

off the record

a weekly legislative
update from
Senator Kim Elton

Room 504, State Capitol, Juneau, AK 99801 ♦ 465-4947 ♦ 465-2108 FAX ♦ April 16, 1999

on the move

bills seeing action this week

HB 161 Pro-Rating Benefits

(House Finance Committee) This bill takes away the opportunity to ask for supplemental funding for certain benefit program, such as Medicare, when the money runs out before the end of the fiscal year. The affected department would need to either pro-rate the funds that were appropriated at the beginning of the FY or narrow the eligibility for participating in benefit programs. It passed the House and is on the way to the first Senate committee.

SB 119 Allowable absences for PFD

(Ward, R – Anchorage) This bill makes Alaskans serving in the merchant marine eligible for the permanent fund dividend. An amendment by Sen. Elton that asked for the same treatment for Peace Corps volunteers was added to this bill. Waiting to pass out of the Senate State Affairs committee – next hearing 4/20 at 3:30.

HB 136/SB 107 Abolishing the Tourism Marketing Council

(Therriault, R-Fairbanks) and (Senate L&C) These bills are the vehicles for the tourism industry's "New Millennium Plan" which abolishes the Alaska Tourism Marketing Council and hands over all marketing responsibilities to "a qualified trade association". SB 136 is still in House Finance after one hearing, and SB 107 will be heard in Senate Finance 4/20/99.

SB 121 & SB 122 The VISA Plan

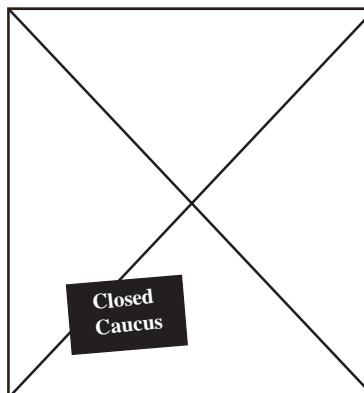
(Elton, D-Juneau) SB 121 proposes to fund tourism marketing with 3 new statewide taxes on the industry, including a cruise ship head tax of \$3 per person, per night. SB 122 merges the Division of Tourism and the Tourism Marketing Council in a new, public corporation taking on the responsibilities of both entities. SB 121 will have another hearing in Senate Labor and Commerce this week; SB 122 will be heard at the same time.

Sacred cows become ground round

Municipalities

There was heavy skirmishing in the hallways last week after the House slashed all aid to local governments. Municipalities prepared to fight back with an ad campaign blasting the House majority caucus for forcing cities and boroughs to boost local property taxes.

The first draft newspaper ad, featuring a photo of closed caucus doors with the headline "Your local taxes went up, your local services went down", created major heartburn among House Republicans. The copy circulating in the Capitol read:



"After months of work, the Anchorage Mayor presented a budget to the Assembly which would reduce property taxes in Anchorage. In one closed door meeting the State House of Representatives Majority Caucus took an action that would eliminate the tax reduction, raise Anchorage taxes by an additional \$7.5 million and reduce police and fire service."

The ad is paid for by Alaska Municipal League and the Conference of Mayors. On Friday the mayors and AML decided not to run the ad.

While House leaders were working to get mayors to yank the ad, Anchorage's Mystrom was said to be intent on waging a PR war that will convince the Senate to add back some municipal aid. Ironically, the biggest impact from the loss of municipal aid is on small communities and many small local governments may be forced to disband because municipal assistance from the state is a large percentage of their budgets.

(Sacred cow, cont'd on p. 2)



**capital
move
pulse:**

no new action this week.

(Sacred cow, cont'd from p. 1)

In Juneau, Mayor Egan testified the elimination of municipal aid would increase Juneau property taxes on the average home of \$180,000 by an additional \$670.20.

Seniors

Governor Knowles' bill to eliminate longevity bonus payments to seniors with annual incomes of \$60,000 a year (\$80,000 for a couple) got the nod from GOP leaders anxious to save a buck. SB 40 passed out of

Senate Finance last week with no discussion and no public comment, despite committee room benches crowded with on-looking seniors. Republican leaders are not happy about it, but they're doing it.

The senior renters' rebate program was zeroed out of the budget for the first time this year, and a bill was introduced to make senior citizen property tax exemptions an optional program for municipalities. There's little question most municipalities will

jettison the tax forgiveness program if they have the chance, especially since it would be unfair to continue it when elderly renters don't get an equivalent break on their housing costs.

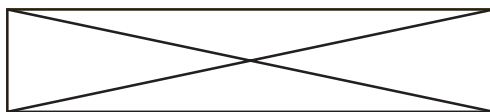
Tourism

We thought the end of the world had arrived when one Republican after another spoke up in House Finance last week in favor of taxes on the tourism industry. The Alaska Visitor Association's "New Millennium Plan" was under heavy fire by committee members who found it hard to believe the industry will cough up enough in voluntary contributions to adequately fund tourism marketing. With phrases like "corporate welfare" being bandied about, it's clear some majority members want to end general fund support for the industry.

I wasn't surprised when AVA burned up the phone lines in an effort to generate opposition to the bill I introduced imposing statewide bed taxes on the industry, and a \$3 per night head tax on the cruise ships. No one likes passing taxes, but the tourism industry is siphoning off general fund dollars for tourism marketing and the \$14.5 million SB 121 will generate is pretty tempting to legislators picking nickels off the street.

Visitors are poised for another hit if SB 153 passes. Introduced last Thursday, the bill puts a 10% tax on rental cars. More revenue is also on the way from new landing fees at state owned and operated airports. The new fees, established in SB 148, will help smaller airports, like Sitka, which have curtailed operations due to lack of revenue.

Capitol Undercurrents



It's a fast track but train is derailed—Those who know, including state Y2K czar Bob Poe, have been telling policymakers for the last year we need to get cracking finding Y2K computer glitches and funding the fixes. As a result, HB64 squirted through the House early in the session and moved quickly to Senate Rules (the final stop before a bill gets to the Senate floor). But Y2K storm warnings are changing to hurricane warnings as the funding "fix" languishes in Senate Rules. After a quick but arduous trip through House committees, the House floor, and Senate Finance Committee, the bill has been stuck in Senate Rules since February 24th.

After all, the '60s were only 30 years ago—UAF women got down to the bare essentials at an outdoor rally Thursday to protest legislative cuts to the university budget. Ten student members of Sisters Taking Responsibility to End Apathy Kreativeley (Streak) stripped to their undies in front of about 1,000 onlookers to protest tuition hikes and program cuts spurred by legislative cuts. The original notion, according to one "sister" was "go completely nude" but she noted UAF security apparently caught wind of the protest and "we didn't want to get arrested". After semi-stripping to protest, the women ran through the crowd throwing flowers.

A byte out of the cyber school—Several weeks ago we reported on the rapid growth of distance delivery programs for K-12 education students. Galena, a tiny community on the Yukon River, is now serving 3,000 students from across Alaska (and garnering the state foundation dollars that go with them). Now the Delta Cyber School is in the spotlight. The attorney general recently told the Delta/Greely School District to yank 190 computers out of private, primarily religious, schools. The AG feels the cyber school is using public assets to benefit private schools. An agreement has been reached that allows the computers to stay in schools 'til the end of the school year so students are not affected.

You don't know?—It was interesting this week that Sen. Jerry Ward, captain in F Troop's attack on state workers, is sticking with his plan to study over the interim the possibility of privatizing some government functions. The governor's office, though, is acting much more precipitously in an effort to consolidate state agencies to save money. The governor, at his press conference announcing the consolidation plan, couldn't tell reporters how much money is saved in the plan, or how many positions will be cut. But, lacking the information, the governor's office is willing to try to go for the consolidation in the 30 days remaining in this session. Makes a person kind of wish the governor would be as slow and deliberate as Jerry Ward.

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