

off the record

a weekly legislative
update from
Senator Kim Elton

Room 504, State Capitol, Juneau, AK 99801 ♦ 465-4947 ♦ 465-2108 FAX ♦ April 2, 1999

on the move

bills seeing action this week

SB 9 PERS Credit for Non-Certified Employees

(Wilken, R-Fairbanks) Allows support staff of public schools to opt for the same retirement benefits as their certified counterparts. Passed Senate Finance and headed to the floor.

HB 141 Preferential Voting

(Kott, R-Eagle River) Provides for a new way to tally votes in multiple-candidate races: voters will rank candidates in order of preference; if no candidate receives 50% or more votes, the lowest ranked candidate will be removed, and that candidate's 2nd place votes will be distributed (as 1st place votes) to the remaining candidates; this repeats until one candidate reaches 50%. A committee substitute also provides for closed primaries. Passed House State Affairs Thursday, 4/1/99; to House Finance next.

SB 46 Naming Capitol School

Names the Capitol School Building the "Terry Miller Building" after the former Senate President and Lt. Governor. Passed Senate, in House State Affairs on 4/8/99 at 8am Rm. 102.

SB 116 & HB 40 Dept. Consolidations

(Ward, R-Anchorage & Kohring, R-Wasilla) Combines the Dept. of Commerce and Econ. Development and the Dept. of Community and Regional affairs into a new Dept. of Commerce and Rural Development. Transfers most functions to the new department, and some to other departments. HB 40 waived from House Labor and Commerce, now in a House Finance subcommittee; SB 116 in Senate Finance.

SB 24 Regulatory Reform

(Donley, R-Anchorage) Proposes that the state conduct a cost benefit analysis of regulations proposed by DNR, DEC, and the Habitat Division of ADF&G.

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Uphill budget battle ahead on session's downhill side

This is a special Easter edition of Off the Record. Most of my colleagues scattered for an extended weekend. Some took off Wednesday, skipping the technical session on Thursday, and won't return until Tuesday.

Because it's a short week, because it's a weekend designed for reflection, and because we've recently topped out at the half-way point of the session and hit the downhill side, it's perhaps appropriate to just 'chat' instead of 'report' in this edition.

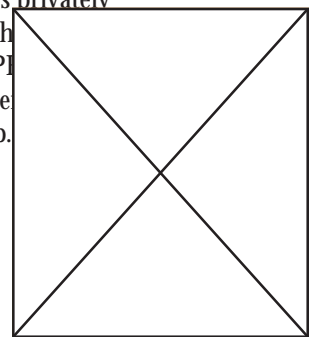
The first half of this session was fretful. We fretted almost exclusively about the fiscal gap. That fretfulness may now be turning to frustration as many legislators privately chafe over the "golden handcuffs" that lieve shackle them to tax-hating, P loving constituents who elected them to deal with a \$1.2 billion budget gap.

In their offices and in the legislative lounge, these legislators talk quietly among themselves about the need for revenue enhancements (a political euphemism for income taxes, or sales taxes, or cuts to the PFDs). Many, too, admit that the emerging mantra of: cutting (budgets), consolidating (agency functions), privatizing (state responsibilities) and transfers (of programs and program costs to cities and boroughs) don't even bring us within shouting distance of the other side of the billion dollar plus budget chasm.

None-the-less, a lot of legislative energy is being spent on the symbolism of cuts, consolidation, transfers, and even privatization. This legislative focus on budget reduction symbolism is an attempt to 'engineer consent'.

What I mean by that is many legislators are taking these symbolic and tiny budget gap steps—proposed cuts, consolidations, and transfers still leave us a billion dollars short—in order to

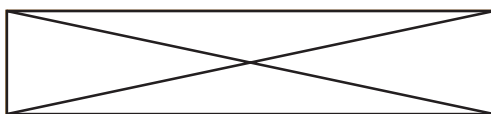
(Uphill Battle, cont'd on p. 2)



**capital
move
pulse:**

no new action this week.

Capitol Undercurrents



Games within games

A house finance subcommittee considering the UA budget agreed with the new UA president that the statewide system needs an additional \$16.3 million in next year's budget. One of the House finance committee chairs, told the subcommittee "un-uh", take the new money out. The subcommittee met again but refused to take out the \$16.3 million increment. It became woodshed time and the Republican subcommittee members were taken behind closed doors. Subcommittee members met again and finally deleted the additional funds. Rumor has it that the full finance committee wanted the glory of adding money to the UA budget, though they probably won't add all the money the UA president is seeking.

Who'd a thunk it?

Congressman Don Young blew through town Thursday and spent part of his visit meeting with the legislature's Democrats. He made some eyebrows wiggle as he staked out positions considerably distant from typical GOP dogma. First, he recommended the state consider starting its own oil and gas company to compete with BP if BP's acquisition of ARCO goes through. Then he outlined an offshore oil revenue sharing program that environmentalists are embracing and his allies can't stand. Finally, he dis-

agreed with some of the hard-liners in his party over stonewalling on a subsistence amendment to the Alaska constitution.

Bloated spending figures

UAA economist Scott Goldsmith took on some of the budget gap spinmeisters last week in a letter to the Anchorage Daily News. Tired of reading that Alaska's per capita spending is three times the national average, he noted the American Petroleum Institute reports the cost of drilling in Alaska is seven times the national average. Does that mean Alaska oil companies are inefficient? Hardly, he said, just as there are reasons for extraordinarily high drilling costs, there are logical reasons for high state per capita spending. He noted the hundreds of millions spent on PFDs and the services provided by Alaska that are provided by counties and cities in the southern states (where local government typically provides the lion's share of school costs and pay for jails, courts and prosecutors).

Hit it lucky

A number of legislators (including some finance committee members) headed to Las Vegas for the long Easter weekend break. If they hit it lucky, perhaps they'll donate their winnings to close the fiscal gap.

days of statehood in the 60s. The concept of "golden handcuffs" that shackled political leaders was foreign. Legislators used to tell us what they thought without checking polls. They weren't afraid to be candid publicly as well as privately so what was said in the legislative lounge was easily repeated in the grocery store or in addresses to the chambers of commerce.

While the legislative culture may be getting more timid, not every legislator is timid. A few have responded to the governor's income tax proposal with politically risky and unpopular counter propos-

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SB 33 Task Force on Privatization

(Ward, R-Anchorage) Is similar to the bill vetoed by Gov. Knowles last year. It allows legislative leaders to appoint 10 of the 13 members and keeps legislative appointees in control of the panel which will recommend government functions to be privatized. Passed Senate Finance this week.

SCR 7 & HCR 4 Resolution supporting the Tulsequah Chief Mine and Road

(Pearce, R-Anchorage & Porter, R-Anchorage) Supports the development of B.C.'s proposed mine and road project up the Taku River. Asks Gov. Knowles to withdraw a request to refer the project to the International Joint Commission. Knowles' referral arose from concerns about possible negative impacts to Alaska salmon habitat. SCR 7 passed Senate Rules, scheduled for the floor Tuesday, 4/6/99.

Track bills on the web at <http://www.legis.state.ak.us/basis21.HTM>

Statewide teleconference on the House Finance Subcommittee budget recommendations

Tuesday, April 6th, 4pm-10pm
Juneau testimony slated for 9-10pm

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convince Alaskans the legislature is doing all it can and it really is time to pay taxes or expect smaller PFDs. A legislator who really believes these symbolic gestures will convince Alaskans to pay taxes or accept smaller PFDs deserves a Ph.D. in optimism.

The 'engineer consent' approach to the budget gap is a dramatic demonstration of the legislature trending toward timidity. The notion that we should spend time and energy training Alaskans to accept fiscal reality would have been foreign just a decade ago and even offensive in the heady early

als. A few talk openly about sales taxes, income taxes, or capping the PFD. They are looking for cuts and other savings but they also honestly acknowledge those tiny steps aren't enough and frankly express their 'revenue enhancement' preferences.

I think Alaskans are looking for that kind of frankness. I think they believe legislators should be honest about the bumpy ride into the future. I think Alaskans believe policy makers ought to fasten their seat belts and lock their spines into the full and upright position.