss arrived at this time.)

Mr. Pegues then outlined his proposed amendments, and there was further discussion. Chairman Cotten commented he was surprised Mr. Pegues was not better prepared. Mr. Pegues noted he had previously provided the Committee with a bill draft that met the Governor's requirements designed to be use as guide. He also cited the short time period involved in which to review the current draft. Representative Rogers mentioned he has found it difficult to obtain cooperation from the Department of Law on most any bill, however, they did provide the Committee with suggestions that would meet the Governor's five points, which he intends to offer as a Finance Committee Substitute for SB 86.

RECESS

(Chairman Cotten called a recess at 3:20 p.m. and reconvened the meeting at 3:30 p.m. Representatives Rogers, Haugen, Meekins and Moss arrived shortly thereafter.)

At this time, the Committee heard testimony (see Attachment 3 for written statement) from Felix Toner of Juneau, who expressed concern with repeal of the FRANK Initiative and with the creation of the Capital Development Corporation (CDC).

(Representatives Rogers, Haugen, Meekins and Moss returned to the meeting during Mr. Toner's presentation. Representatives Meekins, Rogers and Haugen left during Mrs. Berg's presentation.)

In her testimony, Carolyn Berg stated that both the FRANK Initiative and establishment of the CDC are unconstitutional. She cited territorial sovereignty and U.S. Congressional patents of 1912 and the Statehood Act.

{Tape HFC 81-89, Side 1, #001}

(Representative Rogers returned to the meeting.)

At this time, General B.B. Talley presented testimony in favor of the capital relocation and in support of the current version of the bill. He expressed regret Mr. Pegues was not now present. In 1902, General Talley advised, the Chamber of Commerce of the City of Juneau, petitioned the President and the Congress to

relocate the territorial capital from Sitka to Juneau, reasoning that Juneau was the center of population. The same situation exists today, he explained; and for the same reasons, the movement for relocation of the capital was begun. He expressed sympathy for the people of Juneau, many of whom will suffer a personal loss. Those benefiting from relocation, he said, will benefit from good government.

(Representatives Meekins and Haugen returned to the meeting.)

General Talley cited facts and figures supporting the issue establishing Anchorage as the center of population and commerce. He discussed the rate of growth of state employment and cost of relocation. He indicated he was mildly surprised at the inference today that the Governor has no objection to the CDC doing the planning.

(Representatives Freeman, Haugen and Malone left the meeting.)

General Talley discussed indemnification costs and transition period.

(Representative Rogers left the meeting, and Representative Malone returned.)

Representative Meekins observed that, regardless of the merits of what legislation is considered, it is a matter of the pro-move sector being for it, and the anti-movers being against it; therefore, the real point is that the Governor is threatening veto unless a bill is drafted like his. "The question," he said, "is what should we do if he vetoes; and what to do should he pass it."

(Representative Haguen returned to the meeting.)

General Talley responded that each member of the Legislature "will have to vote according to their own conscience." He pointed out, "The Governor has stated that our legislation here does not provide for a full move. I suggest that our legislation does provide for a full move. It provides for the movement of the executive branch, the legislative branch. It did not include the judicial, because the judicial can make that decision themselves, whether they'll move or not. So it does provide it." He said it also states the CDC can use those elements that are usable from the CSPC's report. "I have only one concluding note," he stated: "You have now heard why I shall neither be on the board of directors nor possibly be associated with capital relocation, since those offices are appointed."

AMENDMENTS

Noting there were no further witnesses to testify on the bill, Chairman Cotten advised the Committee would now address amendments. He called attention to technical amendments (see Attachment 1) suggested by Mr. Chenoweth and briefly explained.

Representative Meekins moved and asked unanimous consent for adoption of the errata amendments. There being no objection, it was so ordered.

Chairman Cotten offered an additional amendment on page 19, line 14, to eliminate Section 44.07.191.(a) and (b)--Construction Contracts. He explained, in previous discussions, this section was the center of controversy over whether or not it was proper procedure to allow the CDC to let contracts without going through normal bidding channels. Rather than try to figure out another way to handle this now and since the CDC wouldn't assume these powers until after the 1982 election, he stated, it was felt this entire section could be eliminated and dealt with at a later time.

Representative Meekins moved and asked unanimous consent for adoption of this amendment, deleting Section 44.07.191(a) and (b)--Construction Contracts. There being no objection, it was so ordered.

Representative Adams commented he feels the bill was poorly put together with improper State representation in the makeup of the boards of the CDC and the Development Oversight Committee. He moved an amendment on page 9, line 2, after "or with the purposes of this chapter" insert "provided that the minimum of 20% of the construction contracts will be awarded to minority bonded contractors". Chairman Cotten objected, citing the same reasons for his previous amendment on construction contracts. Representative Adams responded he is concerned prevailing law will eliminate the minority residents in Alaska who comprise 1/5 of the population.

Representative Meekins commented he thinks there are already laws on the books that provide for minority contractors.

(Representative Freeman returned to the meeting.)

The question on Representative Adams' amendment was called for, and the motion FAILED (four in favor; four opposed).

[Tape HFC 81-89, Side 2, #001]

At this time, Representative Adams, noting Representative Rogers was not present, stated that, on behalf of his colleague from Fairbanks, he would move for adoption of his (Rogers) amendment (see Attachment 4). There was objection.

During discussion, Representative Meekins indicated he would vote against the amendment, again expressing concern with a probable veto. He indicated that between now and the time this legislation reaches the House Floor, he will try to meet with the Governor to determine what course the Governor will follow.

Representative Adams requested a five-minute recess.

RECESS

(Chairman Cotten called a recess at 4:35 p.m., and reconvened the meeting at 4:45 p.m. All Committee members were present, except Representative Buchholdt.)

Representative Rogers explained his amendment would essentially replace the current House Finance CS for CSSB 86 draft with a new one that would meet the Governor's five points. He stated he feels the current draft will not be approved by the Governor, because "...it hides the true costs...sets up a vote on what are false net costs only, doesn't put the issue to rest if the people turn down the vote, sets up a stacked development corporation and a stacked legislative oversight committee, disenfranchises the Bush...still gives major powers to CDC, and kills the FRANK Initiative intent." The substitute bill suggested by the Governor, he continued, is still not the best in his opinion, but one the Governor would accept.

In rebuttal, Chairman Cotten stated he feels the bill the Committee just finished work on does satisfy the Governor's requirements.

The question on Representative Rogers' amendment was called for, and the motion FAILED (two in favor; six opposed).

Representative Rogers stated he would withdraw all other amendments, pending as of Friday--six amendments that were held over at the request of the Chairman. Chairman Cotten noted some of those were addressed in some of his amendments. Based on recent discussions, Representative Rogers stated he is convinced the present bill will not become law. He moved to report the bill out. Chairman Cotten ruled the motion out of order so that he might offer a further amendment. Representative Rogers withdrew his motion.

Chairman Cotten moved and asked unanimous consent for the adoption of the following amendment: on page 2, line 25, before the word "buildings" insert "public"; and on page 24, line 29, after the word "the" insert "public". There being no objection, it was so ordered.

Representative Rogers moved as a single amendment those suggested by Mr. Pegues (see Attachment 2) on pages 1, 2, 3, 10, 11 and 25. Chairman Cotten objected.

(Representative Buchholdt returned to the meeting.)

The question was called for, and the amendment FAILED (five in favor; six opposed).

HCS CSSB 86 (FIN) REPORTED OUT

Chairman Cotten moved to report out the House Finance Committee Substitute for CSSB 86. Representatives Rogers and Adams

objected. The question was called for, and the motion PASSED (seven in favor; four opposed). There being no further objection, it was so ordered. HCS for CSSB 86 (Finance) was reported out of Committee with a "do pass" recommendation. (Those Committee members signing the Committee Report "do pass": Cotten, Meekins, Buchholdt, Carney, Montgomery and Malone. Those signing "other recommendations": Moss - "No Rec"; Adams - "Do Not Pass"; Haugen; Rogers - "Do Not Pass. Not Now. Not Ever.")

CSSB 323 (SA)

Chairman Cotten stated the next order of business is CSSB 323 (SA):

CSSB 323 (SA) - "An Act making appropriations to the Department of Public Safety for fish and wildlife protection; and providing for an effective date."

Chairman Cotten called attention to his proposed draft of HCS for CSSB 323 (Finance), which appropriates \$2,400,000 to the Alaska City Development Corporation--new title:

HCS CSSB 323 (Fin) - "An Act making a special appropriation to the Alaska Capital City Development Corporation; and providing for an effective date."

Chairman Cotten distributed copies (see Attachment 5) of the breakdown of the proposed CDC budget.

Representative Rogers moved to increase the appropriation to \$2,611,000 and include the original CSSB 323 (SA). Chairman Cotten objected. Representative Rogers withdrew his motion at the request of the Chairman. He then moved to reduce the \$2,400,000 appropriation by \$200,000 and delete subsection (d) on opening pioneer roads.

During discussion, Representative Carney suggested it might be advisable to specify that pioneer roads would only be opened up as necessary to do the soil studies and survey work.

The question on Representative Rogers amendment was called for, and the motion FAILED (two in favor; four opposed).

Representative Rogers expressed dismay the Committee is stripping a bill that takes care of some problems in the Bristol Bay area. Chairman Cotten assured Representative Rogers he would support a motion on the next Senate appropriations bill that comes before the Committee to add this to it. Representative Meekins also indicated his support.

HCS CSSB 323 (FIN) REPORTED OUT

Chairman Cotten moved to report out the House Finance Committee Substitute for CSSB 323. Representative Rogers objected. The question was called for, and the motion PASSED (five in favor; two

opposed). There being no further objection, it was so ordered. HCS for CSSB 323 (Finance) was reported out of Committee with individual recommendation. (Those Committee members signing the Committee Report "do pass": Cotten, Meekins, Montgomery, Buchholdt, Moss. Those signing "other recommendations": Rogers - "Do Not Pass Finance CS. Do Pass Original Bill.")

ADJOURNMENT

The meeting adjourned at 5:30 p.m.

Tape HFC 81-88, Side 2, #018 - End
HFC 81-89, Side 1, #001 - End
Side 2, #001 - #386

Cottler

Amendments in bill

*Changes included
in Chenoweth draft*

p. 5, line 12

added language to 44.07.031 (b), TERM OF OFFICE, to clarify which directors serve four year terms after transitional period.

p. 5, line 26

rewrote sec. 44.07.051. COMPENSATION OF DIRECTORS, to make it clear that directors are entitled to an honorarium, per diem and travel allowances for board meetings only.

p. 15, line 12

rewrote Sec. 44.07.136. CAPITAL COORDINATING COMMITTEE, to clarify who is on the committee, and what the purpose of the committee is

p. 24, line 10

changes Sec. 44.07.351 TERMINATION OF THE CORPORATION, from 90 days after the 1982 ballot proposition is certified as being rejected to the day the 1982 ballot proposition is certified as rejected.

p. 26, line 19

adds (5) clarifying that the transitional mayor only serves two years

Additional Amendments

p. 5, line 3

2(d) - (f)

*Murkins moved & asked unanimous consent
the objection, accepted*

Cottler

p. 19, line 14

delete (a)(b)

*Murkins moved & asked unanimous consent
Motion rejected; then removed his objection
Accepted*

p. 2, line 25

p. 25, line 1

1228
Before buildings add "public"

Chenoweth ✓✓

Reques 5-18-81

Original sponsors: Kerttula, Dankworth,
Stimson, et al

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 86 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to relocation of the state capital:
7 repealing and reenacting the law enacted by the initi-
8 ative popularly known as the 'FRANK Initiative' to
9 provide for the determination of the costs of capital
10 relocation, and repealing and reenacting laws estab-
11 lishing the Alaska Capital City Development Corporation
12 and the Capital City Development Oversight Committee."

13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

14 * Section 1. AS 44.06.196 is repealed and reenacted to read:

15 Sec. 44.06.196. CAPITAL RELOCATION EXPENDITURES. (a) Except for
16 money used for planning, design, studies, and field investigations,
17 state money may be expended to relocate the state capital from its
18 present location to the new capital site at Willow only after a majority
19 of those voting on the proposition at the 1982 general election have
20 approved a ballot proposition which . . .

Revised: 5-18-81

Original sponsors: Kerttula, Dankworth,
Stimson, et al

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 86 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to relocation of the state capital:
7 repealing and reenacting the law enacted by the initi-
8 ative popularly known as the 'FRANK Initiative' to
9 provide for the determination of the costs of capital
10 relocation, and repealing and reenacting laws estab-
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12 and the Capital City Development Oversight Committee."

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18 present location to the new capital site at Willow only after a majority
19 of those voting on the proposition at the 1982 general election have
20 approved a ballot proposition which includes the cost to the state of
21 providing for completion of relocation of a functional state capital at
22 the new capital site at Willow ^{as of December 31, 1998.} ~~as provided in this section. Either The~~
23 ~~ballot proposition or the official explanation of the ballot proposition~~
24 ~~provided to voters~~ shall contain an estimate of the number of central
25 state employees ~~likely~~ to be relocated from Juneau and from Anchorage
26 ~~and the specific amounts of money to be spent to achieve specific results~~
to the new capital site at Willow [^]

27 (b) To assist the legislature in determining the type of ballot
28 proposition to be presented to the voters, the Alaska Capital City
29 Development Corporation shall

1 ~~(1)~~ prepare a basic development plan and estimates of costs
2 in accordance with AS 44.07.111 and this section. [^]

3 ~~(2) estimate the cost of providing the public facilities~~
4 required in Juneau in the absence of relocation; in making an estimate
5 under this paragraph, the corporation shall use a basis comparable to
6 the basis which it used in making its estimates for the costs of provid-
7 ing public facilities at the new capital site at Willow; and

8 (3) study and prepare recommendations as to the numbers and
9 classifications of central state employees to be relocated to the new
10 capital site at Willow; the studies and recommendations made by the
11 corporation under this paragraph shall be based on efficiency of state
12 government without reducing unnecessarily the numbers and classifica-
13 ~~tions of state employees in Juneau.~~

14 (c) The plan, estimates of costs, and recommendations prepared
15 under (b) of this section shall be presented to the legislature by
16 April 15, 1982.

17 ~~(d) In this section:~~

18 (1) "central state employees" means employees principally
19 involved in matters which concern statewide activities of the state
20 government rather than regional or local activities of the state govern-
21 ment;

22 (2) "corporation" means the Alaska Capital City Development
23 Corporation established under AS 44.07;

24 (3) "functional state capital" means a city which has the
25 buildings, public utilities, access roads, streets, and other public
26 facilities necessary for a seat of state government to accommodate the
27 executive and legislative branches of state government, with numbers
28 and classifications of central state employees to be relocated based on
29 ~~efficiency of state government without reducing unnecessarily the~~

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* Sec. 2. AS 44.07 is amended by adding new sections to read:

ARTICLE 1. ESTABLISHMENT OF CORPORATION; POWERS.

Sec. 44.07.011. ALASKA CAPITAL CITY DEVELOPMENT CORPORATION.

There is established the Alaska Capital City Development Corporation. The corporation is a public corporation and governmental instrumentality of the state in the Department of Commerce and Economic Development, but has a legal existence independent of and separate from the state. The exercise by the corporation of the powers conferred by this chapter is considered an essential governmental function of the state.

Sec. 44.07.021. BOARD OF DIRECTORS. The corporation is governed by a board of directors which consists of 11 members appointed as follows:

(1) During the transitional period, the board consists of the following members:

(A) five ex officio members, including the commissioner of commerce and economic development, the mayor of the Matanuska-Susitna Borough, the mayor of the City and Borough of Juneau, the mayor of the City of Fairbanks, and the mayor of the Municipality of Anchorage;

(B) persons appointed by the governor under AS 44.06.-210(a)(1), (2) and (5) who, on May 1, 1981, were physically present in the state and were members of the New Capital Site Planning Commission (AS 44.06.200 - 44.06.260);

(C) an additional number of members, appointed by the governor, required to bring the membership of the board to a total of 11; the directors appointed under this subparagraph shall include, insofar as the number of appointments to be made permits,

(i) a civil engineer registered in Alaska;

~~numbers and classifications of state employees in Juneau.~~

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1 establishment of a functional state capital in the new capital site at
2 Willow. The basic development plan shall be prepared to meet the
3 requirements of AS 44.06.196 and of this section. The basic develop-
4 ment plan ^{shall} ~~may~~ use the basic data, studies, and investigations of the
5 New Capital Site Planning Commission (AS 44.06.200) which the board
6 considers appropriate, ^{and} ~~but~~ the board is ~~not~~ bound by the ~~limitations of~~

7 ~~and requirements for planning specified in AS 44.06.230, except that the~~
8 ~~reporting date is April 15, 1982. It shall use the inflation factor and the increase in construction costs for the preceding 10 years~~
9 ~~(b) The corporation shall determine~~

10 (1) the relocation completion date, which is the earliest
11 practical date not later than December 31, 1990, by which a functional
12 state capital can be established in the new capital site at Willow;

13 (2) the number of state employees estimated to be at the new
14 capital site by the relocation completion date, including those likely
15 to have been relocated, and the increase in the number of state em-
16 ployees attributable to growth in state government by that date; and

17 (3) the population estimated to be at the new capital site
18 by the relocation completion date.

19 (c) In accordance with the requirements of this subsection and
20 the requirements of (d) of this section, the corporation shall estimate
21 the cost of relocation of the state capital to the state, by determining
22 the expenditures by the state necessary for

23 (1) provision of the public facilities which will be required
24 through the relocation completion date for establishment of a functional
25 state capital in the new capital site at Willow and the public facili-
26 ties required by AS 44.06.196;

27 (2) moving the necessary personnel and offices to the new
28 capital site at Willow; and

29 (3) paying necessary costs of indemnification under

~~AS 44.08.010 - 44.08.080.~~

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15 capital site by the relocation completion date, including those likely
16 to have been relocated, and the increase in the number of state em-
17 ployees attributable to growth in state government by that date; and

18 (3) the population estimated to be at the new capital site
19 by the relocation completion date.

(c) In accordance with the requirements of this subsection and
the requirements of (d) of this section, the corporation shall estimate

1 ~~(d) The cost of relocation of the state capital determined under~~
2 (c) of this section shall be determined by deducting necessary adjust-
3 ments from the total expenditures determined under (c) of this section.
4 For purposes of this subsection, necessary adjustments include the
5 estimated revenues to be derived from the sale or lease of lands in the
6 new capital site which are to be transferred to the corporation under
7 ~~AS 44.07.181.~~

8 (e) The studies and determinations of the corporation under this
9 section and under AS 44.06.196 are subject to continuing review by the
10 Capital City Development Oversight Committee to ensure compliance with
11 the provisions of AS 44.06.196 and of this section, and to ensure that
12 the estimates of cost are prepared on a reasonable and realistic basis.

13 (f) Until a majority of those voting on the proposition at the
14 1982 general election have approved the ballot proposition provided for
15 in AS 44.06.196, activities of the corporation relating to relocation
16 of the capital to the Willow site are limited to planning, design,
17 studies, and field investigations under this section and AS 44.07.121 -
18 44.07.131. The procedural requirements of AS 44.07.121 and 44.07.131
19 for the preparation of a general development plan and for specific
20 development plans do not apply to the preparation of the basic develop-
21 ment plan.

22 Sec. 44.07.121. GENERAL DEVELOPMENT PLAN. (a) Simultaneously
23 with work on the basic development plan, the corporation shall begin
24 preparation of a general development plan and preparation of a specific
25 development plan for the new capital site at Willow. The requirements
26 of AS 44.06.196 and AS 44.07.111 apply to the general development plan
27 and the specific development plan for the new capital site. The general
28 development plan shall include, but is not limited to,

29 (1) a determination of the proposed uses of land throughout

1 ~~(d) The cost of relocation of the state capital determined under~~
2 (c) of this section shall be determined by deducting necessary adjust-
3 ments from the total expenditures determined under (c) of this section.
4 For purposes of this subsection, necessary adjustments include the
5 estimated revenues to be derived from the sale or lease of lands in the
6 new capital site which are to be transferred to the corporation under
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19 for the preparation of a general development plan and for specific

1 buildings, public utilities, access roads, streets, and other public
2 facilities necessary for ^{the} a seat of state government ^{described in the development} ~~to accommodate the~~
3 ~~plan submitted to the legislature by the New Capital Site Planning Commission~~
4 ~~executive and legislative branches of state government, with numbers~~
5 ~~under AS 44.06.230(j).~~
6 ~~and classifications of central state employees to be relocated based on~~
7 ~~efficiency of state government without reducing unnecessarily the~~
8 ~~numbers and classifications of state employees in Juneau;~~

9 (7) "general development plan" means a general land use and
10 land development plan for the new capital site at Willow prepared in
11 accordance with AS 44.07.121;

12 (8) "municipality" means a home rule or general law city or
13 borough including but not limited to the new capital city and a unified
14 municipality organized under AS 29.68.240 - 29.68.440;

15 (9) "new capital city" means the new city organized or to be
16 organized in the new capital site at Willow;

17 (10) "new capital site" or "new capital site at Willow" means
18 the area of land designated by the voters of Alaska as the new capital
19 site of the state in the 1976 general election;

20 (11) "public agency" means an officer, department, board,
21 commission, bureau, division, public corporation, agency or instru-
22 mentality of the state, the United States, or a municipality;

23 (12) "specific development plan" means a plan for the imple-
24 mentation of a phase or segment of the general development plan;

25 (13) "transitional period" means the period between the
26 effective date of this Act and the date on which the director of elec-
27 tions certifies the results of the 1982 general election.

28 * Sec. 3. AS 39.25.110 is amended by adding a new paragraph to read:

29 (26) officers and employees of the Capital City Development
30 Corporation.

* Sec. 4. AS 39.50.200(b) is amended by adding a new paragraph to read:

1 buildings, public utilities, access roads, streets, and other public
2 facilities necessary for ^{the} seat of state government ^{described in the development} ~~to accommodate the~~
3 ~~plan submitted to the legislature by the New Capital Site Planning Commission~~
4 ~~executive and legislative branches of state government, with numbers~~
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STATEMENT BY FELIX J. TONER - HOUSE FINANCE COMMITTEE MEETING - 5/18/81

Gentlemen:

My name is Felix J. Toner. I am engaged in private business in Juneau and have been for many years. I am here this morning on behalf of myself and other concerned Juneauites to present a few comments on the subject presently before this body. House CS for CS for Senate Bill No. 86. Our concerns are twofold. First, what this legislation does to the "FRANK" Initiative. Second, the organization which it creates to implement the relocation.

With respect to the "FRANK" Initiative we are concerned because this legislation not only repeals the "FRANK" Initiative but also enacts legislation which will produce results far removed from those intended by the sponsors, petitioners and voters who developed, worked for and passed the "FRANK" Initiative. There was but one intent behind the "FRANK" Initiative and that was very clearly stated in the motto adopted by the "FRANK" Committee as the basis for it's campaign. The motto was "THE RIGHT TO KNOW AND THE RIGHT TO VOTE".

As we reviewed this legislation in the relatively brief time in which it has been available to us - just this immediate past week end - we find nothing in this legislation that will assure us that the people of Alaska will know the true total cost of relocating the Capital from Juneau to Willow or that they will be given a chance to vote to authorize the expenditure of the total monies to accomplish that relocation.

We realize that, under the Constitution and the laws of Alaska, the legislature is entitled to amend, in any way it may desire, or repeal outright the "FRANK" Initiative as of this date. We also recall the many, many times we have heard that famous line - "it's the will of the people" - as the basis for action in relocating the capital that we begin to wonder if that statement applies only to those specific instances where the "will of the people" coincides with the editorial policy of the Anchorage Times. We do not dispute that the "will of the people", as expressed in the 1974 Capital Move Initiative, calls for relocating the capital from Juneau. No one can dispute the fact that the "will of the people" as expressed in the 1978 "FRANK" Initiative called for a determination of the total costs of

relocating the capital from Juneau to Willow through the year 1992 and that the people of Alaska wanted the right to vote on authorizing the expenditure of those total costs before any State funds were spent on relocation. We do not believe the legislation you are presently considering will guarantee in any way that the people of Alaska will know those total relocation costs through the year 1992 and will have the opportunity to vote on authorizing expenditures for those total costs. Under this legislation they may very well be presented with a 'basic' cost determined by the use of a 'basic' plan that provides a 'basic' capital that can later be expanded into a functional capital.

To us a more logical solution to the problem would be amendment of the "FRANK" Initiative to delete the references to "bond issue", and "bondable" in the original initiative and insert "authorization to expend" for "bond issue" and "total" for "bondable". Under such a procedure the "will of the people", 1978 version, would be heeded and the people of Alaska would have the facts before them which they have demanded in the "FRANK" Initiative.

The second concern, the organization which this legislation creates to implement the relocation, is one which we would have whether this matter was tied to the capital relocation or not. We believe it is a concern which all Alaskans would have if they were to read this. What is being created here is a bureaucratic monster over which Alaskans would have little or no control. Once in operation it can operate, by its own volition, without regard to the laws of the State. We are aware that the Capital Site Planning Commission, previously created by the Legislature to develop a plan for the relocation of the Capital from Juneau, operated under a somewhat similar freedom from restriction. This organization, however, had specific tasks to perform in a fixed time frame ^{with} and a limited budget. Under these conditions it is understandable that certain freedoms are necessary if the tasks specified are to be accomplished in the time frame set with the monies available. These conditions still apply during the transition period of the operation proposed for the Alaska Capital City Development Corporation this legislation will create. They certainly are not applicable to the operations of the Corporation on a permanent basis. They, too, should be subject to the same constraints, regulations and laws as the other State agencies and bodies.

We believe this problem can be solved in one of two ways. First, an

organization could be created to operate during the so called 'transition' period of the Alaska Capital City Development Corporation. This organization could operate with the same relative freedoms as did the Capital Site Planning Commission provided its tasks were specified, the time of operation fixed and fixed funding provided. The permanent operation could then be handled by a successor organization which would operate under the same constraints, regulations and laws as the other State agencies and bodies.

The second method of handling this problem would be the development of two sets of operating rules for the Alaska Capital City Development Corporation. One set would apply during the transition period and would permit a relatively high degree of freedom in accomplishing the transition phase tasks but within a fixed time frame and budget. The second set would apply from the end of the transition period on and would provide for the more regulated operation as previously mentioned.

There were some other concerns we had with the legislation creating the Alaska Capital City Development Corporation. We have no intention to propose any specific amendments but we do believe it necessary that we call them to your attention.

First, we believe it important that there be a realignment of the planning process. We believe the general development plan has a first priority with the so-called basic development plan keyed to it. As proposed in the legislation, simultaneous development of these plans is proposed. This may prove somewhat difficult and inefficient to achieve.

Second, we believe the tasks outlined will not provide a true determination of the total costs of the relocation through the year 1992. Accordingly, we believe those applicable portions of the legislation should be modified.

Third, we note that there has been an expansion of the number of members of the corporate board to include the Mayors of Anchorage and Fairbanks. Since this project involves all of the State we believe the provision should be made for representation from the unorganized borough area of the State.

Fourth, as presently written we believe this legislation creates the possibility of a tremendous conflict between the local Government bodies within the Capital City or within which the Capital City is located and the Alaska Capital City Development Corporation. The Corporation is being granted powers

4 - Statement, FJT - House Finance - 5/18/81

which are normally exercised by local government and we fail to find any requirement that these be transferred.

In conclusion, I wish to thank you gentlemen for providing me the opportunity to present these comments for your consideration. I might also add that I believe it a tragic thing that we are proposing to waste our assets when so many of the communities in Alaska need so many facilities.

A M E N D M E N T

IN THE HOUSE

By Rogers

TO: HCS CSSB 86 (~~State Affairs~~) ^{F.N.}

Page 1, line 6 - page ²⁷~~2~~, line ²⁹~~8~~:

Delete all material and insert:

For an Act entitled: "An Act relating to the relocation of the capital, repealing and reenacting the FRANK Initiative, conditioning the relocation on voter approval of its true costs, and conditionally repealing other laws relating to the relocation of the capital; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. AS 44.06.196 is repealed and reenacted to read:

Sec. 44.06.196. CAPITAL RELOCATION EXPENDITURES. (a) Public money may not be expended to relocate the capital from its present location until a majority of those voting on the question at a statewide election have approved a single ballot question which authorizes spending for the true costs of public financing for the relocation and the facilities required for a functional capital city at Willow through the year 1992 as estimated under this section by the New Capital Site Planning Commission (AS 44.06.200 - 44.06.260).

(b) The New Capital Site Planning Commission shall estimate the true costs to relocate the capital. The true costs to relocate the capital are those costs to the public which would not be incurred but

for the relocation of the capital, through the year 1992, including the costs of moving the central government employees and offices to Willow; the indemnification costs provided in AS 44.08.010 - 44.08.080; and the cost to the public for planning, building, furnishing, using, and financing the facilities required for a functional capital city. In making its estimate, the commission shall use the average annual rate of inflation for construction costs for the preceding 10 years.

(c) In estimating the true costs, the commission may not include the central government employees employed by the University of Alaska, the Geophysical Institute, Alaska State Housing Authority, Alaska Psychiatric Institute, Alaska Housing Financing Authority, Alaska Municipal Bond Bank Authority, Alaska Industrial Development Authority, Alaska Energy Center, and Alaska National Guard, who are not likely to relocate to the new capital. The estimate of true costs shall include adjustments necessary to reflect actual savings to the state, if any, which will result if the capital is relocated by 1992.

(d) The New Capital Site Planning Commission shall, on August 15, 1982, provide the legislature, the governor, the lieutenant governor, the director of elections, and the public with a report setting out the cost estimate required by this section and the number of central government employees to be relocated from existing, named locations to the new capital.

(e) After receipt of the report of the New Capital Site Planning Commission, the director of elections shall prepare a ballot title to

provide for a vote on the question of approving the expenditure of the amount of money estimated by the commission to be the true cost of relocation. The ballot shall also include the number of central government employees to be relocated from existing, named locations to the new capital.

(f) If a majority of votes cast on the question approves the expenditure, an amount equal to the estimate may be expended to relocate the capital. If the majority of votes cast on the question does not approve the expenditure, money may not be expended to relocate the state capital, and the following laws are repealed effective on the date the results of the election are certified by the director of elections: the Capital Relocation Initiative (AS 44.06.100 - 44.06.190); the FRANK Initiative (AS 44.06.195 - 44.06.196); the laws establishing the New Capital Site Planning Commission (AS 44.06.200 - 44.06.260) and the Alaska Capital City Development Corporation (AS 44.07); and the Relocation Indemnification Act (AS 44.08).

(g) In this section,

(1) "central government employee, function, or office" means an employee, function, or office principally involved in matters which concern statewide, as opposed to regional or local, activities of the state government;

(2) "functional capital city" means a city having facilities to serve the needs of the state's central government offices, including the supreme court, the court of appeals, the office of the governor, the legislature and its agencies, central government employees, and the facilities prescribed by AS 44.06.130.