

HOUSE FINANCE COMMITTEE
February 11, 2002
1:43 P.M.

TAPE HFC 02 - 22, Side A
TAPE HFC 02 - 22, Side B

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 1:43 P.M.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative John Davies

ALSO PRESENT

Representative Hugh Fate; Amy Erickson, Staff,
Representative Lisa Murkowski; Catherine Reardon, Director,
Division of Occupational Licensing, Department of Community
and Economic Development; Anne Henry, LPC Board, Special
Projects Coordinator, Division of Mental Health &
Developmental Disabilities, Department of Health & Social
Services.

PRESENT VIA TELECONFERENCE

Mark Myers, Director, Division of Oil and Gas, Department of
Natural Resources, Anchorage; Jim Dodson, Andex Resources,
Anchorage.

SUMMARY

HB 171 An Act relating to a curriculum for Alaska
history; and providing for an effective date.

CSHB 171 (FIN) was reported out of Committee with
a "do pass" recommendation and with a new zero
fiscal note by Department of Education & Early
Development.

HB 307 An Act delaying to June 30, 2007, the last date by which hydrocarbon exploration geophysical work must be performed or drilling of a stratigraphic test well or exploratory well must be completed in order for a person to qualify for an exploration incentive credit.

HB 307 was reported out of Committee with a "do pass" recommendation and with indeterminate fiscal notes #1 & #2 by the Department of Natural Resources.

HB 343 An Act extending the termination date of the Board of Professional Counselors.

CS HB 343 (FIN) was reported out of Committee with a "do pass" recommendation, a House Labor and Commerce Letter of Intent and fiscal note #1 by Department of Community & Economic Development.

HB 362 An Act extending the termination date of the Board of Governors of the Alaska Bar Association.

HB 362 was reported out of Committee with a "do pass" recommendation and with a zero fiscal note by the Alaska Court System.

#HB171

HOUSE BILL NO. 171

An Act relating to a curriculum for Alaska history; and providing for an effective date.

Vice-Chair Bunde MOVED to adopt work draft #22-LS0070\T, Ford, 2/5/02, as the version of the legislation before the Committee. [Copy on File].

Representative Croft OBJECTED for the purpose of hearing the changes made to the bill.

REPRESENTATIVE MARY KASPNER pointed out that the committee substitute would change the language on Page 3, Line 19. The former version stipulated that the Department of Education & Early Development "shall" develop a standards based history education course. The proposed committee substitute would clarify that it would be left up to each governing body to develop the standards based history curriculum. The burden would fall upon the school districts rather than the Department of Education & Early Development. She added that adoption of the committee substitute would zero out the fiscal notes.

Representative Croft WITHDREW his OBJECTION.

Vice-Chair Bunde MOVED to report CSHB 171 (FIN) out of Committee with individual recommendations and the attached zero fiscal note. He voiced concern for what the teachers of history throughout the State are about to face.

There being NO OBJECTION, it was so ordered.

CSHB 171 (FIN) was reported out of Committee with a "do pass" recommendation and with a new zero fiscal note by Department of Education & Early Development.

#HB307

HOUSE BILL NO. 307

An Act delaying to June 30, 2007, the last date by which hydrocarbon exploration geophysical work must be performed or drilling of a stratigraphic test well or exploratory well must be completed in order for a person to qualify for an exploration incentive credit.

REPRESENTATIVE HUGH FATE explained that HB 307 would extend the exploration incentive credit for petroleum for an additional three years. The change would allow for further exploration into the possibility of natural gas and oil in the Tanana River Drainage Basin.

Representative Hudson complimented Representative Fate for bringing the legislation forward. He thought the bill could be a simple way to create additional revenues for the State. He asked how long it was anticipated before the State would see those revenues.

Representative Fate replied that the Tanana River Drainage Basis is an extremely high potential area and where Andex Resources is already licensed. There are potential leases in that area. He reiterated that the potential could be huge. If they are able to strike the hydrocarbons assumed to be gas, they would be able to have the ability on line to delineate the field and explore the capacity with a program by 2005. There could soon be gas into Fairbanks if it is a commercial deposit. He felt that it would bring greater economic potential into Fairbanks, the Railroad Belt and the military bases.

Representative Hudson suggested that perhaps by 2005 or 2006, there would be gas on the market.

Representative Fate believed that distribution could take longer. He stated that the flow would begin in around 2005. Currently, the payment is \$8 dollars per million BTU. The legislation would reduce that number. HB 307 does not deal with the "discovery" of gas, but rather the "exploration" of

gas. He stressed that the legislation would be a benefit to the State of Alaska.

Representative Harris inquired what types of incentive credit would be involved.

Representative Fate responded that the exploratory incentive would be an incentive for the State to receive to explore the geology. It would not become their private database. That is why the State is interested in the exploratory incentive and would provide good information for the State for future sales.

Representative Harris asked how the exploring credit would be used.

Representative Fate replied that it would be factored by the cost through the royalty base. He added that there are other credits that could be given, such as a lease sale. He emphasized that this would not be a discovery credit; there are two different types of credits.

Representative Lancaster asked if the credit would be good for only this basin discovery or could it be used for a shallow gas credit.

Representative Fate replied that shallow gas has its own structure. The royalties on shallow gas would be much lower. He added that the shallow gas credit would be better for the operators. Some laws are provided for both; however, HB 307 would not affect the shallow gas operators.

MARK MYERS, [TESTIFIED VIA TELECONFERENCE], DIRECTOR, DIVISION OF OIL AND GAS, DEPARTMENT OF NATURAL RESOURCES, ANCHORAGE, explained the lease credit. Economic incentive credits consist of two programs. One of the programs applies to leases and is a competitive program. That is an option with the Commissioner of Department of Natural Resources (DNR). He stressed that the proposed program is separate and distinct. The credit was passed in 1994 with the intent to allow the State to get information that it would not otherwise get, or it could accelerate the ability to determine information and show that information to other parties. The information could include both well and geophysical data.

Mr. Myers pointed out that it had been capped at \$30 million dollars, which could be spent. The bill would extend the sunset to 2007. The Commissioner of DNR would look at the data to determine how much funding they would be willing to put toward the project to arrive at that data. The money would be a credit against royalties, taxes, bonuses and rentals and would be a transferable credit. They could sell

the credits to other major companies at pretty much face value. It would be a discretionary transfer of money.

The minimum that the DNR Commissioner could give out would be 10% of the cost per foot or 10% of the cost of the line mile. The maximum, which could be given out, would be 50% on State land and 25% on Native land. The Commissioner is not allowed to do that on leased land. The program has \$30 million dollars that has never been spent. There are two applications which the State is aware of.

He reminded members that the motivation and justification for the bill is valuable information to the State. Usually, the Commissioner does not receive much of the information available to the Department of Natural Resources regarding private land. He added that the Commissioner has the authority to show data to the third parties to promote competition. Mr. Myers stressed that there are multiple uses for the data.

Representative Hudson asked if an extension to 2007 would be a reasonable length of time. He believed that the concept for exploration credit could produce more gas and would create revenue positive for the State. He questioned how the date had been determined.

Mr. Meyer replied that a shorter time frame could provide an advantage to the Legislature to make a determination of how it might work in the future. Additionally, it could accelerate operations. It is hoped that by 2010, there will be exploration before it matures. He reiterated that the 2007 date allows more flexibility for the Legislature.

JIM DODSON, [TESTIFIED VIA TELECONFERENCE], ANDEX RESOURCES, ANCHORAGE, interjected that one of elements of the credit would be that the State could earn a 25% credit on non-state lands. Not everything done under this statute would lead to leasing. The bill provides the ability for statute to encourage production of oil and gas within the State. He added that no one would receive anything unless money is spent and/or the DNR Commissioner approves the credits. The State does not use cash to fund the request.

Mr. Dodson stated that the statute currently being used was passed in 1994 and given a ten-year sunset. He noted that not one dollar of that money has been spent. The program makes a lot of sense as it is trying to bring gas exploration to Interior Alaska. For Andex Resources, the credit would allow the company to do more exploration. Shooting new data would cost much more money. He maintained that a lower cost option would have beneficial effects.

Mr. Dodson pointed out that at present time, no company has gone deeper than 4,000 feet. He stressed that there is

tremendous amount of data in that basin, which most likely will develop economic production. If anyone is willing to risk exploration dollars in developing that well, and if the State could "soften" the blow by extending the credits, the company could create a more extensive program. He suggested that there could be a 50 million cubic foot per day market in the Fairbanks area. He believes there is a good chance of getting a bigger supply into that area.

Representative Foster MOVED to report HB 307 out of Committee with individual recommendations and with the accompanying fiscal notes.

There being NO OBJECTION, it was so ordered.

HB 307 was reported out of Committee with a "do pass" recommendation and with indeterminate fiscal notes #1 & #2 by the Department of Natural Resources.

#HB343

HOUSE BILL NO. 343

An Act extending the termination date of the Board of Professional Counselors.

AMY ERICKSON, STAFF, REPRESENTATIVE MURKOWSKI, commented that the Board of Professional Counselors consists of five members appointed by the Governor. Regulation and licensing of professional counselors safeguards the public by promoting competence and integrity of those who hold themselves out to the public as professional counselors. The Board is scheduled to terminate June 30, 2002, and if the Legislature does not act this session, the Board will have one year to conclude its administrative operations. The Board operates in an efficient and effective manner and HB 343 acknowledges that and extends the termination date.

Ms. Erickson added that HB 343 would also amend professional counselors' education requirements. Applicants would be required to earn a master's degree in counseling or a related professional field from an accredited institution and achieve a total of 60 graduate semester hours.

Ms. Erickson pointed out that the Division of Legislative Audit in its 2001 audit report, recommended the Board of Professional Counselors and the Marital and Family Therapy Board merge. Although there is merit to combining the boards, neither board fully supports a merger at this time.

Ms. Erickson stated that HB 343 would extend the Board of Professional Counselors for three years instead of four, coinciding with the current termination dates of three similar boards so that the issue of a merger could be revisited.

Representative Whitaker asked if the concern regarding the credit hours had been discussed.

Ms. Erickson replied that it had been discussed. She acknowledged that people have been denied licensure because of that concern.

Representative Hudson asked about the proposed amendments and if it was intended that they be offered.

Ms. Erickson noted that Representative Murkowski did support the amendments.

Representative Hudson MOVED to ADOPT Amendment #1. [Copy on File].

Co-Chair Williams OBJECTED for purpose of discussion.

CATHERINE REARDON, DIRECTOR, DIVISION OF OCCUPATIONAL LICENSING, DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, explained that Amendment #1 would insert "or nationally" on Page 2, Line 11. She suggested that insertion had been an oversight in the original draft. The addition of the language would help to clear up the bill.

There being NO further OBJECTION, Amendment #1 was adopted.

Representative Hudson MOVED to ADOPT Amendment #2. [Copy on File].

Co-Chair Williams OBJECTED for the purpose of discussion.

Ms. Reardon explained that Amendment #2 which would insert language on Page 2, Line 19, after "(6) has, after," deleting language "completing the requirement of" and inserting language "earning the degree required under". The language would make qualifications more accessible for the applicant to meet their required needs.

Ms. Reardon noted that without the amendment, all 60-hours would need to be completed in order to earn a credit toward the degree. With the language of the amendment, the applicant could start to get their supervised experience after the master's degree and before completing the extra 12-hours.

Vice-Chair Bunde referenced Item (a), asking if there was some sort of "turf battle" going on.

Ms. Reardon replied that was not the intent but rather that the Department be more receptive to applicants. With or without Amendment #2, the supervised experience would affect

the doctoral degree in the same way. The people with the master's degree would be the ones affected.

Representative Whitaker inquired if the person with 39 credit semester hours would now be required to take an additional 9 semester hours.

Ms. Reardon explained that if the applicant has a master's degree that requires 39 masters' hours, through the amendment, they would be able to begin getting the supervised experience and would still have to get the additional graduate credits to bring their total credits to 60. Under present law, the applicant needs the 60-credits with a 48-credit hour degree. Amendment #2 stipulates that it still has to be 60-credit hours, however, the degree could be any length. The legislation provides a way to get the license.

Representative Whitaker inquired if other states have this particular requirement.

Ms. Reardon did not know how many other states require 60-hours. She thought that most states only require the 48-credit hours.

Representative Whitaker commented that he was having a difficult time understanding the need for the benchmark established for the master's degree plus the additional experience.

ANNE HENRY, LPC BOARD, SPECIAL PROJECTS COORDINATOR, DIVISION OF MENTAL HEALTH & DEVELOPMENTAL DISABILITIES, DEPARTMENT OF HEALTH & SOCIAL SERVICES, responded that the national norm is 48-credit hours and that the National Accrediting Body recommends the 60-credit hour requirement. In Alaska, the University of Anchorage has a 48-semester hour course. There is a 60-hour program through Alaska Pacific University. The Board offers the examination that is used for the State of Alaska for licensing professional counselors, requiring a minimum of 48-semester hours.

Representative Whitaker pointed out that the national standard is 48-credit hours and Alaska has raised it by 12 hours to 60-credit hours. He asked why.

Ms. Henry stated that the Board believes that measure would raise the standard and quality of professional counselors in the State of Alaska.

Ms. Reardon interjected that the entire board had discussed the consideration. She acknowledged that it was a controversial issue. She pointed out that 60-hours was the requirement in the original licensing law. The bill does not increase that requirement.

Representative Whitaker inquired how the Alaska Board compares to other states board laws.

Ms. Henry explained that the law in Alaska requires that a person looking for licensure must have the equivalent or higher standards than elsewhere. When people come into the State, it is not assumed that they have the 60-hours if they have been licensed by credential.

Representative Whitaker clarified that a licensed counselor from Alaska could go to any state in the union, but no other licensed counselor could come to Alaska without furthering their education.

Ms. Henry replied that it has been the practice of the Board to look at the full spectrum of requirements of those license requests coming in from other states. She pointed out that to waive requirements is considered part of the overall picture and responsibility.

Representative Croft pointed out that Amendment #2 was still on the table.

There being NO further OBJECTION to Amendment #2, it was adopted.

Vice-Chair Bunde asked if the 60-hour requirement was flexible.

Ms. Reardon replied that a licensure by credential statute, AS 08.29.120 exists. The Board gets to make that decision.

Vice-Chair Bunde inquired if there were enough counselors in the State to meet the existing needs.

Ms. Henry advised that there is a dramatic shortage of counselors in the State, especially in the rural areas.

Vice-Chair Bunde asked why Alaska has the highest rate for certification with such a dramatic need.

Ms. Henry stated that the Division would like to get more people certified and licensed. She added that it is a title restriction law and the more people are licensed, the more accountability there will be.

Vice-Chair Bunde argued that there is room for discussion regarding the requirements.

Representative Hudson noted that once a technical amendment is put in place, constituents complain about the extra credit time. He asked if there had been people that object to the proposed change.

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Ms. Henry acknowledged that the Board had already denied licenses to some people because of the 48-hour policy. There are members on board that are opposed to changing the certification requirements. It will not hurt anyone who is moving toward licensure especially with the addition of Amendment #2.

Representative Hudson commented that with Amendment #2, the applicant would still need 60-hours but they would be able to pick up practical experience.

Ms. Henry explained that making the amendment would allow them to work full time and take a course or two in the evening for a year or two to acquire the time that they need.

Ms. Reardon added that with the addition of Amendment #2, the requirements would be easier to get a license. She emphasized that the bill makes it easier.

Representative Hudson clarified that this was not an effort to keep anyone out but rather make it better.

Representative Lancaster questioned if they would pay for their own education and how long would it take for them to achieve it.

Ms. Henry replied that yes the individual would pay for his or her own education and it could happen in one semester if they went full time. She reiterated that the legislation would make it easier for working Alaskans.

Representative Foster MOVED to report HB 343 (FIN) out of Committee with individual recommendations, the Letter of Intent, and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

Representative Hudson pointed out for the record that the fees cover all fiscal costs.

CS HB 343 (FIN) was reported out of Committee with a "do pass" recommendation, a House Labor and Commerce Letter of Intent and a fiscal note #1 by the Department of Community & Economic Development.

#HB362

HOUSE BILL NO. 362

An Act extending the termination date of the Board of Governors of the Alaska Bar Association.

AMY ERICKSON, STAFF, REPRESENTATIVE LISA MURKOWSKI, stated that the Board of Governors of the Alaska Bar Association was established in 1955 to ensure that only qualified members of the legal profession of good moral character are allowed to practice law in the State. The Bar Association's primary functions are to screen applicants for admission to ensure that all successful applicants are fit to practice law, and to provide discipline by investigating grievances against members of the Bar. The Bar Association also performs a wide variety of miscellaneous functions including classes for continuing legal education, lawyer referral services, and fee arbitration.

Ms. Erickson noted that the Board consists of twelve members. The Association currently regulates 2,719 licensed attorneys.

Ms. Erickson pointed out that the Division of Legislative Audit, in its 2001 report, found that the Bar Association meets the public need in an effective and economical manner. It ensures that persons licensed to practice law are qualified and provides for investigations of complaints and has established a disciplinary process designed to ensure that licensed individuals act in a competent and professional manner.

Ms. Erickson noted that the Board of Governors of the Alaska Bar Association is scheduled to terminate June 30, 2002, and will have one year to conclude its administrative operations unless the Legislature acts this session. HB 362 reflects the recommendation of the Division of Legislative Audit and extends the termination date for the Bar Association for another four years.

Representative Foster MOVED to report HB 362 out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 362 was reported out of Committee with a "do pass" recommendation and with a zero fiscal note by the Alaska Court System.

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ADJOURNMENT

The meeting was adjourned at 2:39 P.M.