

HOUSE FINANCE COMMITTEE  
January 19, 2001  
1:42 PM

TAPE HFC 01 - 16, Side A  
TAPE HFC 01 - 16, Side B

CALL TO ORDER

Co-Chair Mulder called the House Finance Committee meeting to order at 1:42 PM.

MEMBERS PRESENT

Representative Eldon Mulder, Co-Chair  
Representative Bill Williams, Co-Chair  
Representative Con Bunde, Vice-Chair  
Representative Eric Croft  
Representative John Davies  
Representative Carl Moses  
Representative Richard Foster  
Representative John Harris  
Representative Bill Hudson  
Representative Ken Lancaster  
Representative Jim Whitaker

MEMBERS ABSENT

None

ALSO PRESENT

Larry Persily, Deputy Commissioner, Department of Revenue;  
Mike Maher, Director, Division of Administrative Services,  
Department of Revenue; John Jenks, Chief Investment Officer,  
Treasury Division, Department of Revenue.

PRESENT VIA TELECONFERENCE

Marla Greenstein, Executive Director, Alaska Commission on  
Judicial Conduct

GENERAL SUBJECT (S):

Review of Departments Accomplishments  
Department of Revenue  
Alaska Commission on Judicial Conduct

The following overview was taken in log note format. Tapes and handouts will be on file with the House Finance Committee through the 22nd Legislative Session, contact 465-2156. After the 22nd Legislative Session they will be available through the Legislative Library at 465-3808.

LOG	SPEAKER	DISCUSSION
	<b>TAPE HFC 00 - 16 SIDE A</b>	<u>ALASKA COMMISSION ON JUDICIAL CONDUCT</u>
000	MARLA GREENSTEIN, EXECUTIVE DIRECTOR, ALASKA COMMISSION ON JUDICIAL CONDUCT	Noted that the Commission is the smallest and most limited in the judicial branch. The Commission operates as the ethical committee for judges.
263	Ms. Greenstein	Noted that the Commission will have a small supplemental for FY01 due to a case involving incarceration of a witness.
327	Ms. Greenstein	Explained that a recommendation for discipline has been made to the state supreme court. The judge is appealing the decision.
364	Ms. Greenstein	Added that the Commission also issues advice to judges.
436	Representative Hudson	Questioned where their budget is located.
453	Ms. Greenstein	Explained that the Commission has its own budget but that it is generally associated with the Alaska Court System's budget.
488	Co-Chair Mulder	Clarified that the Commission generated general fund revenues.
		<u>DEPARTMENT OF REVENUE</u>
525	LARRY PERSILY, DEPUTY COMMISSIONER, DEPARTMENT OF REVENUE	Reviewed highlights of the department. He observed that the department handles 60,000 Child Support Enforcement cases. More than 600,000 Alaskans are served through the permanent fund dividend. He added that 160 municipalities receive shared taxes.
727	Mr. Persily	Discussed the Office of the Commissioner. Dividend questions are answered within a week. Child support cases are answered within two weeks.
782	Mr. Persily	The number of cases waiting for formal hearings has been reduced to 70 for child support cases and 170 for dividend appeals.
820	Mr. Persily	Noted that the state's tax laws were developed with oil in mind, not gas.
845	Representative Hudson	Clarified that child support questions are answered in Anchorage and asked if there is a 1-800 number.
873	Mr. Persily	Clarified that the 1-800 number rings in Anchorage but that there are offices in Juneau, Fairbanks and other areas.
903	Mr. Persily	Discussed the Division of Administrative Services. There have been no grievances

		overturned. There is one that has not been resolved. There have been no penalties.
937	Mr. Persily	Reviewed the Tax Division; 95 percent of assessed taxes have been collected.
1002	Mr. Persily	Discussed the merger of the Oil and Gas and Excise Tax divisions. Concluded that this has improved workflow.
1044	Mr. Persily	Noted that the department collected more than \$440 million dollars. A BP settlement represented the greatest portion.
1152	Co-Chair Mulder	Discussed the ability to discern the value of the settlement. Confidential hearings could occur to brief the committee.
1245	Representative Whitaker	Pointed out the difficulty of establishing a definitive approach.
1260	Representative Croft	Asked the disputed amount of the settlement. Mr. Persily did not have the number.
1281	Representative Whitaker	Observed that it was a long-standing dispute.
1334	Mr. Persily	Noted that revisions to the tax division were initiated.
1377	Mr. Persily	Reviewed the Permanent Fund Division. He noted that 97.1 percent of the estimated payable dividends were issued. He observed that 25 percent of the appeal inventory exceeded six months. The goal is to do a better job screening reviews. Direct deposit is up to 67 percent. Applications can now be filed on line. Random audits will occur this year. The intent is to pull 1,000 applications. Out of 600,000 applications, 50,000 are reviewed. The rest are not reviewed. When 700 applications were randomly reviewed discrepancies were found.
1621	Representative Hudson	Noted that a number of checks are sent outside of Alaska
1644	Mr. Persily	Pointed out that checks sent out of state are already reviewed.
1659	Vice-Chair Bunde	Gave the example of a constituent that is required to be out of state 6 months of the year for their employment. They have a home in Alaska but are not eligible. Military residents only need to return to the state of Alaska for 72 hours every 2 years.
1696	Representative Hudson	Asked for more information regarding allowable absences.

1713	Mr. Persily	Reviewed the Division of the Treasury. Collections for the general fund, CBR, Alaska Children's Trust and the Public School Trust Fund exceeded their benchmarks. The International Airports Revenue Fund did not.
1800	Mr. Persily	Discussed the Alaska Municipal Bond Bank Authority. He concluded that they had a good year.
1830	Mr. Persily	PRS and TRS exceeded their benchmarks.
	JOHN JENKS, CHIEF INVESTMENT OFFICER, TREASURY DIVISION, DEPARTMENT OF REVENUE	Discussed the CBR fund. There was a little more than a 2 percent loss. Approximately 41 percent is invested in equities. He continued to discuss performance of equity holdings.
2017	Mr. Persily	Discussed the Child Support Enforcement Division. There was a record collection of \$85 million dollars. There is \$29 dollars in collection for every state one dollar spent.
2064	Mr. Persily	There are 47.3 ongoing cases receiving checks on time.
2096	Representative Hudson	Questioned the funding source
2126	Mr. Persily	Noted that \$118,000 dollars is straight GF; GFPR (the state's share of collections) makes up the rest of state funding.
2172	Mr. Persily	Discussed the backlog in accounting; 6,500 cases have been reduced to 2,300. He provided additional information on adjustments in response to a question by Representative Croft.
2255	Vice-Chair Bunde	Noted that some clients have paid ahead and not received credit for their extra payments.
2281	Mr. Persily	Explained that extra payment amount, under the law, is considered a gift. He continued to discuss performance of the Child Support Enforcement Division.
	<b>TAPE HFC 01 - 16, Side B</b>	
39	Mr. Persily	In response to a question by Vice-Chair Bunde, discussed prosecution and collections. He stressed the need to retain the public's trust.
104	Vice-Chair Bunde	Asked if there were additional measure that the state could take in collecting from self employed persons owing child support.
236	Mr. Persily	Noted that the state can require them to apply for a permanent fund dividend but

		that it is difficult to collect from these individuals.
309	Co-Chair Mulder	Observed that people will shirk their responsibility and questioned how far state government can go to force their participation.
347	Representative Hudson	Noted that collection has been tied to business licenses and questioned if it has been successful
386	Mr. Persily	Stated that it has helped but that there are individuals that continue to work without licenses and that enforcement is time consuming.
434	Mr. Persily	There is a 3 - 4 minutes average hold time for assistance calls. The department is looking to options for improved phone services that would tell the time estimated for the hold. He noted that the department would like to repeal sunset laws for child support enforcement.
716	Mr. Persily	Discussed the Alaska Mental Health Trust Authority.
755	Mr. Persily	Reviewed the Alcoholic Beverage Control Board. He noted that there was a cost of \$159 dollars per license. There were 100 noncompliant license cases in FY00. The board inspected 244 licensed premises.
884	Representative Lancaster	Questioned if it were a local collection problem.
916	Representative Whitaker	Observed that complaints go to the municipality and the municipality turns the problem over to the state.
1032	Co-Chair Mulder	Noted that subcommittees will review missions and measures and report back to the committee their recommendations. Discussion occurred regarding the on-line version and the need to coordinate the data to prevent duplication of effort.
1216	Representative Hudson	Stressed the benefit of missions and measures. He recommended coordination between departments.
1380	Co-Chair Mulder	Agreed and pointed out that there has been an attempt to do so.
1409	Representative John Davies	Stated that it would be helpful to receive the data prior to the committee meeting.
1427	Denny Dewitt, Staff, Co-Chair Mulder	Explained that the intent is to work with departments on the mission and measure reports during the creation of the budget in the fall. Subcommittee staff has been asked to avoid rewriting and changing measures, but were instructed to tweak

		existing measures. The intent is to address where measures do not succeed.
1577		<u>ADJOURNMENT</u> The meeting was adjourned at 2:55 p.m.