

off the record

a weekly legislative
update from
Senator Kim Elton

Room 504, State Capitol, Juneau, AK 99801 ♦ 465-4947 ♦ 465-2108 FAX ♦ March 5, 1999

on the move

bills seeing action this week

SB 69/SJR 14, Election of the Attorney General

(Ward, R-Kenai) Introduces the notion of electing, rather than appointing the state's Attorney General. SJR 14 has a hearing scheduled for next Tuesday in State Affairs; SB 69 passed Judiciary, was referred to Finance.

HB 5, Educational Vouchers

(Kohring, R-Wasilla) The bill could give lower-income parents about \$4000 in vouchers for the education costs of each child; parents could use vouchers for homeschooling or private school tuition. Was referred from HESS to Judiciary to take a closer look at its constitutionality. Judiciary held one hearing this week, plans another hearing soon.

SB 7, University Lands

(Taylor, R-Wrangell) Authorizing the University of Alaska to select 250,000 acres of state lands. Moved from Senate Resources to Finance, where it was heard and referred to a Finance subcommittee for further analysis.

HB 4, Eliminate Daylight Savings Time

(Kohring, R-Wasilla) Would exempt Alaska from the switch to daylight savings time in the period from March to October. Moved from the World Trade Committee where it passed with one "do pass" recommendation; the other 6 members were either against or passed it without recommendation. Next stop is House Labor&Commerce.



**capital
move pulse:**

no new action this week.

The new deal

changes in the budget game plan

"Cut government, consolidate agencies, transfer functions to municipalities, and privatize" are the new fiscal gap buzz slogans. Nary a word is now heard from the governor's office about his income tax proposal or the proposed transfer of \$4 billion in permanent fund earnings to the constitutional budget reserve. Public opinion, running strongly against his proposals, is apparently muting the third floor's enthusiasm for dramatic revenue enhancement plans.

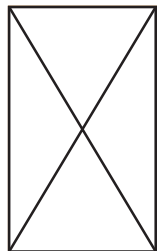
The governor's new rhetoric is in synch with what was heard last week from State Chamber members who are calling for deep cuts (they've mentioned \$300 million more), privatization, transfers, and consolidation. But it's out of tune with the refrain heard in the recent economic summit. At the economic summit, folks like Ron Duncan of GCI warned against destabilizing the economy by slashing government spending.

The specter of destabilization is not a new concern raised by attendees at the summit. In a 1990 report ISER remembered the recession of the mid-80s when oil prices tumbled, state spending was slashed, and the economy nose-dived. They noted that state government money supported, in 1990, more than 50,000 private jobs in Alaska, and that many industries such as construction, transportation and utilities are heavily dependent on state spending.

ISER also noted that, in the 1980's, state spending grew as a result of increased population (40% growth) and higher prices (45% increase). Federal cost shifting and increases in permanent fund dividends and other special programs also boosted state spending. In the 1990s, though, state spending has been curtailed despite continued population growth. After adjusting for inflation and population growth, state spending in the '90s is some 30% below that of the previous decade.

On the consolidation front, the governor last week told some legislators and the NEA we could save

(cont'd on p. 2)



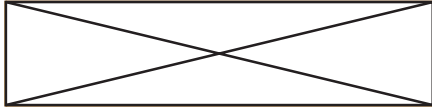
Crunch the numbers at home



Gov. Knowles new, improved do-it-yourself budget spreadsheet is on the web at

www.gov.state.ak.us

Capitol Undercurrents



Mouth to the South Muzzled?

British Columbia Premier Glen Clark is uncharacteristically silent after mounties raided his home Wednesday looking for evidence that ties him to an illegal gambling operation at the Lumbermen's Social Club in a Vancouver suburb. Premier Clark's fulminating rhetoric whipped B.C. fishermen into the frenzy that led to the recent unpleasantness in Prince Rupert where an Alaska ferry was blockaded. His take-no-prisoners harangues and gunboat diplomacy are the primary impediments to rational settlement of the Pacific Salmon Treaty.

Real Glory

Williams Alaska Petroleum (they just bought Mapco) honored the legislature recently by not throwing a legislative reception (fancy words for a party). Instead, they gave the money that is normally used to purchase beer, liquor and hundreds of little pigs-in-a-blanket to Juneau's Glory Hole. The \$4,000 donation will help the Glory Hole provide a 'hot and a cot' for Juneau's homeless. They've done this before and it really does honor the legislature and the company.

Taking the High Road on Education

DOTPF is beginning a process that could lead to straightening the highway at Auke Bay. One possibility takes the highway up behind the Chapel by the Lake and across university land to a swath of land above Auke Bay School. Another option adds turning lanes and other improvements to the existing roadbed. Preliminary recon begins this summer; public hearings on a new plan could begin by the end of the summer.

Charge!

Most have heard by now that UAS Chancellor Marshall Lind is headed north to take the reins at UAF, and that Marshall's right-hand at UAS, John Pugh, has been elevated to UAS chancellor. Marshall was apparently given just a few days to make up his mind—another indication that when new UA President Mark Hamilton (retired army general) sees a hill he plans on taking it. There also is some suggestion that the new president's decisive speed was a tactical maneuver intended to forestall behind the lines movements by UA foot soldiers and legislators who were pushing other candidates, including a rumored effort to promote former regent Mike Kelly, brother to Sen. Pete Kelly, to the UAF chancellor's post.

Quote of the Week

Greg Carr, scion of the grocery store clan and former member of the oil and gas task force reacted strongly last week to BP's suggestion the state should lighten the tax load on the company's operations in Alaska. He noted in a letter published in the Anchorage Daily News, "BP should lay off a few more lobbyists and stop asking this state what it can do for BP and start telling us what BP can do for Alaska." BP was the recent recipient of the state's largesse when the legislature bought off on a lease break for the North Star field a couple of years ago (in the interest of full disclosure, I voted for the lease break).

(the new deal, cont'd from p. 1)

tens of millions of dollars by consolidating school districts, an idea which left some rural lawmakers open-mouthed. Although frequently suggested by Anchorage solons who complain rural districts are too costly, forced consolidation is anathema to Bush communities who focus on local control.

The governor is not tipping his hand on state agency consolidation or on privatization. Some notable experiments with privatization in other states have failed miserably. While some privatization may make sense, we need to remind ourselves that Medicare is an example of what can go wrong. The program is almost entirely run by hospitals, insurance companies and others who decide who, what, and when to reimburse. They do such a poor job the U.S. Senate recently found \$27 billion a year in annual fraud.

On the legislative front, an off-the-record discussion of budget cuts among House Finance Committee members last week demonstrated a generally favorable attitude toward big reductions. According to the *Alaska Budget Report*, Finance Chair Eldon Mulder said he'd be willing to vote for a package of cuts which included a \$47 million reduction in aid to municipalities, \$13 million to welfare, \$27 million to state employees' salaries, and \$57 million to the longevity bonus program. It remains to be seen whether the political will exists to cut that much from the budget after the public gets wind of specific reductions, but it's just another indication that it's easier to talk about cuts than about income taxes or permanent fund transfers.

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