

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2823

ADJOURNMENT

There being no further business, the meeting adjourned at 9:15
a.m.

(Tape SFC 81, # 67, Side 1, 000 - 150)

SENATE FINANCE COMMITTEE

June 18, 1981

9:15 a.m.

SFC-81 #67, Side 1 (150-end)

SFC-81 #67, Side 2 (000-708)

CALL TO ORDER

Co-chairman Ed Dankworth convened the meeting at approximately 9:15 a.m.

PRESENT

Present were the Co-chairman and Senators Sturgulewski, Stimson, and Eliason. Co-chairman Bennett and Sackett did not attend. Senator Ferguson arrived later in the meeting. Also present were Senator Brad Bradley; Alan Munro, Deputy Director of State Museums; Sammy Rink representing the Alaska Nurses Association; and Eric Eckholm of the Alaska Seafood Marketing Institute.

SENATE BILL 238

Co-chairman Dankworth moved that SB 238 (ACT RELATING TO THE PRACTICE OF NURSING) be brought on for discussion.

Senator Eliason stated that when the bill was previously before committee, members of the Nurses Association appeared testifying in favor of passage.

He pointed to a typographical error on page 5, line 23, which is corrected by a HESS Amendment. Sammy Rink appeared on behalf of the legislation offering to answer committee questions. Senator Sturgulewski attested to need for the legislation and her readiness to act upon it.

Senator Eliason moved that the HESS Amendment to SB 238 be adopted by committee. No objection having been raised, the amendment was adopted.

Senator Stimson moved that SB 238, together with the HESS amendment, pass from Senate Finance with individual recommendations. No objection having been raised, the bill passed from committee--all members present signing do pass with the exception of Senator Ferguson who signed "do pass if nurses are categorized for rural areas."

SENATE BILLS 315 AND 316

Senator Sturgulewski moved that CS for SSSB 315 (Finance) and CS for SSSB 316 (Finance) (ACT RELATING TO MILITARY AND PIONEER HISTORY AND ESTABLISHING A COMMITTEE ON THE ALASKA MILITARY AND PIONEERS MEMORIAL MUSEUM and ACT MAKING A SPECIAL APPROPRIATION TO THE LEGISLATIVE AFFAIRS AGENCY FOR THE COMMITTEE ON THE ALASKA

MILITARY AND PIONEERS MEMORIAL MUSEUM) be jointly brought on for discussion.

She directed committee attention to the \$200,000 budget for SB 316 and the Letter of Intent to accompany CS for SSSB 315 (Finance).

Senator Brad Bradley appeared before committee advising that less has been written about the Thousand Mile War than any other strategic phase of World War II. What has been written is incomplete--"full of gaps."

During the past summer, the Corps of Engineers completed the task of pinpointing World War II military debris and artifacts on the Aleutian Chain in preparation for an environmental clean-up next summer. Since little has been preserved relative to that portion of World War II fought in Alaska, if action is not taken soon (during the coming summer) much of Alaska's military history will be lost. Senator Bradley stressed the need to preserve Alaska's military history as well as ethnic histories, advising that Alaska has the highest per capita ex-military population (73,000) of any state in the union.

Senator Bradley stated that he contacted several native organizations as well as other organizations concerning the proposed museum and all have been most enthusiastic.

He further advised that the following major changes occurred in the legislation as it evolved:

References to veterans were deleted and replaced by "military"

Provision was added to ensure cooperation between the legislative effort and that of the state museum system

Senator Sturgulewski moved to pass Committee Substitute for SS for SB 315 (Finance) and the accompanying Letter of Intent from committee with individual recommendations. No objection having been raised, the CS and Letter of Intent passed from committee--all members present signing do pass with the exception of Senator Ferguson who signed no recommendation.

Co-chairman Dankworth raised questions concerning the proposed budget for CS for SSSB 316. Senator Sturgulewski advised that downward revision from \$300,000 to \$200,000 represents elimination of the originally proposed film and cuts in postage and travel. When questioned by Co-chairman Dankworth concerning location of the museum committee office, Senator Bradley stated that he anticipated renting an office from David Rose for \$500 which would accommodate occasional committee meetings, a committee director, and executive secretary. When questioned further concerning the need for \$5,000 for postage for six months, Senator Bradley stated that he had already spent almost

that much initiating the pioneer/military museum concept through mailings to interested pioneers and historical societies. Co-chairman Dankworth suggested that he could mail material to 2,500 constituents for that amount of funding and expressed concern that the project not be funded more than absolutely necessary. The Co-chairman further questioned funding of \$44,000 each for two history/archaeological consultants for six months work. Senator Bradley advised that under the contemplated arrangement, the consultants would have to provide their own office space and travel. One consultant would concentrate on the Aleutian chain, while the other would assess possible pioneer museum materials statewide. Co-chairman Dankworth advised that while he "likes" the project and wishes to see historical material preserved, the costs involved are bothersome.

When questioned further by the Co-chairman concerning travel costs, Senator Bradley advised that the \$5,000 requested would fund travel to six meetings. Travel and per diem would cover legislative members as well as those appointed by the Governor. Most travel to artifact sites would be done by the consultants. The committee would most likely accept consultant recommendations concerning preservation of artifacts.

Senator Eliason suggested amending CS for SSSB 315 to include a study of the displacement of the Aleut people during World War II. No objection to the suggested amendment having been raised, Senator Stimson moved to rescind prior action passing CS for SSSB 315 (Finance) and bring the bill back for further committee action. Senator Eliason then formally moved to amend CS for SSSB 315, inserting "including displacement of the Aleut people" following the word "history" on page 1, line 29. No objection to the motion having been offered, it was adopted.

Senator Ferguson then moved to pass CS for SSSB 316 (Finance) from committee with individual recommendations. No objection having been raised, the bill passed from Senate Finance--all members present signing do pass with the exception of Senator Ferguson who signed no recommendation.

Senator Stimson next moved to pass CS for SSSB 315, as amended, from committee with individual recommendations. No objection having been raised, the bill passed from committee--all members present signing do pass with the exception of Senator Ferguson who signed no recommendation.

HOUSE BILL 196 AM (TITLE)

Senator Sturgulewski moved to bring House Bill 196 am (title) (ACT RELATING TO ESTABLISHMENT OF THE ALASKA STATE CLIMATE CENTER AND A STATE WEATHER AND CLIMATE PROGRAM) before committee for discussion. She stated that the bill requires amendment as well as a new fiscal note totaling \$114,000. She directed committee attention to file material supporting the legislation and expressing need for the data to be gathered under its auspices. The legislation would establish an ongoing research program

through the Arctic Environmental Information and Data Center which would retrieve basic data needed for construction activities, pilots, etc., such as weather trends, snow packs, etc. In concluding, Senator Sturgulewski advised that the legislation represents a good program requested by the Governor.

Co-chairman Dankworth raised questions concerning the 7% inflation factor included on the original fiscal note, suggesting that inflation funding be eliminated. He moved that the fiscal note for the program be limited to FY 82 funding of \$114,000, advising that the program should come before the legislature next year and present its inflationary needs at that time.

Senator Sturgulewski directed committee attention to page 3, line 2 of the bill, advising of need for a technical change deleting "re" and inserting "related" following the word "climate." She then formally moved that the foregoing amendment (the Senate Resource Committee Amendment) be adopted by committee, no objection having been raised, the Resource Amendment was adopted.

Senator Sturgulewski then moved that HB 196 am(title) as amended by Senate Resources together with a new fiscal note pass from committee with individual recommendations. No objection having been raised, the bill passed from committee--all members present signing do pass.

CS for HOUSE BILL 130 (FINANCE) AM

Senator Ferguson moved that CS for House Bill 130 (Finance) am (ACT MAKING SPECIAL APPROPRIATIONS TO ESTABLISH PROGRAMS TO DEAL WITH POST-TRAUMATIC STRESS DISORDER) be brought on for discussion.

Co-chairman Dankworth apologized for bringing the bill up without prior notice, advising that it represents needed legislation, and expressing his concern that recent political action seems to suggest that the committee is "sitting on the bill."

Senator Ferguson moved for adoption of a Senate CS for CS for House Bill No. 130 (Finance) excluding the HESS amendment. Following a brief discussion of the merits of the amendment, Senator Ferguson withdrew his previous motion and moved for passage of Senate CS for CS for House Bill 130 (Finance) incorporating the HESS Amendment but excluding reference in the amendment pertaining to "Southeast" Alaska. No objection having been raised, the SCS for CS for HB 130 (Finance) passed from Senate Finance--all members signing do pass.

ADJOURNMENT

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

SFC-81 #67, Side 1 (150-end)

6/18/81

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SFC-81 #67, Side 2 (000-708)

SENATE FINANCE COMMITTEE
June 20, 1981
9:05 a.m.

SFC-81 #68, Side 1 (000-820)

CALL TO ORDER

Co-chairman Don Bennett convened the meeting at approximately 9:05 a.m.

PRESENT

All committee members were present with the exception of Co-chairman Dankworth who arrived later in the meeting and Senator Sackett who did not attend. Also attending were Senator Bob Mulcahy; Dr. Kerry Romesburg, Executive Director of the Postsecondary Education Commission; Geoff Haynes, Deputy Commissioner of Department of Natural Resources; Ted Smith, Director, Division of Forest, Land and Water Management, Dept. of Natural Resources; Jackie McClintock, Director of the Division of Workers' Compensation, Dept. of Labor; Eric Eckholm from the Alaska Seafood Marketing Institute; and administrative assistants to the Finance Committee Sandy Nusbaum and Judy Johnston.

CS FOR HOUSE BILL 94 (FINANCE)AM

Co-chairman Bennett moved that CS for HB 94 (Finance)am (ACT RELATING TO WORKERS' COMPENSATION) be brought on for discussion.

Senator Stimson advised that the bill represents revisions in workers' compensation law that both labor and management consider critical. An interim committee spent considerable time working in this area. The senator advised that he was prepared to conduct a section-by-section review of the legislation. He further advised that Jackie McClintock was present to answer committee questions.

Senator Sturgulewski raised a question concerning the revised fiscal note relating specifically to the Committee Substitute for HB 94. Senator Stimson advised that two fiscal notes should accompany the bill--one signed by Mrs. McClintock (6/19/81) and the other signed by Nico Bus (6/11/81). The legislation requires two notes because it is directed at two different BRU's within the Workers' Compensation Division (one pertains to the second injury fund while the other relates to workers' compensation).

Jackie McClintock advised that the fiscal note (6/11/81) for the second injury fund shows the escalation in cost from FY 82 to FY 86 for vocational rehabilitation. It assumes a 20% inflation factor.

Senator Sturgulewski asked if, with the above legislation and funding included in HB 297, the Division would be able to deal

with its case backlog and bring the division current. Mrs. McClintock advised that the division hopes to be within 30 days current by July 15.

Senator Stimson moved that CS for HB 94 (Finance) am pass from committee with individual recommendations. No objection having been raised, the bill together with its two fiscal notes passed from committee--all members present signing do pass with the exception of Co-chairman Bennett and Senator Ferguson who signed no recommendation

CS FOR HOUSE BILL 460 (FINANCE)(EFD FAILED)

Co-chairman Bennett moved that CS for HB 460 (Finance)(efd failed) (AN ACT RELATING TO THE FISHERIES AND SALMON ENHANCEMENT TAXES) be brought on for discussion.

Senator Mulcahy appeared to testify on the legislation, advising that the bill addresses four areas:

1. Investment Credits--qualifying investments must be made in the state.
2. Raw Fish Tax--attempts to alleviate problems in assessing the tax, transportation of the fish, custom packing, and quality control.
3. Funding for Local Government.
4. Salmon Enhancement Tax--the burden is shifted from the processor to the buyer. The bill addresses loopholes regarding the moving of fish within and out of state as well as the 2% assessment.

Senator Sturgulewski attested to concern regarding community development and shared tax provisions within the legislation, advising that the bill changes the amount of fish tax revenues that accrue to municipalities. When originally drafted 10% of the tax went to municipalities. This legislation increases that percentage to 50%. This means that communities having fishing activities on shore will receive substantial increases. It is estimated that in FY 82 some \$14.5 to \$15 million will accrue to the state under fisheries taxes. Under the subject bill approximately 50% will accrue to impacted communities. She expressed concern that the state is building a municipal tax structure without consideration of the overall impact. When more dollars go to local communities, less comes in as general revenue to the state. She again expressed concern for building a municipal tax structure in piecemeal fashion rather than developing an overall policy.

Senator Mulcahy responded that when the fish tax was set up, half the moneys generated were to accrue to the general fund, approximately 20% would go to municipalities, and approximately

20% would go to CFAB. The subject legislation repeals the 20% accruing to CFAB and directs it instead to municipalities.

Directing committee attention to the SCS for CSHB 460 (Resources) (ACT RELATING TO TAXES), Co-chairman Bennett proposed an amendment at page 7, line 8, deleting 1980 and inserting instead "1979." Responding to a question from Senator Stimson concerning the fiscal impact of such a change, Co-chairman Bennett replied that while he has no firm figure, impact would probably be approximately \$1.5 million. Senator Eliason expressed concern regarding such a retroactive clause, advising that the legislation originally contained a retroactive clause relating to freezer ships. The clause was removed when it was determined that inclusion would cause constitutional problems. He referred to correspondence from the Attorney General and Legislative Attorney Billy Berrier substantiating the problem. Co-chairman Bennett advised that the state had "gone back to '79 for the income tax." It basically becomes a matter of whether or not the issue will be litigated. He added that "Attorney General's opinions are Attorney General's opinions--everytime you change Attorney Generals you change opinions." Senator Sturgulewski advised that she would have difficulty supporting the amendment since investment decisions were made based on the law in effect at the time. The amendment would necessitate adjustments in these decisions.

Senator Eliason requested that the SCS for CSHB 460 (Resources) be held in committee until he could provide additional backup information. No objection having been raised, the bill was held in committee.

CS FOR HOUSE BILL 110 (HESS)

Co-chairman Bennett moved that CS for HB 110 (HESS) (ACT RELATING TO THE WICHE STUDENT EXCHANGE PROGRAM) be brought on for discussion.

Dr. Kerry Ronesburg appeared to testify concerning the bill, advising that the legislation would expand the WICHE student exchange program by adding two fields: maritime technology and the study of chiropractic medicine. The Dept. of Education requested the addition of maritime technology which is incorrectly labeled marine technology. The only school on the West Coast which offers such training is the California Maritime Academy, training individuals for the Merchant Marines and as ship engineers--primarily for the tanking industry. A number of Alaska students are interested in the program and applying for support under WICHE. There are only two schools of this type in the nation. Alaska is fortunate to have one on the West Coast willing to participate in the exchange program.

The addition of chiropractic medicine was not a Department request. It is not an exchange field approved by the thirteen western states. Such study can be added and become a part of Alaskan law, but the Department will not send students into the

study unless able to enter into "some kind of separate contract." The field the Department is "really interested in" is maritime technology. The Department currently has six students who have applied for such training and been admitted pending WICHE support.

Dr. Romesburg advised of need to change the fiscal note since the note estimates costs for four students in maritime technology rather than the six who have been admitted. He stated that an additional \$13,000 is needed, bringing maritime technology costs to a total of \$39.0 for FY 82.

Senator Sturgulewski moved to amend CS for HB 110 (HESS). She requested that at page 1, line 16, the word "marine" be deleted and "maritime" inserted instead. She further moved that on page 1, line 17, the "study of chiropractic" be deleted. No objection to the amendments having been raised, both were adopted by committee. Co-chairman Bennett directed that the amendments be incorporated in a Senate Committee Substitute for HB 110 (Finance).

Senator Sturgulewski moved that SCS for HB 110 (Finance) with a revised fiscal note reflecting elimination of the study of chiropractic medicine pass from committee with individual recommendations. No objection having been raised, SCS for HB 110 (Finance) passed from committee--all members signing do pass with the exception of Co-chairman Bennett who signed no recommendation.

Co-chairman Bennett advised the committee would take a brief recess.

RECESS - 9:25 a.m.

RECONVENE - 10:15 a.m.

Following recess Co-chairman Dankworth was also in attendance at the meeting.

CS FOR HOUSE BILL 460 (FINANCE) (EFD FAILED)

Co-chairman Bennett moved that CS for HB 460 (Finance) (efd failed) (ACT RELATING TO THE FISHERIES AND SALMON ENHANCEMENT TAXES) be again brought on for discussion. Referring to SCS for CS for HB 460 (Resources) (ACT RELATING TO TAXES), he again moved to amend page 7, line 6, deleting "1980" and replacing it with "1979." Upon a voice vote the motion carried--all members indicating concurrence in the amendment with the exception of Senator Sturgulewski who voiced opposition.

Senator Eliason moved to add the following severability language to page 4, line 18: "If any provisions of this Act, or the application thereof to any person or circumstance is held invalid, the remainder of this Act and the application to other persons or circumstances shall not be effected thereby." Upon a

voice vote, the severability language was approved for inclusion in the SCS.

Co-chairman Dankworth advised that he wished to offer an amendment which would include roads, tank farms, tanker terminals, docks, port facilities, airstrips, and communication equipment and facilities (HB 454) in the above legislation. He advised that he hoped to have someone from the Department testify concerning the amendment and requested that the bill be held pending their arrival. Action on SCS for CS for HB 460 (Resources) was thus held in abeyance pending arrival of department personnel.

CS FOR HOUSE BILL 198 (FINANCE) AM

Co-chairman Bennett moved that CS for HB 198 (Finance) am (ACT RELATING TO THE PROMOTION OF THE MARKETING OF SEAFOOD) be brought on for discussion.

Eric Eckholm appeared to testify in support of the legislation, advising that the Alaska Seafood Marketing Institute is currently a functioning organization which has been in existence since August 1980 through support from the Governor's Office. The Institute is attempting to become established as a commodity commission of the state in order that the Institute might assess its own ongoing operations. Within a period of time it is hoped that the industry will be capable of supporting the function of the Institute. As written, the bill sets up a board of directors composed of the industry, fishermen, and processors. The primary function of the organization is to promote and advertise seafood, exercise quality control, conduct research and enhance product development for the industry. Directing committee attention to SCS for CS for HB 198 (Resources), Senator Sturgulewski advised that while the bill was in Resources concern was raised relating to legislative need to evaluate the cost effectiveness of the marketing institute. She offered a Letter of Intent for committee consideration. Mr. Eckholm advised that he has no objection to the Letter, stating that he had previously researched requirements of the Letter of Intent and begun developing a basic time frame.

Senator Ferguson advised that while he had no questions or objection to the foregoing proceedings, he wished to go on record questioning whether Legislative Budget and Audit has authority to audit the Institute. Senator Sturgulewski advised that she had checked with the Legislative Auditor and determined that the Institute comes under the Executive Budget Act and can be audited by the Legislature.

Senator Ferguson moved to effect a change in the legislation regarding "make-up" of the proposed board. At page 3, line 2 of the SCS he moved to delete "thirteen," replacing it with "twelve" members of the board which shall be seafood processors. He further moved to amend page 3, line 3, deleting "nine" and replacing it with "eight" seafood processors having an annual in-

state payroll of \$1,000,000 or more. At page 3, line 6, Senator Ferguson moved to add "One member shall be a lay person selected by the Governor." He advised that the lay person should be someone knowledgeable in fishery management and financing and should be selected by the Governor based on those qualifications.

Responding to a question from Senator Stimson concerning the effect of placing a lay person on the board, Eric Eckholm stated that the board structure was developed during the previous legislative session. It has functioned extremely well--all the people involved have devoted a great amount of their personal time to the organization. He advised that he strongly supports the board as it now stands but "the will of the committee is the will of the committee." He added that as a commodity commission it is important that the function of the organization be handled by the industry as much as possible. He advised that there would probably be some concern on the part of the board if the lay person appointed had no knowledge of the industry.

Senator Ferguson stated his belief that his previously proposed amendments will "enhance the credibility of the board," especially the ability of the Governor to appoint a lay member with a fisheries and financing background. He moved that the previously offered amendments be adopted by committee. No objection having been raised, the amendments were adopted.

Senator Sturgulewski moved for adoption of the proposed Letter of Intent. No objection having been raised, the Letter of Intent was adopted.

Senator Mulcahy next appeared before committee, offering the following amendments to SCS for CS for HB 198 (Resources):

Page 10, Line 6

Following "of" insert "AS 43.05 and"

Page 10 and 11

Delete all of subparagraph (6) and insert new language to read:

(6) 'value' means the actual price paid for the fisheries resource by the fisheries business, including indirect consideration such as fuel, supplies, or gear, whether paid at the time of purchase of the fisheries resource or tendered as a deferred or delayed payment, except that 'value' means the market value of the fishery resource if the taking of the fishery resource is done in company-owned or company-subsidized boats operated by employees of the fisheries business or in boats which are operated under lease or other arrangement;

Senator Mulcahy advised that the foregoing would bring bill language in line with that contained in other fishery legislation.

Senator Sturgulewski moved for adoption of the amendments proposed by Senator Mulcahy. No objection having been voiced, the amendments were adopted. Co-chairman Bennett directed that amendments to SCS for CS for HB 198 (Resources) be included within a committee substitute to issue from Senate Finance.

Senator Sturgulewski moved that SCS for CS for HB 198 (Finance) with the Letter of Intent pass from committee with individual recommendations. No objection having been raised, the legislation passed from committee--all members signing do pass with the exception of Co-chairman Bennett who signed no recommendation.

HOUSE BILL 453 (EFD FAILED)

Co-chairman Bennett moved that HB 453 (efd failed) (ACT MAKING A SPECIAL APPROPRIATION FOR THE ALASKA SEAFOOD MARKETING INSTITUTE) be brought on for discussion. He advised that HB 453 represents companion legislation for SCS for CS for HB 198 (Finance).

Senator Sturgulewski moved for passage of HB 453 (efd failed) with individual recommendations. No objection having been raised, the bill passed from committee--Senators Stimson, Sturgulewski, and Eliason signing do pass, Senators Ferguson, Dankworth, and Bennett signing no recommendation.

CS FOR HB 507 (RES) AM

Co-chairman Bennett moved that CS for HB 507 (Res) am (ACT RELATING TO THE FISHERMEN'S MORTGAGE AND NOTE PROGRAM UNDER AS 16.10.650 - 16.10.720) be brought on for discussion.

Senator Sturgulewski directed committee attention to correspondence from Don Hostack, Acting Director of the program (copy attached). She advised that the fund was created last year. It creates a secondary market for loans meeting program requirements. Although funding has been appropriated to the program it has yet to purchase a loan since statutory changes must be effected to make the program workable. Statutory revisions contained in CS for HB 507 will render the program functional. The mortgage and note program will especially benefit smaller fishermen.

Senator Sturgulewski moved that CS for HB 507 (Res) am pass from committee with individual recommendations. No objection having been raised, the bill passed from Senate Finance--all members present signing do pass with the exception of Co-chairman Bennett who signed no recommendation.

SCS FOR CS FOR HB 460 (RESOURCES)

Co-chairman Dankworth requested that action on the above legislation be delayed until the afternoon meeting in order that Department of Revenue personnel might appear to testify. No objection having been raised, the legislation was scheduled for later hearing.

RECESS

The meeting was recessed at 10:15 a.m. to reconvene at 2:30 p.m.

SFC-81 #68, Side 1 (000-820)

SENATE FINANCE COMMITTEE

June 20, 1981

3:00 p.m.

SFC-81 #68, Side 1 (820-end)

SFC-81 #68, Side 2 (000-292)

CALL TO ORDER

Co-chairman Dankworth reconvened the meeting at approximately 3:00 p.m.

PRESENT

All committee members were present with the exception of Co-chairman Bennett. Also attending were Representative Hugh Malone; Tom Small, City Engineer for the City of Seward; Sterling Gallagher, representing John Nuveen & Company, Inc.; and Lou Dischner, representing Alaska Airlines.

CS FOR HOUSE BILL 502 (FINANCE)

Co-chairman Dankworth moved that CS for HB 502 (Finance) (ACT RELATING TO SUPPLEMENTAL HOUSING DEVELOPMENT GRANTS) be brought on for discussion.

Senator Sackett directed committee attention to a proposed Senate CS for CS for HB 502 (Finance) (ACT RELATING TO REGIONAL HOUSING AUTHORITIES; SUPPLEMENTAL HOUSING DEVELOPMENT GRANTS), asking that the SCS pass from committee with individual recommendations. No objection having been raised, SCS for CS for HB 502 (Finance) passed from committee--all members present signing do pass.

CS FOR HOUSE BILL 503 (FINANCE)(EFD AM)

Co-chairman Dankworth moved that CS for HB 503 (Finance)(ef: (ACT MAKING A SPECIAL APPROPRIATION TO THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS FOR THE SUPPLEMENTAL HOUSING DEVELOPMENT GRANT FUND) be brought on for discussion.

Senator Sackett advised that the requested appropriation amounts to \$12,351,400. He moved that CSHB 505 (Finance)(efd am) pass from committee with individual recommendations. No objection having been raised, the bill passed from Senate Finance--all members present signing do pass.

CS FOR HOUSE BILL 334 (FINANCE) AM

Co-chairman Dankworth moved that CS for HB 334 (Finance) am (ACT MAKING SPECIAL APPROPRIATIONS FOR VILLAGE SAFE WATER FACILITIES, SOLID WASTE FACILITIES, AND WATER AND SEWER SYSTEMS) be brought on for discussion.

Senator Sturgulewski requested that the bill be held for later consideration since the proposed SCS for CS for HB 334 (Finance) was not available for committee review. No objection having been raised, the bill was scheduled for hearing later in the meeting.

HOUSE BILL 136

Co-chairman Dankworth moved that HB 136 (ACT MAKING A SUPPLEMENTAL APPROPRIATION TO THE DEPARTMENT OF NATURAL RESOURCES FOR THE IDITAROD TRAIL RACE) be brought on for discussion.

Senator Ferguson directed committee attention to the 2d Senate CS for House Bill 136 (Finance) (ACT MAKING APPROPRIATIONS TO THE DEPARTMENT OF NATURAL RESOURCES AND A MUNICIPAL GRANT TO THE CITY OF SEWARD), advising that representatives from the City of Seward were present to testify concerning the legislation.

Tom Small, City Engineer and Director of Special Projects for the City of Seward appeared before committee, stressing need for the \$4 million appropriation incorporated in the 2d SCS for CS for HB 136 (Finance) for the Fourth of July Creek Industrial Marine Park. The City presently has \$14.7 million committed through various other bills. The City has conducted a feasibility study and the engineering work and last week received its Corps permit to proceed with construction. The additional \$4 million is needed to facilitate construction. The City is attempting to construct a marine/industrial park which will provide an area in which private business can locate and construct marine-related facilities. The project anticipates construction of a harbor and provides an umbrella whereby business can move in, plan and proceed with construction, without having to go through Corps regulation and permitting. Requested funding will allow construction of a more complete first phase.

Responding to a question from Co-chairman Dankworth concerning extension of the railroad into the park area, Mr. Small responded that a road is currently being constructed to the site, but there is no long term railroad plan for the area. Responding to further question from Co-chairman Dankworth concerning inclusion of coal operations within the park, Mr. Small responded that discussions have involved coal. Discussion centered on a coal slurry pipeline. A 50 foot corridor has been provided for the pipeline. Coal in Seward is contemplated in the existing railroad dock area--3 million tons a year.

Senator Eliason asked if bonds had been issued for the project. Mr. Small responded that the City has applied for a \$5 million loan through Coastal Energy Impact, a federal program. Money received last year--\$3 million--related to the road currently under construction. The ports and harbors bond issue from several years back is also being applied to this project.

Co-chairman Dankworth advised that the project represents one of the top priority projects statewide.

Senator Ferguson moved for passage of 2d SCS for HB 136 (Finance) with individual recommendations. No objection having been raised, the bill passed from committee--Senator Ferguson, Sackett, and Dankworth signing do pass, Senators Stimson, Sturgulewski, and Eliason signing no recommendation.

CS FOR HOUSE BILL 334 (FINANCE) AM

Senator Sturgulewski moved that CS for HB 334 (Fin)am (ACT MAKING SPECIAL APPROPRIATIONS FOR VILLAGE SAFE WATER FACILITIES, SOLID WASTE FACILITIES, AND WATER AND SEWER SYSTEMS) be brought on for discussion, directing committee attention to a proposed SCS for CS for HB 334 (Finance). She stated that the legislation began as a \$20 million appropriation, and unlike many pieces of legislation, is decreasing in cost rather than rising. The SCS for CS for HB 334 (Finance) proposes \$8.4 million for various village water and sewer projects. Senator Sturgulewski expressed concern that time had not allowed research to determine whether funding will actually cover the cost of constructing the proposed facilities. Senator Ferguson advised that as far as he knew, all the figures are correct. Senator Sackett attested to the fact that figures for interior villages are correct, having come from the Department of Environmental Conservation.

Senator Sturgulewski moved for passage of SCS for CS for HB 334 (Finance) with individual recommendations. No objection having been raised, the bill passed from committee--all committee members signing do pass.

CS FOR HB 460 (FIN)(EPD FAILED)

Co-chairman Dankworth advised that request had been made to hold the above legislation for discussion at tomorrow's meeting.

ADJOURNMENT

The meeting adjourned at approximately 3:25 p.m.

SFC-B1 #68, Side 1 (820-end)
SFC-B1 #68, Side 2 (000-292)

SF0621811345

SENATE FINANCE COMMITTEE

June 21, 1981

1:45 p.m.

SFC-81 #68, Side 2 (292-end)

SFC-81 #69, Side 1 (000-580)

CALL TO ORDER

Co-chairman Don Bennett convened the meeting at approximately 1:45 p.m.

PRESENT

All committee members were present. Also attending were Henry S. Pratt, representing Alascom, Inc.; Alex Miller, representing Alaska International Industries; Lew Dischner, representing Alaska Airlines; Guy Van Doren, administrative assistant to Senator Ziegler; Commissioner of Revenue, Thomas K. Williams; and fiscal analyst Milt Barker.

SENATE CONCURRENT RESOLUTION 9

Co-chairman Bennett moved that SCR 9 (ESTABLISHING AS A JOINT COMMITTEE OF THE TWELFTH LEGISLATURE A COMMITTEE OF THE HOUSE OF REPRESENTATIVES AND SENATE CONCERNED WITH THE ORGANIZATION AND PROCEDURES OF A STATE CONSTITUTIONAL CONVENTION) be brought on for discussion. Senator Eliason advised that a Committee Substitute for SCR 9 (Finance) (ESTABLISHING A JOINT COMMITTEE OF THE TWELFTH LEGISLATURE RELATING TO THE ORGANIZATION AND PROCEDURES OF A STATE CONSTITUTIONAL CONVENTION) has been drafted. He stated that the legislation had come before committee several months ago at which time testimony highlighted problems in the original version. Concern centered on the proposed holding of statewide hearings which might suggest to the public that the legislature favors holding a constitutional convention. The Finance Committee Substitute eliminates the statewide hearings and associated travel costs.

Co-chairman Dankworth advised that it appears that although funding for travel has been cut back, overall costs on the fiscal note have increased. He asked why the earlier fiscal note totaled 96.8, while the new note totals 144.3. Guy Van Doren appeared before committee advising that differences between the two notes result from the fact that when "the people interested in continuing the committee" asked that a new note be prepared they requested an administrative assistant, a secretary, and a researcher. These were not included in the original fiscal note. Increases have also been experienced in contractual services since the original note contained no funding for printing costs of material "being developed at this time." The new fiscal note will change again if a new "system of legislative employees" issues from the current legislative session. In the event the

system is altered, full time legislative employees would be available to the committee at no charge.

The CS for SCR 9 (Finance) removes most of the provisions contained in the original version, and instead creates a ten member committee--five House members and five Senate members. It provides that the chairman be selected by a majority of the committee, and directs the committee to conduct research and background studies in preparation for a possible constitutional convention. The voters will vote on the question in November. Should they decide not to hold a convention, committee work will not be wasted since no preparatory work of this type has been done in the past and information gathered by committee could be used in the future. The committee would cease to exist following a negative vote by the public.

Mr. Van Doren stressed need for funding contained within the fiscal note for a "Citizens Guide to the Constitution" which has been written, is being printed, and will be available for distribution the end of July.

Senator Stimson expressed approval of the intent of the resolution, advising that it is important the state prepare for a possible convention, but he expressed concern for "an extremely delicate balance" whereby the committee might become a forum for influencing the decision of the public. He stated that he has grave concerns relating to that aspect of the legislation.

Senator Sturgulewski stated that she favors "going ahead with the bill in revised form," but expressed concern that committee powers might be abused and suggested perhaps cutting down the fiscal note.

Co-chairman Dankworth moved that CS for SCR 9 (Finance) pass from committee with individual recommendations.

Senator Ferguson moved to reduce the fiscal note, removing the \$5,000 for contingency and lowering travel to \$3,000. Co-chairman Dankworth objected for the purpose of determining what effect reductions would have on committee function. Guy Van Doren stated that contingency funding was based on quotes for printing costs of committee brochures for public distribution. He attested to the possibility of simply printing fewer copies. He added that he didn't know what effect cutting travel costs would have on the effectiveness of the committee. Senator Ferguson advised that the legislature will return in six months, that the committee should represent a six-month rather than seven-month project, and that cuts in contingency and travel funding could be made up from personal services.

Co-chairman Dankworth removed his objection. Upon a show of hands, Senator Ferguson's motion to reduce funding carried.

Co-chairman Dankworth restated his motion to move CS for SCR 9 (Finance) from committee with individual recommendations. No

objection having been raised, CS for SCR 9 (Finance) passed from committee--all members present signing do pass with the exception of Co-chairman Bennett and Senator Ferguson who signed no recommendation.

CS FOR HOUSE BILL 460 (FINANCE) (EFD FAILED)

Co-chairman Bennett moved that CS for HB 460 (Finance) (efd failed) (ACT RELATING TO THE FISHERIES AND SALMON ENHANCEMENT TAXES) be brought on for consideration, advising that committee discussion would center on Senate CS for CS for House Bill 460 (Resources) (ACT RELATING TO TAXES).

The Co-chairman advised that when previously before committee the following amendments were adopted by Finance:

Page 7, line 8,
Delete "1980" and insert "1979"

Page 4, line 18
Addition of severability language

Senator Stimson questioned the effect of the foregoing retroactive amendment, requesting that Commissioner of Revenue, Thomas K. Williams, speak to that issue. Commissioner Williams advised that the amendment makes retroactive an increase in the qualified investment for the investment tax credit against state income tax. At present, Alaska's tax credit is 18% of the federal tax credit. The federal tax credit is 10% of the amount of the investment. For half a million dollars of qualified investment, 10% (\$50,000) would be allowed under the federal credit. The state credit is 18% of that or \$9,000. By raising the credit limit to \$20 million, the state's allowable credit "goes to \$360,000 or a \$351,000 increase." Two factors make it difficult to estimate impact of the retroactive amendment. The first is the fact that the state is raising the limit on qualified investment. An estimate of \$351,000 times "x" number of corporations would amount to \$6 or \$7 million a year. Mr. Williams added that with retroactive application, the legislature is limiting the credit to investment in the state. Application would apply to people who took investment tax credits on \$500,000 worth of investments in the past which were not in-state. These individuals will now have additional tax liabilities because their out-of-state investments no longer qualify. This will counteract the effect of allowing a larger investment total. It is difficult to develop precise figures. The \$6 million estimate represents the "upper limit." Impact will probably be "something less--\$4 million, \$3 million . . ."

Senator Sturgulewski attested to problems surrounding retroactive application of the subject legislation which would result in a retroactive tax liability, asking Mr. Williams to give an example of such a situation. Commissioner Williams cited the example of a corporation operating movie theaters which constructed a million dollar theater in Seattle in September 1979. The

corporation would file its 1979 tax return in April of 1980, look at Alaska law and determine that it could take a credit on the first \$500,000 of the Seattle investment. The corporation would take a \$100,000 federal credit and a \$9,000 Alaska credit for the new theater. If the subject legislation passes, the corporation must amend its return or hope that Dept. of Revenue auditors will not discover the liability. The corporation will, however, owe \$9,000 retroactively, plus possible penalties and interest.

Commissioner Williams advised that legal questions remain concerning whether such legislation can be made retroactive even to 1980.

Senator Stimson attested to the fact that pending legislation appears not only to create tax credits for corporations but tax liabilities as well--some real problems. He asked how far reaching the retroactive provision would be. Commissioner Williams advised "that's one of the difficulties with retroactive tax changes that go beyond the current tax year, specifically if they result in tax increases, you run into constitutional problems with that." The public also has an interest in tax dollars which have been collected, so there is a public interest in keeping the money collected. There must be a compelling public purpose to "release it back by a retroactive tax exemption." This is the opposite side of the shoe, "where the taxpayer is getting pinched because they acted in good faith, and now the rules are being changed on them retroactively."

Senator Sturgulewski asked what date the committee could "put on this bill" and have it free of constitutional questions and public interest problems. Can it be made retroactive to January of 1981? Commissioner Williams advised that a July effective date would be the "absolutely surest," but that the legislature could probably go back to January 1 of this year since no one will have filed a return for 1981, and deductions in good faith will not have been claimed prior to the rule change. Because the change would be made before the time for filing, it will not unduly cause people to wish they had changed their plans or penalize people for acting quickly instead of waiting to "see what the legislature does." Retroactive application to the beginning of the year is thus probably safe.

Senator Stimson moved to rescind prior committee action retroactively applying Sec. 1 of SCS for CS for HB 460 (Resources) for the purpose of adopting another effective date. Co-chairman Bennett objected. Upon a show of hands, the motion to rescind prior committee action failed.

Co-chairman Dankworth moved to amend SCS for CS for HB 460 (Resources) to include revisions to AS 43.56.210 (House Bill 454), advising that such amendment would bring communication equipment and facilities within exemptions allowed for roads, tank farms, tanker terminals, docks, port facilities, and air strips. Communication equipment directly relating to exploration or production of pipeline transported gas and oil was, through

oversight, not included within allowed exemptions. He advised that Henry Pratt was present to testify concerning the amendment.

Mr. Pratt advised that language for the above amendment is encompassed within HB 454 (Sections 1 through 3). Mr. Pratt gave a brief history relating to need for the proposed amendment, advising of his belief that communication equipment was not to have been included within equipment and properties subject to the oil and gas exploration tax. Senator Sturgulewski raised questions concerning revenues to be lost under the exemption, asking if municipalities would be able to tax communication equipment if state taxing authority is removed. Mr. Pratt restated his belief and offered to provide evidence that such equipment was not to have been taxed in the first place since less than 21% of Alascom's equipment was used in connection with pipeline activities. He added that in the past such equipment was not taxed by municipalities. Commissioner Williams voiced objection to retroactive provisions of HB 454, and Mr. Pratt stated that while such provisions were included in the original bill, Alascom has agreed to remove such provisions and they are not included in those portions of HB 454 to be added as amendments to SCS for CS for HB 460 (Resources). Referring to a pending lawsuit, Commissioner Williams stated that should the court decide that Alascom's equipment was taxable, the state "would be looking at \$500,000 a year in declining revenue as the equipment ages." He advised of his belief that municipalities in which the equipment is located are "probably taxing it." Sometimes, however, the equipment is not located in a taxable area.

Senator Stimson asked if it is reasonable to say that Alaska's tax laws contain inequities. Mr. Williams responded that such a question raises concern as to whether or not the state lawsuit involving Alascom has merit. He added "I believe it does." Senator Eliason asked if changing that law at this time to allow the exemption for communication equipment would prejudice the lawsuit, and both Mr. Pratt and Commissioner Williams responded, "No."

Co-chairman Dankworth renewed his motion to include the provisions of Secs. 1 through 3 of HB 454 as amendments to SCS for CS for HB 460 (Resources). Upon a show of hands, the motion carried--Senators Ferguson and Sturgulewski objecting. Senator Sturgulewski attested to need for a new fiscal note to attach to the pending legislation, advising that she felt the committee would have a difficult time going onto the floor "saying there is no fiscal impact." Senator Sackett suggested that a new fiscal note be prepared, showing funding to be derived from increased fishery taxes as well as revenue losses through the investment tax credit and exemption of communication equipment from taxation. Commissioner Williams estimated the cost to be approximately \$4 million for each past year--a total of approximately \$14 million.

Senator Sturgulewski voiced her dismay at previous committee action relating to retroactive application of provisions of the pending legislation, advising that investment credits should stimulate business, rather than "reward" individuals for investment.

Co-chairman Bennett directed that amendments to SCS for CS for HB 460 (Resources) be included within a Senate Finance Committee Substitute. Co-chairman Dankworth moved that the SCS for CS for HB 460 (Finance) pass from committee with individual recommendations. Senators Sturgulewski and Stimson objected. Upon a show of hands, the motion carried and SCS for CS for HB 460 (Finance) passed from committee--all members signing do pass with the exception of Senators Sturgulewski and Stimson who signed "do not pass."

CS FOR SS FOR HOUSE BILL 150 (FINANCE)

Co-chairman Bennett moved that CS for SS for HB 150 (Finance) (ACT MAKING SPECIAL APPROPRIATIONS TO THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS TO DEVELOP SENIOR CITIZEN HOUSING) be brought on for discussion, advison of a proposed SCS for SS for HB 150 (Finance) (ACT MAKING SPECIAL APPROPRIATIONS TO THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS FOR HOUSING PROJECTS AND STUDIES).

Senator Stimson advised that the SCS appropriates the same total funding (\$16,125,000) as the House Finance version of the bill. It merely rearranges funding to provide \$125,000 for an assessment of senior citizen, handicapped, and low and moderate income housing, \$8,000,000 for CERA for senior citizen housing during the coming fiscal year, and \$8,000,000 as a commitment for senior citizen housing during the next fiscal year. Co-chairman Dankworth advised that the legislature is not merely making an \$8,000,000 commitment, but is actually appropriating the funding. The legislature is appropriating a total of \$16,000,000--\$8,000,000 which becomes immediately effective and \$8,000,000 which takes effect July 1, 1982.

Senator Stimson moved that SCS CS for SS for HB 150 (Finance) pass from committee with individual recommendations. No objection having been raised, the SCS passed from committee--all members signing do pass.

CS FOR HCR 29 (FIN) AM

Co-chairman Bennett moved that CS for HCR 29 (Fin) am (RELATING TO THE DEVELOPMENT OF A PLAN FOR ALASKA AGRICULTURAL DEVELOPMENT) be brought on for discussion.

Senator Sturgulewski directed committee attention to a fiscal note for \$800.0 and a Letter of Intent from Senate Resources. She advised of her understanding that the fiscal note could be reduced to \$200.0. The Senate and House Resource Committees heard substantial testimony regarding development of Alaska's

agricultural industry. The state is receiving "tremendous requests" for infrastructure, development of new areas, without basic coordination and planning. The subject resolution will hopefully address long range needs and development of an agricultural plan.

Senator Sturgulewski moved to reduce the fiscal note to \$200.0. No objection having been raised, the motion carried.

Senator Sturgulewski further moved to adopt the Senate Resource Committee Letter of Intent. No objection having been raised, the Senate Resource Letter of Intent was adopted.

Senator Sturgulewski moved that CS for HCR 29 (Fin) am, together with the revised fiscal note and Senate Resource Letter of Intent, pass from committee with individual recommendations. No objection having been raised, the resolution passed from Senate Finance--all members signing do pass.

CS FOR HOUSE BILL 317 (C&RA)

Co-chairman Bennett moved that CS for HB 317 (C&RA) (ACT RELATING TO EMERGENCY SERVICES COMMUNICATIONS) be brought on for consideration.

Senator Ferguson directed committee attention to the SCS for CS for HB 317 (C&RA), advising that the fiscal note should be zeroed, since meetings contemplated by the legislation can be held and paid for by local communities. No objection to revising the fiscal note to show zero funding having been raised, the revised note was adopted by committee.

Senator Ferguson moved to pass SCS for CS for HB 317 (C&RA), with the revised fiscal note, from committee with individual recommendation. No objection having been raised, the bill and fiscal note passed from Senate Finance--all members signing do pass with the exception of Senator Stimson who signed no recommendation.

GENERAL FISCAL OVERVIEW - MILT BARKER

Co-chairman Bennett requested that Mr. Barker appear before committee to render a general fiscal overview. The Co-chairman stated that the committee had previously received reports of committee, Senate, and Legislative spending which range as high as \$6.7 billion and as low as \$5.2 billion. He asked that Mr. Barker conduct a short briefing of current expenditures.

Mr. Barker explained that based on work completed as of yesterday, under both the General Appropriations Act and other legislation, Legislative Finance estimates that \$6,391,000,000 will be appropriated. This amount will be \$645 million over available revenue estimated by the Dept. of Revenue. Revenue estimated availability of \$5,746,000,000. The \$5.7 billion does not include illiquid assets. The state currently has \$320

million in illiquid assets and will have an additional \$60 million at the beginning of the new fiscal year due to appropriation of \$60 million to the fish processing loan guaranty account last year. This \$60 million will lapse at the end of the fiscal year. Illiquid assets consist of veterans loans, small business loans, and other items which technically are available for appropriation, and therefore make the amount currently appropriated over moneys available for appropriation substantially less.

The Legislature has dealt with the problem of over-appropriation in the Free Conference version of HB 1 which provides that only amounts in excess of the operating needs of state government will be transferred to the permanent fund. If concerned by the technical aspect of being over the amount estimated to be available for appropriation, the Legislature could make some of its appropriations two-year appropriations. On a cash basis, however, appropriation to date is not believed to be a problem.

Responding to a question from Senator Stimson concerning what is included in the \$6.3 billion figure, Mr. Barker distributed a breakdown sheet for committee review (copy attached). He further advised that amounts included under the General Appropriations Act operating capital represent amounts adopted by the free conference committee to this point. New legislation, supplementals, and special appropriations represent a total of legislation reported out of either finance committee. Some amounts will undoubtedly be vetoed or fail to become law. This fact results in some over-estimate but not a significant amount.

Responding to questions from Co-chairman Dankworth, Mr. Barker stated that his figures are based on Dept. of Revenue estimates. He further added that the Dept. of Revenue doesn't envision the price of oil "going any lower than it is right now." On an average it should increase sometime around December. Responding to a question from Senator Stimson concerning whether Legislative Finance had estimated incoming state revenue, Mr. Barker stated that he made estimates which ended up substantially lower than those of the Dept. of Revenue. When questioned further Mr. Barker advised that his most optimistic estimate indicates \$100 million less available for appropriation than Dept. of Revenue estimates. He added that "it is all very uncertain, the Saudis at any time could bring the market back into a tight situation by reducing their production."

Responding to questions from Senator Sturgulewski concerning \$20 million which might be available through AHFC for apartments, Co-chairman Bennett responded that the loan package was part of HB 50--the current budget document. Mr. Barker responded that the \$20 million is not in any other appropriation bill and would need to be added to the estimate now before committee.

HOUSE BILL 334

Brief discussion followed concerning SCS for CS for HB 334 (Finance) (ACT MAKING SPECIAL APPROPRIATIONS FOR VILLAGE SAFE WATER FACILITIES, SOLID WASTE FACILITIES, AND WATER AND SEWER SYSTEMS). Senator Eliason advised of need to amend the legislation on the floor of the Senate in order to add the City of Craig to the list of villages to receive funding. Senator Sturgulewski attested to need for the amendment, advising that Craig had been inadvertantly dropped from the list when the bill was considered in C&RA prior to coming to Finance. Co-chairman Bennett stated that the SCS for CS for HB 334 (Finance) as passed by Finance "has to be the committee's position" What individual senators do, however is their own prerogative. He added that many communities have many needs--there is no end to the additions once a bill is opened on the floor. Senator Sturgulewski attested to the fact that Craig's position represents a different situation than merely adding on funding, since the village was included in the original legislation but inadvertantly dropped from the Committee Substitute. She suggested that the bill be returned to Rules and amended to include Craig. Co-chairman Bennett agreed.

ADJOURNMENT

The meeting was adjourned at approximately 3:25 p.m.

SFC-01 #68, Side 2 (292-end)
SFC-81 #69, Side 1 (000-580)

STATUS OF BILLS WITH FISCAL IMPACT
REPORTED OUT OF EITHER FINANCE COMMITTEE
(\$ Millions of General Funds)
(Unduplicated Amounts)

	<u>Chapter Laws</u>	<u>Passed Legislature</u>	<u>House Bills Passed House</u>	<u>Senate Bills Passed Senate</u>	<u>House Bills Reported Out of House Fin.</u>	<u>Senate Bills Reported Out of Senate Fin.</u>	<u>TOTAL</u>
Special Appropriations	41.3	40.4	\$2279.9	\$587.7	\$.1	\$—	\$2949.4
Fiscal Notes	9.5	2.5	48.2	21.6	108.3	.4	190.5
Mixed Appropriations	12.8	—	—	—	—	—	12.8
Supplemental Appropriations	<u>225.2</u>	<u>1.6</u>	<u>1.7</u>	<u>10.1</u>	<u>—</u>	<u>—</u>	<u>238.6</u>
	288.8	44.5	2329.8	619.4	108.4	\$.4	3391.3

PREPARED BY:

Legislative Finance Division
6-19-81

6/21/81

-809-

SENATE FINANCE COMMITTEE

June 22, 1981

9:15 a.m.

(Tape SFC 81, # 69, Side 1, 580 - end)

(Tape SFC 81, # 69, Side 2, 000 - 460)

CALL TO ORDER

Co-chairman Dankworth called the meeting to order at 9:15 a.m.

PRESENT

All members of the committee were present. Also in attendance were Keith Specking, Legislative Assistant to Governor Hammond; Attorney General Wilson Condon; Mitch Gravo, Lobbyist for Municipality of Anchorage; Jeff Haynes, Deputy Commissioner of DNR; David Rogers, Special Assistant to the Commissioner of DNR; and Jim Palmer, Administrative Assistant to Senator Fahrenkamp.

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 603 (FINANCE)

Co-chairman Dankworth stated the first order of business was consideration of CSHB 603 (Finance) (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, amending laws relating to the New Capital Site Planning Commission, and conditionally repealing laws relating to relocation of the state capital).

Co-chairman Dankworth stated that members of the committee were familiar with the ramifications of this legislation, and he added that he thought this piece of legislation was "about as close as we can get to resolving this question and putting the vote before the people". Consequently, he had not asked anyone to come and testify.

Senator Stimson moved and asked unanimous consent that CSHB 603 (Finance) be passed from committee with individual recommendations. Senator Sackett objected.

Senator Eliason asked if this bill was identical to the one passed from Senate State Affairs Committee three days earlier. It was determined that it was the same bill. Senator Eliason stated he had been to some hearings on the bill and although it was not entirely satisfactory, he believed it was the best bill under the circumstances and those who oppose the capital move would not object to putting this on the ballot. Senator Sackett removed his objection. There being no further objection, the bill was passed from committee with individual recommendations and the committee report was signed as follows: Co-chairman

Dankworth and Senators Stimson, Sturgulewski and Eliason signed "do pass", Senators Sackett and Ferguson signed "no recommendation", and Co-chairman Bennett signed "do not pass".

Co-chairman Dankworth stated there was no fiscal note accompanying this bill as the amount to be decided upon would be voted on separately.

SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 434 (Resources)

Co-chairman Dankworth stated the next bill for consideration would be SCSCSHB 434 (Resources) (An Act relating to pipelines and merging the Alaska Pipeline Commission with the Alaska Public Utilities Commission; and providing for an effective date) and stated that Keith Specking, Legislative Assistant to the Governor, and Attorney General Will Condon were present to testify.

Mr. Specking came forward and stated that one of the principal thrusts in the legislation was toward better administration and the reduction of what might be duplicated effort. He said that there was an erroneous presumption on the part of some that one of the encumbants of the Pipeline Commission might be continued on as an appointee by the Governor on the Alaska Public Utilities Commission. The person in question, Karen Cory, would be removed from the list of those requested for confirmation inasmuch as she was coming to work directly for the Governor's Office.

Attorney General Wilson Condon stated that from the perspective of the Attorney General's Office it was very important that something be done now rather than next year as far as the Pipeline Commission went. They supported its merger with the Public Utilities Commission; however, if that is not to happen, the decision should be made now too. The Pipeline Commission would be sunsetted at the end of this year and would go through a year of transition. Phase II of the TAPS Tariff case is just beginning and stability is needed in that organization.

Senator Stimson moved and asked unanimous consent that SCSCSHB 434 (Resources) be passed from committee with individual recommendations. There being no objection, it was so ordered and the committee report was signed as follows: Co-chairman Dankworth and Senators Stimson, Sturgulewski, Eliason, Ferguson and Bennett signed "do pass". Senator Sackett signed "no recommendation".

SENATE BILL NO. 64

Co-chairman Dankworth stated the next bill for consideration was SENATE BILL NO. 64 (An Act relating to labor relations between school boards and other public employers and their employees) and requested that Senator Stimson explain the legislation to the committee.

Senator Stimson stated this was for public employees in the school district who do not have collective bargaining available to them and would give them an opportunity to bargain with the school boards. It would essentially extend the right other public employees have for bargaining. He suggested that the bill be held in committee for awhile. There being no objection, it was so ordered.

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 565 (FINANCE)

Co-chairman Dankworth stated the next bill for consideration was CSHB 565 (Finance) (An Act establishing an Alaska Silver Anniversary Commission; and providing for an effective date). He stated that the money for the Commission was put in the budget with the condition there would be legislation passed to authorize expenditure of funds. He did not think the funding would stay in the budget without this legislation. He requested that those wishing to testify come forward.

Mr. Mitch Gravo, Lobbyist for the Municipality of Anchorage, came forward to speak on the bill. Senator Sackett pointed out that there was intent on this legislation that no state funds would be used for lobbying.

Senator Sturgulewski asked how much funding was involved. Co-chairman Dankworth stated it was \$4 million, providing this legislation passed. Senator Sackett stated that he and Senator Ferguson had had their water and sewer funding for the villages cut by that amount the previous day.

Mr. Gravo stated that the bill would establish a commission of seven members appointed by the Governor. Two would be from the administration, and five would be from various areas of the state. The duties would be to coordinate the planning of the statewide celebration in 1984. The Commission would submit proposals, plan the celebration, employ an executive director and generally oversee the administration of the 1984 celebration. He noted that the House Finance Committee had attached a Letter of Intent to the bill that no public funds on this project would be used for lobbying either the Legislature or the federal government.

Senator Stimson asked what had transpired in the last year in terms of financing. He wondered if there was any funding other than the appropriation by the Legislature. Mr. Gravo stated there was the presentation in Anchorage and Juneau, and \$300.0 or \$400.0 was solicited from the private sector to fund it. He was not aware of any other sources of money.

Senator Stimson asked what funding would be required next year. Mr. Gravo stated it would depend on the plan submitted to the Legislature by the Commission. There was an estimate for putting the entire program together for between \$25 and \$30 million. He said that with the legislation before the committee, there would be coordination with what is in existence right now in the

various local governments around the state. For example, in Anchorage, it would require that the celebration be coordinated with the sports facility already in place, the convention center and the performing arts center.

Senator Stimson asked about funding coming from corporations and private industry. Mr. Gravo stated that the private sector would be a major factor in putting the program together. They have already almost matched what occurred in state funding last year. Senator Stimson felt there would be some value in spelling out explicitly the role the private sector would play.

Senator Ferguson agreed and suggested a Letter of Intent saying that 10% of the funding would be required from the local communities. Senator Sturgulewski concurred. Mr. Gravo stated that the private sector had participated in the past and would have to in the future anyway.

BEGIN SIDE 2, SFC 81, # 69, Side 2 (000 - 460)

Senator Stimson suggested a language change in the bill. It would be page 2, line 27, strike "and", and on line 28 add "and details of private sector participation".

Senator Ferguson moved that the committee adopt a Letter of Intent stating that 10% of the funding would have to come from the private sector. Senator Sackett suggested an amendment to the motion to include the House Letter of Intent. Senator Sturgulewski moved an amendment to the motion that the language should read "not less than 10%". There being no objection to Senator Ferguson's motion and to the amendments moved by Senators Sackett and Sturgulewski, it was so ordered.

There being no objection to Senator Stimson's motion above, it was so ordered.

Senator Eliason suggested an amendment to the bill that would require members of the commission to submit a finance report to the legislature in the form of a personal financial disclosure. Senator Sturgulewski thought that members of boards and commissions had to file that anyway, but it was determined that they must only if it was specified by law. Co-chairman Dankworth stated he was opposed to Senator Eliason's amendment, and would not vote for it. He stated he had never liked that law, and felt that if someone was found doing something dishonest they could be prosecuted. Senator Stimson maintained that Senator Eliason had raised a good point. He said that the Legislature at this point has very little understanding or assurance as to how the money would be spent. There were a lot of people in positions who could have "vested interests" and he supported this amendment. A vote was taken on whether or not members of the Commission should comply with the Alaska Public Offices Commission requirement to file a personal financial disclosure. The motion passed.

Senator Sackett moved and asked unanimous consent that CSHB 565 (Finance) with the above amendments and with the Letter of Intent be passed from Committee with individual recommendations. There being no objection, it was so ordered and the committee report was signed as follows: Co-chairman Dankworth and Senator Stimson signed "do pass", Senator Eliason signed "do not pass", and Senators Sackett, Sturgulewski and Ferguson signed "no recommendation".

Co-chairman Dankworth requested that Co-chairman Bennett assume the chair for awhile.

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 31 (Finance) AMENDED

Co-chairman Bennett stated the next bill for consideration was CSHB 31 (Finance) amended (An Act relating to the management of state land; and providing for an effective date), and requested that Senator Sturgulewski present the legislation to the committee.

Senator Sturgulewski pointed out that there was an SCS in the file.

SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 31 (FINANCE)

Senator Sturgulewski stated that with minor exceptions, this was the bill that was developed by the Senate Resources Committee. She stated there was a sectional analysis in the file. She stated that Jim Palmer, Administrative Assistant to Chairman of the Resources Committee, was present to speak on the bill. She said that Deputy Commissioner of Natural Resources Jeff Haynes, and David Rogers from DNR were also present to speak to the committee. She stated that the fiscal note should be discussed.

Senator Sackett pointed out that there were three fiscal notes in the file. The earliest one was April 4, 1981, then May 22, 1981, and one dated June 8, 1981. The figures changed from \$2.7 million to \$3 million to \$14 million. He stated that there was absolutely no breakdown of the \$14 million. He also questioned the \$13084.8 capital portion being on the fiscal note. Co-chairman Bennett stated the Governor's Office preferred that the amount be shown here rather than in the capital budget. Senator Sackett stated that it would lapse back into the General Fund unless a motion was made to extend the time period.

Senator Ferguson took issue with Section 4 of the SCS allowing "religious" non-profit groups leasing lands for 55 years and tying it up. Mr. Palmer stated that the language there related to municipal decisions on leasing and had nothing to do with state land leasing. Senator Ferguson still did not agree that municipalities should be authorized to lease land that way, and stated "religious" should be removed. Jeff Haynes stated that as far as leasing land, including municipal land, it has been fairly standard to deal with non-profit and charitable institutions and

simply not to distinguish whether or not they are religiously affiliated. Senator Ferguson's motion would keep the municipality from making leases to any charitable or non-profit organization that had a religious affiliation, especially if that was the legislative intent. Senator Ferguson stated his intent was just to make the lands available to charitable organizations, no matter who they were, but not to specifically religious groups have a preference. Mr. Rogers stated that "religious" could probably be deleted from the language to accomplish that purpose. He said that by deleting "religious" a lease could still be offered to a religious organization, but that organization would still be subject existing requirements for voter ratification and/or an ordinance, depending on the value of the lease. Jim Palmer commented on the origin of the language.

Senator Ferguson moved and asked unanimous consent that "religious" be deleted from the language in Section 4 on page 2, line 22. There being no objection, it was so ordered.

Senator Sackett brought up the fiscal notes again and asked if the June 8, 1981 fiscal note was an addition to the previous ones. Mr. Haynes stated it was not, but that the \$13 million capital item represented the Governor's Cadastral Survey budget being transferred. Senator Sackett asked if back-up had been submitted, and Mr. Haynes responded no, because the fiscal note was based on the one DNR had done for the House which did include back-up. Senator Sackett stated the back-up was not in the file. Mr. Haynes stated he would distribute that back-up, and added that there were just a couple of things added on in the Senate version but otherwise it was the same as the House version. Senator Sackett specified he was asking about the \$13,084.8. Mr. Haynes stated that \$11 million of that was simply what the Governor had in under the Cadastral Survey line item in the Governor's Capital Budget. That amount was removed from the Governor's Capital Budget and was placed in this fiscal note, so the backup submitted for the Governor's Capital Budget would apply to the \$11 million. The other \$2 million was an initial grant fund pool for municipalities relating to the grants provision in the bill. Senator Sackett noted that none of that back-up was in the file, and that there was another amount for \$600.0. Mr. Haynes stated he knew he had submitted the back-up for the Governor's Capital Budget.

Co-chairman Bennett stated that it was time for the floor session, and the committee would reconvene at 1:30 p.m. to further consider this bill. He requested that Mr. Haynes have the proper back-up prepared to present to the committee at that time.

RECESS

The meeting recessed at 10:00 a.m.

(Tape SFC 81, # 69, Side 1, 580 - end)

(Tape SFC 81, # 69, Side 2, 000 - 460)

SENATE FINANCE COMMITTEE

June 22, 1981

1:50 p.m.

(Tape SFC 81, # 69, Side 2, 460 - 805)

CALL TO ORDER

Co-chairman Bennett reconvened the meeting at 1:50 p.m.

PRESENT

All members of the committee were present. Also in attendance were Jeff Haynes, Deputy Commissioner of Department of Natural Resources; Jim Palmer, Administrative Assistant to Senator Fahrenkamp; David Rogers, Special Assistant to Commissioner of DNR; and Carolyn Berg, Juneau resident.

SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 434 (Resources)

Co-chairman Bennett stated the first order of business was consideration of SCSCSHB 434 (Resources) (An Act relating to pipelines and merging the Alaska Pipeline Commission with the Alaska Public Utilities Commission; and providing for an effective date). He stated there was an amendment to the bill the committee had neglected to act on that morning, and the committee could act on it at this time, before the legislation was delivered to the Senate Secretary. It was on page 5, line 15 of the bill; after "section," insert "or prohibited from disclosure under state or federal law,". Senator Sturgulewski moved that the amendment be adopted. There being no objection, it was so ordered.

Senator Sackett moved and asked unanimous consent that the committee pass out a new fiscal note with the bill indicating a zero fiscal impact. He explained that the APUC had reflected their entire budget in the 3/31/81 fiscal note in the file signed by Carolyn Guess, and if this fiscal note were to pass with the bill, their budget would be duplicated. There being no objection to Senator Sackett's motion, it was so ordered.

There being no further motions on the bill, and as the committee report had been signed earlier in the day, committee action on SCSCSHB 434 (Resources) was now complete.

SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 31 (FINANCE)

Co-chairman Bennett stated the next bill for consideration was SCSCSHB 31 (Finance) (An Act relating to the management, disposal, and use of state and municipal land; and providing for an effective date).

Jeff Haynes, Deputy Commissioner of DNR, distributed a new fiscal note and some back-up material. He explained that he had corrected an error in the Personal Services Line item, changing it from \$591.2 to \$501.2. The back-up accompanying the fiscal note explained the figures in detail. The total on the new fiscal note dated 6/8/81 was \$14,059.0.

Senator Sturgulewski brought up the subject of the amendments to the text of the working draft for SCS CSHB 31 (Finance). The first amendment was:

Page 9, line 17: In (d) after "commissioner." add
"Notwithstanding any other provision of this title, the commissioner may dispose of an interest in land if a land planning report has been included in the classification order, even if a regional or area plan has not been adopted."

Mr. Palmer explained that the Department of Law had requested this amendment. It was prompted by the Potlatch-Pound controversy in the Fairbanks area. The judge issued a decision a few days earlier and the Department of Law wanted the language inserted to make it clear that the DNR has the authority to dispose of lands. Mr. Haynes stated that presently, DNR is enjoined from doing anything with that land, so they will attempt to get an expedited appeal. He stated "I can promise that we will do everything we can within the department to get that land in the hands of the original purchasers." Co-chairman Bennett asked if this amendment would assist in that. Mr. Haynes stated it was really more prospective than anything else because this problem could recur in conjunction with many other land disposals. Mr. Rogers stated that it would take care of any problems in the future with regard to land disposals. It was not clear what impact it would have on the Potlatch-Pound situation.

Senator Sturgulewski moved that the amendment be adopted. There being no objection, it was so ordered.

Page 25, Line 20: "Section 47. The commissioner may prohibit the municipal selection of mental health lands allowed under sec. 1(b) ch. 181 SLA 1978 if the commissioner determines that the municipalities are not complying with land disposal requirements as contained in ch. 181 SLA 1978."

Senator Sackett moved and asked unanimous consent that the amendment be adopted. There being no objection, it was so ordered.

Senator Ferguson stated that when the Act was passed in 1978 there was a provision in it for duck shacks, and the Governor had failed to implement that provision. Mr. Haynes stated that the regulations to authorize that were part of the DNR general revision of land use permit regulations. The regulations are being held up because they are part of the permit reform program. As soon as the permit reform regulations are adopted, the land use permit regulations would be adopted. He said DNR does intend

to implement the program. Mr. Rogers stated that drafts were available, and final revisions of the drafts were to be done as soon as possible, so DNR would do their best to adopt them before this duck season.

Co-chairman Bennett asked if it was the intent of DNR to continue orderly land disposal and land being made available to the public with the passage of this bill which would relieve DNR of the 100,000 acre per year responsibility. Mr. Haynes responded "absolutely". He stated that at least one committee in this Legislature was promised to sell at least 100,000 acres next year. Co-chairman Bennett restated his question. He asked if it would be DNR's philosophical policy to continue making land available to the public. Mr. Haynes responded "no chance".

Senator Sturgulewski stated that the "override" mechanism was not the one she wanted and yet she thought this was a good bill and wanted to support it. However, she asked what DNR's situation was with subdivisions now, and would DNR see that legal access would be provided. She also asked about capital improvements and if it was just a question of them not being built. Mr. Haynes responded that was the only question. She asked if when DNR was provided for a subdivision, would DNR show the right of line along a section line, or the possibility of real access. Mr. Haynes responded DNR is required to provide legal access to all their disposals. Whether or not that is practical constructive access was another question. The assessment language in the bill that DNR does annually, requires DNR to submit total costs of developing any subdivision including capital improvements, as part of the estimate. Then it is the Legislature's choice to fund it. Mr. Rogers added that if the Legislature does fund it, then DNR would build the roads and other funded capital improvements.

Senator Sackett asked how his area would be effected now that the 100,000 acre provision was out. Mr. Haynes responded that annually DNR would make a proposal for disposing of land, and the Legislature would have the option of how much it wanted disposed there by how much DNR is funded. Mr. Rogers added the proposal would be based on a demand assessment, so there would be a relationship with demand in any given area.

THE FOLLOWING IS A VERBATIM TRANSCRIPT OF FOLLOWING TESTIMONY ON THE NEWEST FISCAL NOTE DATED 6/8/81.

DANKWORTH: I'm interested in . . . you changed the fiscal notes, and I want to find out . . . In Section 43 - is the funding for that in this fiscal note?

STURGULEWSKI: What is the page on that?

DANKWORTH: Page 24. I just want to make sure that the funding is in there.

SACKETT: Out of \$14,000,000? I should hope so.

HAYNES: No, it is not sir.

SACKETT: How much does it cost?

DANKWORTH: Roughly

HAYNES: I think it would be one Land Management Officer II at \$35,436.0. This was put in after we had done the fiscal note for Finance.

DANKWORTH: You don't need that. You don't need any more people in here.

HAYNES: This particular section was put in after we had done the fiscal note.

DANKWORTH: Yes, this was done . . . and I hope . . . some of you I may have talked to about it. What happened was, and when we did this way in the bill before . . . 66, one guy in Anchorage got dropped back, and he fell through the cracks. And I wanted enough money put in here so you people could negotiate with the city to . . . he was on one parcel of property, two of them sitting side by side. One of them leased for, I don't even remember the figures now, but just a tremendous amount. But the other guy sitting right next to it had his claim in. So I wanted enough to settle that one deal when we passed 66 or whatever it is. And I think the figure was about \$500.0 that should have been See, the City of Anchorage will not do it - they said the state did it. 'O.K., too, we are not going to pick up the tab for something the state did.' So, its not appropriating money to any inidividual. Its giving you the money to negotiate with the City of Anchorage to clean up that . . . am I hitting you with something you don't know anything about?

SACKETT: (turning to unknown person) Do you know anything about it? I don't know anything about it.

DANKWORTH: (made short, inaudible statement)

SACKETT: What the hell are you talking about?

BENNETT: I just knew about Alaska '84. (laughter)

DAVID ROGERS: Mr. Chairman, I think this will effect more than that one individual. I suspect it will effect everyone who has converted a lease pursuant to that law, in which case we would have to have one person available to reassess, reappraise the lease values pursuant to this section.

DANKWORTH: No, you don't need another person. Really, you don't. I beg to differ with you on what we are talking about. I know that that was put in there for one specific cause, and the price is about \$500.0 and I wanted to make sure that you had to negotiate with the City of Anchorage on it.

STURGULEWSKI: Well, Mr. Chairman, now I am getting a little nervous. If it opens up the door, just how much of a fiscal impact does it create?

DANKWORTH: Well, that's what I'm trying to find out. I'm asking why that Section 43 wasn't in the fiscal note. Originally, we had it in a note. I understood . . . and I'm trying to find the right note. I thought it was . . . I apologize for not having the exact fiscal note that we were talking about. If I could have a recess I could find it . . . if you care to . . . but, I do want that funded.

STURGULEWSKI: We have a lot of fiscal notes here - we could probably take a choice.

HAYNES: The current fiscal note is the one dated 6/8/81 in which the total is \$14,059.0.

FIVE MINUTE RECESS - END OF VERBATIM TRANSCRIPT

Co-chairman Dankworth moved that the dates on page 24, lines 25 and 28 of the bill be changed to July 1, 1974; and he moved that a new fiscal note be drawn up to reflect \$600.0 in the Grants and Claims line item making the total \$14,659.0. Upon a show of hands, the motion passed.

CAROLYN BERG, JUNEAU RESIDENT

Co-chairman Bennett stated that a constituent wished to testify on this bill, and asked that Mrs. Berg come forward. Mrs. Berg stated "I first of all want to say that I consider I should have to protest first of all on the new coalition in this Legislature, which makes all legislation unconstitutional and void should the hearing come out that the other side won, I mean, Duncan's side won." She went on to ask if in this bill, land under a U.S. patent would still have the same status. She said that in the Alaska Statehood Act it states that any land the U.S. government owns shall remain in the U.S. She asked if this bill would still allow that provision. Co-chairman Bennett stated that as far as he knew, there would be no land in this bill transferred anywhere, and that no U.S. land would be effected. He said the bill only pertained to State land.

Mrs. Berg stated that she owned a home on a U.S. mining claim called Portsmouth Lode, and she wanted to confirm that this bill would not effect her property. Jeff Haynes stated that this bill would not effect U.S. patented land.

Senator Sturgulewski moved and asked unanimous consent that SCSCSHB 31 (Finance) as amended and with the revised fiscal note, be passed from committee with individual recommendations. There being no objection, it was so ordered and the committee report was signed as follows: Co-chairman Bennett signed "do pass quick", and Co-chairman Dankworth and Senators Ferguson, Eliason, Sturgulewski, Stimson and Sackett signed "do pass".

RECESS

Co-chairman Bennett stated that the committee would recess until 4:30 p.m. at which time Senator Ferguson would bring up HOUSE BILL NO. 121, having to do with retirement. The meeting recessed at approximately 3:00 p.m.

(Tape SFC 81, # 69, Side 2, 460 - 805)

SENATE FINANCE COMMITTEE

June 23, 1981

9:15 a.m.

(Tape SFC 81, # 70, Side 1, 000 - end)

(Tape SFC 81, # 70, Side 2, 000 - 283)

CALL TO ORDER

Co-chairman Dankworth called the meeting to order at 9:15 a.m.

PRESENT

All members of the committee were present with the exception of Senator Sturgulewski. Also in attendance were Paul Arnoldt, Director of Division of Retirement and Benefits; and Ken Humphreys, Deputy Director of Division of Retirement and Benefits.

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 121 (FINANCE)

Co-chairman Dankworth stated the first order of business was consideration of CSHB 121 (Finance) (An Act relating to the public employees, teachers, judicial, and National Guard benefits; and providing for an effective date) and requested that Senator Ferguson present the legislation to the committee.

Senator Ferguson stated there were four provisions in the proposed SCS in the file, plus a fifth one dealing with temporary legislative employees which he would recommend. The four basic provisions were as follows:

1. Clean-up language requested by the Division of Retirement and Benefits throughout the bill.
2. Actuarially funds the post retirement adjustment for retiring individuals. It would set a ceiling of 75% of COLA or 9%, whichever is less, for individuals 65 years old or older.
3. Raises the benefits formula for teachers and state employees from 2% per year to 2 1/4% for the 1st 10 years and 2 1/2% for the 2nd 10 years and all years thereafter of service.
4. Establishes a uniform retirement age of 55 for all state employees by permitting judges and EPORS (elected officials) members to retire at that age. It would also permit "20 and out" option for judges and EPORS members who contribute extra 2% to the system. This is similar to peace officers and teachers who have "20 and out" provisions.

Senator Ferguson then asked that Paul Arnoldt, Director of Retirement and Benefits Division; and Ken Humphreys, Deputy

Director of the Division, come forward to testify on the legislation.

Mr. Arnoldt stated they were not familiar with the SCS as they had just received a copy of the bill, but they were familiar with CSHB 121 (Finance).

Speaking to the House Finance CS, Mr. Humphreys stated it was very similar to one developed in consultation with some of the legislative leaders. The division had devoted a considerable amount of time developing the formula in the PRPA section as well as the staggered formula in the benefit formula increase. They had tried to make it work in such a way that it would be to the advantage of the State in retaining employees as well as just being a benefit to the employees. There was one change made in the House State Affairs Committee after a draft was developed; that was that they applied the benefit formula increase to past service for employees. The Division did not consider this to be a change necessarily in the State's best interest, but it was a change which was "tolerable". In the House Finance version, he stated the administration would still support it.

Speaking to the Senate Finance CS, Mr. Humphreys stated that the administration did not support the amendment that would allow vested employees to buy in on their temporary service. He said that the very notion of temporary service was to some extent antithetical with the notion of retirement. However, the administration did not consider that amendment to be an overriding defect and would probably still overall support the bill with that provision in it. Mr. Humphreys stated that they had not heard of the other amendments until this meeting had started.

The committee discussed the amendment pertaining to earlier retirement of judges and EPORS members at the age of 55. Mr. Humphreys stated there would be a five year drop in retirement across the board, and that would mean a very high cost factor in the judicial system - he did not recommend the amendment. The present system is already far and away the most lucrative one in the State by a factor of at least 4. There was now +100% of payroll fall for funding the system. That would go up so that the State would be required to put more into that retirement system by a wide margin than they are actually paying the judges and justices. Also, from a policy point of view, he stated it was not accidental that there was a retirement age of 60 for justices and judges as generally speaking this was not a career someone moved into right out of college and then proceeds to serve only 20 years.

Senator Eliason stated that SB 400 had been discussed at length in Senate State Affairs earlier. CSHB 121 was very similar to SB 400. As far as the SCS went, the only new sections were sections 16 and 17.

The committee proceeded to compare CSHB 121 (Finance) and SCSCSHB 121 (Finance). Mr. Humphreys stated the new sections in the SCS had been inserted between sections 15 and 16 of CSHB 121 (Finance). Up to that point, the bills were identical. The committee went on to compare further sections in the bill. Except for numbers of sections, there were no further changes to the House version until Section 32(d) and Section 55.

Discussion ensued on Section 32 (d) on temporary service credit. Senator Ferguson stated sections 16, 17, 32 and 55 were the only additions and/or changes to the bill.

Referring to section 32, Senator Sackett stated that last year the Legislature passed legislation that allowed credit to legislative employees with temporary service. This section 32 would allow the same kind of credit for the executive branch. Mr. Humphreys stated that the cost impact for this would be about \$200.0 per year over a 25 year period. The Division did not feel the provision was appropriate but on the other hand, it was not a serious defect in the bill.

Senator Ferguson moved and asked unanimous consent that the committee adopt SCSCSHB 121 (Finance) and work from that version. There being no objection, it was so ordered.

SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE
BILL NO. 121 (FINANCE)

Co-chairman Dankworth moved to eliminate section 32. Senator Ferguson objected. Discussion continued on the ramifications of this section. Senator Stimson asked Senator Ferguson if he thought this bill would "pass mustard" with the Governor. Senator Ferguson responded that he understood it would be subject to consideration, but he did not think the Governor would veto it. Co-chairman Dankworth renewed his motion to delete section 32. Upon a show of hands, the section was deleted.

The committee went on to discussion of section 55. Senator Ferguson stated this would allow elected officials to retire early, either at 55 or on the "20 and out" provision. Co-chairman Dankworth moved to eliminate section 55. Senator Sackett objected. Upon a show of hands, the motion failed and section 55 remained in the SCS.

Co-chairman Dankworth moved the committee rescind its action in eliminating section 32 earlier. His motion passed, and section 32 was re-instated in the SCS.

Co-chairman Dankworth moved that sections 16 and 17 in the SCS be eliminated. Senator Sackett objected. Upon a show of hands, the motion passed, and sections 16 and 17 were removed from the SCS.

BEGIN SIDE 2, SFC 81, # 70, Side 2, 000 - 283

Senator Stimson passed out an amendment to the members and he explained it would allow teachers on leaves of absence for specific purposes to count each year of leave toward creditable service for retirement so that they could retire in 20 years. At present he said it was a dis-incentive to take a year off to return to school as that time could not be counted toward the "20 and out" provision. He said there were a number of people who could benefit from the provision. Senator Ferguson objected. Upon a show of hands, the motion failed.

Senator Ferguson distributed an amendment that he said would allow the legislature a more equitable retirement system. The fiscal note for the amendment would be \$150.0 for Personal Services and \$50.0 for the one-time data processing change, for a total of \$200.0 for FY 83. He stated that for example, Senate Secretary Peggy Mulligan, has at least 10 years service but is presently only entitled to 3.5 years of retirement. Senator Ferguson moved that the amendment be adopted. Mr. Arnoldt stated that unfortunately he thought the Division of Retirement and Benefits had misled Senator Ferguson's Aide. He said that the \$150.0 was the cost if the program were put in under the existing system using a 2 day factor rather than the table. If the table was used in the bill, the cost would be about \$1 million for benefits, plus the \$50.0 for the data processing work. He said that more than a years credit for service would be granted for legislative employees. There is already a system which bases credit on 7.5 hours per day from start days to finish days. He stated they were very much opposed to the amendment. Upon a show of hands, the motion failed.

Senator Ferguson moved and asked unanimous consent that SCSCSHB 121 (Finance) with a zero fiscal note as there was money already appropriated in the fiscal note section of the budget for this legislation. There being no objection, it was so ordered and the committee report was signed as follows: Co-chairmen Dankworth and Bennett and Senators Sackett, Stimson, Eliason and Ferguson signed "do pass".

Mr. Humphreys stated that it seemed to him that the only effect on the fiscal note was for section 32 in the SCS which had an effective date of July 1, 1981, so it would have some impact in FY 82. Senator Sackett stated it had been taken care of.

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 272 (RESOURCES) AMENDED

Co-chairman Danworth stated the next bill for consideration was CSHB 272 (Resources) amended (An Act relating to survey and improvements of public land). He stated that this bill was apparently a House priority.

Senator Sackett asked what the fiscal impact would be, and Co-chairman Dankworth stated he did not know, though he assumed there would be no impact. He said he had talked with Representative Hayes earlier and was told it was a good bill. He

added that he would obtain back-up before the bill reached the floor.

Co-chairman Bennett moved and asked unanimous consent that the bill be passed from committee with individual recommendations. There being no objection, it was so ordered and the committee report was signed as follows: Co-chairman Dankworth and Senator Eliason signed "do pass", and Senators Sackett, Bennett, Ferguson and Stimson signed "no recommendation".

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 188 (2nd FINANCE)

Co-chairman Dankworth stated the next bill for consideration was CSHB 188 (2nd Finance) (An Act making a special appropriation for reconstruction of the Iditarod Elementary School in Wasilla; and providing for an effective date).

Co-chairman Dankworth stated the school had been destroyed by fire, and it was his understanding they need the funding now to get construction started. He stated the school was insured and a lot of the money will be returned to the state.

Senator Sackett moved and asked unanimous consent that the bill be passed from committee with individual recommendations. There being no objection, it was so ordered and the committee report was signed as follows: Co-chairman Dankworth and Senators Sackett, Stimson, Ferguson and Eliason signed "do pass".

RECESS

The meeting recessed at 10:10 a.m.

(Tape SFC 81, # 70, Side 1, 000 - end)
(Tape SFC 81, # 70, Side 2, 000 - 283)

SENATE FINANCE COMMITTEE
June 23, 1981
1:35 p.m.

(Tape SFC 81, # 70, Side 2, 283 - 340)

CALL TO ORDER

Co-chairman Bennett called the meeting to order at 1:35 p.m.

PRESENT

All members of the committee were present with the exception of Senators Eliason, Stimson and Sackett.

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 508 (FINANCE) AMENDED

Senator Ferguson moved that the title and all text in the above version of the bill be deleted, and that it be replaced with SCSCSHB 508 (Finance) (An Act relating to displaced homemakers and to child care facilities and child care assistance; and providing for an effective date). There being no objection, it was so ordered.

SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 508 (FINANCE)

Senator Ferguson moved that SCSCSHB 508 (Finance) be moved from committee with individual recommendations. There being no objection, it was so ordered and the committee report was signed as follows: Co-chairmen Bennett and Dankworth and Senators Ferguson and Sturgulewski signed "do pass".

Appropriate fiscal notes from HB 43 and HB 26 were included with the bill.

ADJOURNMENT

The meeting adjourned at 1:45 p.m.

(Tape SFC 81, # 70, Side 2, 283 - 340)

SENATE FINANCE COMMITTEE
June 23, 1981
3:30 p.m.

(no tape recording - meeting held in Co-chairman Dankworth's office)

CALL TO ORDER

Co-chairman Bennett called the meeting to order at 3:30 p.m.

PRESENT

All members were present with the exception of Senators Eliason, Stimson and Sackett.

SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE
BILL NO. 294 (FINANCE)

Co-chairman Bennett stated the first order of business was consideration of SCSCSHB 294 (Finance) (An Act relating to the transfer of appropriations; and providing for an effective date).

Senator Ferguson moved and asked unanimous consent that SCSCSHB 294 (Finance) be passed from committee with individual recommendations. There being no objection, it was so ordered and the committee report was signed as follows: Co-chairmen Bennett and Dankworth and Senator Ferguson signed "do pass", and Senator Sturgulewski signed "no recommendation".

ADJOURNMENT

There being no further business, the meeting was adjourned at 3:35 p.m.

(no tape recording - meeting held in Co-chairman Dankworth's office)

SENATE FINANCE COMMITTEE
June 24, 1981
2:55 p.m.

(no tape recording - meeting held in Co-chairman Dankworth's office)

CALL TO ORDER

Co-chairman Dankworth called the meeting to order at 2:55 p.m.

PRESENT

All members were present with the exception of Senators Sturgulewski, Eliason and Ferguson.

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 91 (FINANCE) AMENDED

Co-chairman Dankworth stated the bill for consideration was CSHB 91 (Finance) (An Act relating to domestic violence, sexual assault, and crisis intervention and prevention programs).

Co-chairman Bennett moved and asked unanimous consent that CSHB 91 (Finance) amended be passed from committee with individual recommendations. Co-chairman Dankworth objected for the purpose of discussion. Co-chairman Dankworth removed his objection. There being no further objection, it was so ordered and the committee report was signed as follows: Co-chairmen Bennett and Dankworth, and Senators Stimson and Sackett signed "do pass".

ADJOURNMENT

The meeting adjourned at 3:00 p.m.

(no tape recording - meeting held in Co-chairman Dankworth's office)

SF0714810910

SENATE FINANCE COMMITTEE
SPECIAL SESSION
July 14, 1981
9:10 a.m.

(Tape SFC SS 81, # 1, Side 1, 000 - 078)

CALL TO ORDER

Co-chairman Bennett called the meeting to order at 9:10 a.m.

PRESENT

All members of the committee were present with the exception of Senators Ferguson and Eliason.

SENATE BILL NO. 607

Co-chairman Bennett stated that the committee would take up consideration of SENATE BILL NO. 607 (An Act making a special appropriation for operation of the twelfth Legislature - First Special Session; and providing for an effective date). He stated the original amount in the bill was \$358,150 based on 80% funding for 10 days, and he wished to propose an amendment cutting the amount to \$179,075 based on 80% funding for 5 days, or 4 full days of funding. He moved that the amendment be incorporated into COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 607 (same title) and moved that CSSB 607 be taken up at this time. There being no objection, it was so ordered.

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 607

Co-chairman Bennett moved that CSSB 607 be moved from committee with individual recommendations. There being no objection, it was so ordered, and the committee report was signed as follows: Co-chairmen Bennett and Dankworth, and Senators Sackett, Stimson and Sturgulewski signed "do pass".

ADJOURNMENT

The meeting adjourned at 9:15 a.m.

(Tape SFC SS 81, # 1, Side 1, 000 - 078)