

Recap of the 2000 Legislative Session – June 2000

The Legislature heard the call to action from UA President Hamilton . . .

I move that the Senate adjourn sine die. With those few words, the Second Session of the Twenty-first Alaska State Legislature ended on May 3, 2000. And I had just completed my fourth session. It has been my pleasure to represent West Fairbanks in Juneau for the past four years. The years have flown by and, as always, I appreciate your friendship and support you have shown me as your state senator.

This past legislative session will be known as the *Year of the University*. The Legislature heard the call to action from University of Alaska President Mark Hamilton and responded loud and clear. The University received an increase of over 10% in operating funds as compared to last year, for a total budget of \$516,880,600. Over a half a billion dollars support our University. I am confident that these dollars will be spent wisely and UA will now be able to realize its long-term initiatives and goals. Health care, education, global logistics, and workforce development in the vocational and techni-

cal education fields will receive additional attention as the University begins this new, exciting chapter of higher education.

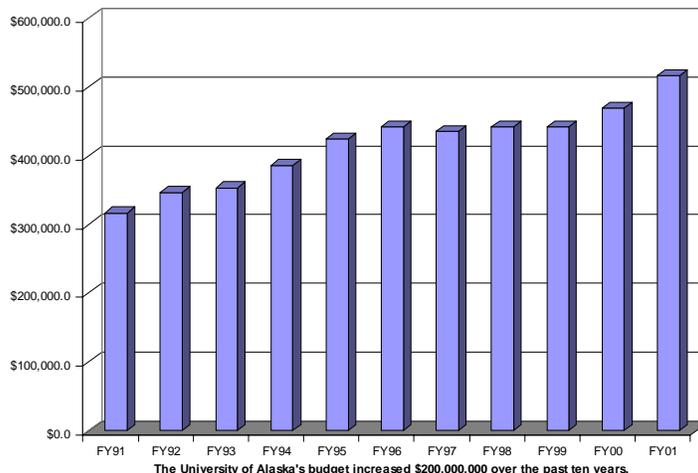
“ . . . session will be known as the Year of the University.”

The community of Fairbanks, as well as concerned individuals statewide, advocated strongly and effectively for an increase in state support for the University, an investment in our future. UA’s base operating budget was increased by over \$15.5 million, plus an additional \$1.78 million was appropriated to pay an outstanding judgment. The total increase in state support this session topped \$17.3 million.

The importance of this significant financial commitment should not be understated. This year was a turning point for the University. The legislative discussions about our University and its value to Alaska have reached a new high level. It is recognized that Alaska’s economic growth depends on a viable, dynamic, and expanding university system that can meet the training and education needs of all Alaskans. And in order to succeed, the university system must receive the necessary funds. This new appreciation for UA is due, in part, to you and others who spoke so eloquently on behalf of our statewide institution. Thank you.



University of Alaska’s Revenues
(in thousands)



Legislation to address many concerns introduced and passed . . .

Fish Legislation

Each summer 20,000 - 30,000 Alaskans try their luck to net Copper River salmon at Chitina and have succeeded at harvesting over 118,000 world-class fish. In order for this dip net fishery to continue this year, a legislative change was necessary. This change was embodied in SB 301, which I sponsored as a Senate Finance Committee member.

Land ownership bordering the Copper River near Chitina is a patchwork quilt composed of state



The dark green areas represent where the public easement may extend to the river.

lands and Native corporation lands – Chitina and Ahtna Corporations. This spring the Department of Fish and Game negotiated an agreement with the corporations to provide increased and improved services for the dip netters and maximum public access to the fishery with minimal conflict with private landowners.

The agreement established the price of a Chitina dip net fishing permit at \$25.00. As in the past, this permit is a household permit which allows family members to fish under the same permit. Senate Bill 301 also allows an Alaskan resident who is 60 years old to obtain a Chitina fishing permit without charge.

The current agreement between the state and the private landowners expires December 31, 2000. Through SB 301, the Legislature recommended that the Department of Fish and Game enter into a subsequent agreement for access to the fishery that will last for three years and the fee shall not exceed \$25.00. Also, the Department was instructed to secure a long-term solution to the problem of public access through a lease arrangement, land exchange, or other means.

Senate Bill 301 began the process for a permanent solution to securing public access to the Chitina dip net fishery while assuring that all Alaskans could enjoy this fishery in 2000. I am pleased this legislation became law on May 12, 2000.

Railroad Extension

Senate Joint Resolution 38 showed support for federal legislation sponsored by Senator Frank Murkowski that would fund a feasibility study to be conducted on the extension of the North American rail system through Canada to Alaska. As the Senate prime sponsor of SJR 38, I was pleased that this first step towards connecting Alaska to the rest of North America passed the Legislature on April 16, 2000.

Education Legislation

As you may know, I introduced Senate Bill 198 to increase K-12 funding by \$50.00 per student. Unfortunately this legislation did not pass. Statewide pupil transportation costs for the current year and the next increased by over \$7.1 million and this added cost had a direct bearing on the dollars available for K-12 instruction. The Legislature was forced to choose between funding bus contracts or increasing the per student dollar. Funding was found for pupil transportation reimbursement, but not for a funding formula increase.

Although the student dollar was not increased by \$50.00 as I had proposed, additional school dollars will be distributed next year to school districts through the Learning Opportunity Grants. These grants are only available for one year so a long-term funding solution must be found. I am committed to increasing K-12 funding and will continue to push for this change next year.

A Bond Package addresses many statewide construction needs . . .

At the close of the legislative session, the Legislature approved a \$302 million bond package to address some of the state's most critical public school and University construction needs as well as ports and harbor projects across Alaska. All but \$38.4 million of the package was earmarked for education needs.

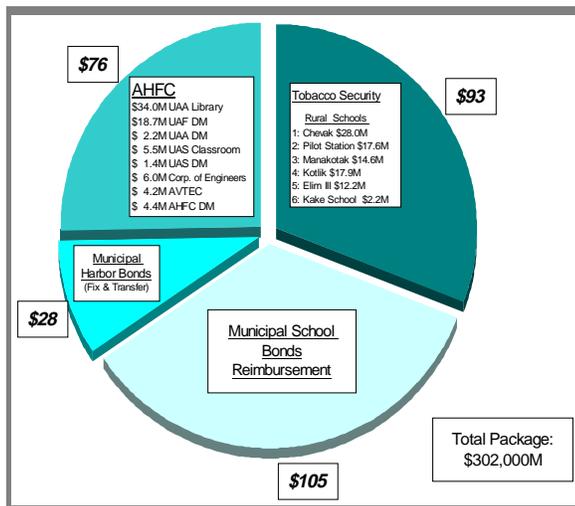
The bond package utilizes a balanced approach of funding and makes use of tobacco settlement revenues, a municipal bonding program, and Alaska Housing Finance Corporation's (AHFC) bonding capacity to generate the necessary dollars for the various projects. The \$302 million cost is broken into three funding sources: (1) *Tobacco settlement payments* are the result of a lawsuit by 46 states against five major tobacco companies and will distribute \$206 billion over the next

26 years to the states. Alaska's projected payment for this year will be approximately \$20 million. Starting next year, 40% of the annual tobacco settlement revenue stream will help pay for the most critical school construction needs in rural Alaska.

(2) AHFC will issue \$76 million in bonds to address the statewide deferred maintenance needs for the University of Alaska, senior housing, and new student housing for a vocational school in Seward. Also included in this total amount is the required state match for seven port and harbor facilities throughout Alaska.

(3) Under the *municipal school bond reimbursement program* several urban school districts will be reimbursed for 70% of the cost of school construction projects approved by the local voters; the total value of these proposals equals more than \$150 million. The Fairbanks

North Star Borough School District was allocated almost \$15 million of this total and has until July 1, 2004 to request and obtain voter approval of the projects. As under the current reimbursement system, the local taxpayers will be obligated for 30% of the project costs while the State of Alaska will pick up the remaining 70 percent.



The bond package is broken down as shown.



Did You Know?

- ☆ Over one-third (35%) of state general purpose funds are spent for K-12 education, educating over 131,000 students.
- ☆ The Alaska Permanent Fund ended the third quarter with a market value of \$28.3 billion, a \$1.2 billion increase in one quarter.
- ☆ A hunting guide on the lam since September 16, 1999 was arrested recently due to a tip made possible by *Safeguard's* reward program.
- ☆ Governor Knowles vetoed legislation that would have allowed FNSB to better manage service areas and therefore save residents money.
- ☆ On April 26, 2000, Phillips Petroleum formally completed the acquisition of ARCO Alaska's assets; this sale was made possible, in part, because of the concerns expressed by the Legislature's Special Committee on Mergers.
- ☆ UAF received \$18.7 million for deferred maintenance work on the UA Museum (\$7 million), O'Neill Building, and the Arctic Health Building.

Committee membership includes a committee on military affairs . . .

The military in Alaska plays a very special role in the Interior's economy and social framework. I am privileged to call many military personnel my friends and pleased that I was appointed a member of the Joint Armed Services Committee. This new permanent interim committee serves as the Legislature's focal point for the coordination of all issues that impact the military in our state.

Alaska is under serious contention to be selected as the national site for the deployment of the intercept missiles within the national ballistic missile defense system. The economic benefit of the projected \$60 billion plan is overwhelming, not to mention the benefit of supporting a strong national defense system. If the system is deemed worthy and wholly

functional, the Joint Armed Services Committee will take an active role in the selection of Alaska as the best site for the United States.

Alaska's location is invaluable for international distribution of goods and services and the military is turning to Alaska as a prime global logistic center. In this fast paced, technological world, global logistics is becoming evermore important. As a hub of the transportation corridor, our worldwide positioning will be a vital component for both the Anchorage and Fairbanks economy. Through the Armed Services Committee and a local airport task force I hope to do what I can to assure the interests of our Fairbanks International Airport are protected and expanded.



As always, I enjoy hearing from you. Please stay in touch.

Capital Budget

Over \$1 billion was appropriated in this year's capital budget for a variety of statewide construction projects. Of this amount more than 76% was federal dollars (\$824 million) while less than 10% was general purpose funds (\$71.5 million).

The receipt of federal dollars is dependent on a state match – which, at times, can be a double-edged sword. In order to adequately match the federal dollars, unfortunately, at times, other equally as worthwhile, local, non-federal projects may not get fully funded. And as you can surmise, crafting the capital budget is a delicate balancing act.

As a member of the budget subcommittee, I had the opportunity to help structure the budget for the state as well as the Interior. The following are some of the projects funded for this area:

- ☆ *Fbks Hwy Improvements*
\$41,977,369
- ☆ *Fbks International Airport*
\$8,698,400
- ☆ *Municipal Matching Grants*
\$1,464,350
- ☆ *Hutchison Career Center*
\$5,000,000
- ☆ *Fairbanks Parking Garage*
\$627,788
- ☆ *Fahrenkamp Facility*
\$495,000
- ☆ *Mental Health Center*
\$150,000
- ☆ *Boys & Girls Club*
\$50,000