

From The Desk
Of Representative Paul Seaton

Weekly Legislative Newsletter from the office of
Representative Paul Seaton

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House Action

Last week the House passed House Bill 46, introduced by Rep. Mike Hawker.

Mike Hawker's bill changes the closed ballot system by allowing individuals to vote on ballot and bond initiatives without having to select a partisan ballot. We may see a bill later in the session to eliminate the closed-primary.

Governor's State of the Budget

This past week the Governor presented his operating budget to the Legislature for the next fiscal year, which begins July 1st.

The Governor's budget should be viewed as an option to reduce the draw on the Constitutional Budget Reserve(CBR). The Governor's proposal attempts to add some new revenues while maintaining our savings account, the CBR.

The Governor's budget is projected to use \$393 million from the CBR. Even with the \$393 million draw, the legislature still has flexibility to fund programs - but only if cuts or additional revenues are identified. Our constitutional responsibility states that the legislature is the appropriating body. Any action the legislature makes with regards to funding could be vetoed. The governor has line-item veto authority on all spending bills. I do believe the governor will use his line-item veto to keep the budget in line within his CBR withdrawal limit.

Most legislators agree that the Governor took a very bold and politically risky step in proposing \$189 million dollars in cuts while adding 50-60 million in user fees. I can only presume he is fully committed to maintaining his reductions.

*Longevity Bonus and Independent Learning Centers

Important items slated to be cut by the Governor are the Longevity Bonus Program and Independent Learning Centers. We have heard a lot of concerns regarding cuts to the Independent Learning Center and I appreciate all of the comments made last week in the Kodiak-Kenai Teleconference. The cuts to the Independent learning center total about \$700,000. I believe we can find the necessary funds to continue operating the centers across the state.

The \$47 million elimination of the longevity bonus will be very difficult to restore. The program is very important for many of our district seniors; and it would be extremely difficult to find additional cuts to equal the \$47 million removed.

*Education Funding(Budget)

Pupil Transportation-The Governor's budget reduces the reimbursement for pupil transportation, to 80% of the costs. This effectively takes 10.7 million out of the school budgets. Although there has not been a monetary "incentive" structure to hold down pupil transportation expenses, the Department has worked aggressively with the districts to find the lowest bids for bus contracts. The state mandates that busing will be available for anyone living 1 and ½ miles from a school if that district decides to provide transportation.

**Community Schools*-The Governor's budget also eliminates community schools \$500,000. The education department mission specifically identifies lifelong learning as a goal. Community Schools provides a way across our state to utilize our schools for community education.

The proposed budget reduces the amount funded per student for Learning Opportunity Grants [LOG] from \$30 million to \$20 million. This money has been used in the past to supplement the foundation formula.

**Revenue Sharing*-Another budget item potentially affecting education proposes a 25% reduction in municipal revenue sharing. Local governments may not be able to absorb this reduction, yet municipalities would still be required to provide a senior tax exemption, fund needed education dollars or deal with other unfunded mandates.

**Bond Reimbursement*-Short-funding of the K-12 school bond reimbursement to 90% of the state matching percentage means the borough must come up with more money to repair and rebuild our schools.

*Our Kenai Borough Schools(Budget)

Our K-12 schools need more money - not less. The District has done an excellent job of holding down administrative and extraneous costs. The Borough has consistently funded at the cap [federal law mandates a limit on the difference in funding between schools, and if a district funds too much, an equal amount is subtracted from the State contribution]. The Kenai Borough's current proposal to layoff 55 teachers is based on this year's funding - not less funding under the Governor's proposal for next year. I really don't believe there is any fat in the KPB budget to cover any additional reductions nor cover additional programs like the loss of community school funding.

*UA-The University of Alaska is proposed to receive 10.8 million dollar increase - approximately 5%. Increasing the UA budget, while making a \$27 million dollar reduction in K-12 funding is not something I am in favor of doing. There will be efforts to roll some of the UA money into K-12 education.

Alaska Dept. of Fish and Game budget(Budget)

The Governor also recommended a \$1.25 million reduction to Commercial Fisheries. Unless other funding is found, the

programs that are identified to be cut are stock assessments, sonar counters, the statewide fishery library and eliminate the lake chemistry projects. Without these activities, management will likely become risk-averse, resulting in more conservative management measures. This means, the cuts will cause the department to lower harvest rates in order to protect fish stocks. The commercial fishing industry is second only to the oil industry in paying for its operating infrastructure while providing additional dollars to state and local governments.

*New Revenues(Budget)

I have signed on as a cosponsor of HB-11, which returns to our constitutional responsibility to deposit 25% of all oil royalties into the Permanent Fund. For oil discovered after 1980, we deposit 50% of the royalties in the PFD corpus. The additional money was added when the state was flush with money. Our situation has changed dramatically and we need to use our royalties [above the 25% required deposit] to fund the services provided by the state. The estimate is that for the next seven years this would generate 42 million dollars annually.

I am considering sponsorship of one or two revenue measures. Any new revenue measure that I put forth will be from the issues that I campaigned on.

Concerning new revenues, I believe the only thing that is off the table would be a personal income tax.

The Governor is proposing a \$15 wildlife-viewing fee. This fee will be imposed on many tourists including the cruise ship passengers.

Other fees suggested by the Governor are: studded tire fee(\$10 per new tire), increase the gas tax by 12 cents, increase vehicle registration fees, increase business license fees, a school tax fee deducted from your first two paychecks, gaming fee increases from pull-tabs and an increase in big game fees for non-residents. There are some other changes suggested that must go through the legislative process.

*Funding Budget Cuts/New Funding(Budget)

The only funding that is off the table for the legislature would be money associated with streamlining permitting processes. As I mentioned above, the legislature has the

power to fund the budget. It remains to be seen what will go back into the budget and what the Governor decides to veto.

Click below to see the Governor's budget:

<http://www.gov.state.ak.us/omb/akomb.htm>

Kodiak Representative Seat Still Vacant-Repeat

We are still waiting for the appointment of the new Kodiak Representative. We heard through the rumor mill that only one name was submitted by the Kodiak Republican Committee. The Governor asked for more names before he makes the new appointment.

EDUCATION ISSUES

This week the Education Committee met once to conduct a work session on the Governor's proposed education budget. The overall feeling of the Committee was that the education budget was not acceptable.

Next week the Education Committee will be hearing the Governor's bills related to specific cuts in the education budget. These bills may be viewed on BASIS.

HB 165 Community Schools cut

HB 154 Funding for pre kindergarten instruction cut

HB 174 State Correspondence program cut

HB 171 Charter School grant program cut

Health, Education, and Social Services- Issues

Last week in HESS we confirmed several members to the Board of Education and Early Development. We confirmed Sylvia Reynolds, who some of you may know as the past Principal of Soldotna High School. Sylvia is the current Principal of K-Beach Elementary School. I am encouraged to see such qualified people volunteering to work on the challenges currently facing our schools.

Representative Kapsner presented House Concurrent Resolution 8, which proposes an Inhalants and Poisons Awareness Week. I signed on as a co-sponsor. This resolution should raise awareness of the growing problem of

inhalant abuse in our communities. We all need to know the detrimental affects "huffing" can have on our children.

We also heard House Bill 25(the five wishes bill) for the third time. The bill has been much improved since we last heard it. I did introduce a minor amendment that clarifies when an oral "Do Not Resuscitate Order" may be accepted. I feel the amended committee substitute accepted by HESS satisfies the needs of everyone involved. The bill now moves to the House Judiciary Committee.

Fisheries Committee

This past week the we passed out two Salmon Task Force bills, HB 104 and HB 90. HB 104 will allow processors to pay the Fisheries Business Tax on a monthly basis. This change allows for decreased capital costs by eliminating steep bonding requirements, and hopefully making it easier for new and existing small processors to get started.

HB 90 provides a tax credit to processors on capital investments aimed at producing new product forms for salmon. This credit is intended to attract investments into new products. The intent of HB 90 was widely supported by the committee; however there were a few technical problems the Department of Revenue noticed, such as the importance of defining "value added salmon products." The Committee passed out HB 90 with the understanding that these technical concerns would be better addressed in The Finance Committee.

Both HB 90 and HB 104 are now referred on to the Resource Committee and then the Finance Committee.

The Fish Caucus, an informal group focused on various fisheries issues, has also been a valuable means of educating the public, other legislators and staff about the state's fisheries. In this past week's caucus, we heard from several of the United Fishermen of Alaska's Board leaders. They talked about their perspective on Alaska's fisheries problems. A delegation from British Columbia also discussed their efforts to expand and improve their aquaculture industry. These meetings are held from 12-1:00 p.m. on Wednesdays, and broadcast from KTOO's Gavel to Gavel.

Special Comm. Hearing on the Habitat Division Move

The Fisheries Committee will be holding a special evening hearing on EO 107 (Habitat Div. Transfer) on Tuesday, March 18th from 7-10:00 pm. Teleconferencing will be available for those wishing to comment. Go to your local LIO to testify or send written comments to Cameron in my office.

Bill Access System

Remember, all bills can be found on the State's BASIS system. You will find the system to be accessible at the website below.

<http://www.legis.state.ak.us/basis/start.asp>

Live on the Web

Remember that you can hear just about any committee hearing or tune into just about any legislative session-present or past-by going to Gavel to Gavel, public radio and tv's broadcast of the state legislature as it occurs.

Click on the link below to connect to Gavel to Gavel.

<http://www.ktoo.org/gavel/schedule.cfm>

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