

HOUSE FINANCE COMMITTEE
February 27, 2002
1:45 P.M.

TAPE HFC 02 - 32, Side A

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 1:45 P.M.

MEMBERS PRESENT

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

ALSO PRESENT

Representative Gretchen Guess; Barbara Cotting, Staff,
Representative Jeannette James; Linda Sylvester, Staff,
Representative Pete Kott; Remond Henderson, Director,
Division of Administrative Services, Department of Labor and
Workforce Development; Guy Bell, Director, Division of
Retirement and Benefits, Department of Administration; Chip
Wagoner, Alaska Catholic Conference, Juneau.

PRESENT VIA TELECONFERENCE

Karen Bitzer, Executive Director, STAR, Anchorage.

SUMMARY

HB 20 An Act relating to state aid to municipalities and certain other recipients, and for the village public safety officer program; relating to municipal dividends; relating to the public safety foundation program; and providing for an effective date.

HB 20 was SCHEDULED but not HEARD.

HB 56 An Act relating to minimum wages.

CS HB 56 (FIN) was reported out of Committee with "individual recommendations" and with a zero

fiscal note #1 by Department of Administration and fiscal note #2 by Department of Health & Social Services.

HB 254 An Act relating to the teachers' retirement system, the judicial retirement system, and the public employees' retirement system and to the tax qualification under the Internal Revenue Code of those systems; amending the definition of 'actuarial adjustment' in the teachers' retirement system and the public employees' retirement system; repealing certain provisions of the teachers' retirement system and the public employees' retirement system; and providing for an effective date.

CS SS HB 254 (FIN) was reported out of Committee with a "do pass" recommendation and with a zero fiscal note #1 by the Department of Administration.

HB 262 An Act relating to accounting for and appropriations of receipts from fees collected by the Department of Labor and Workforce Development for certain inspections and for certain plumbing and electrical worker certificates of fitness; establishing a building safety account; and providing for an effective date.

HB 262 was reported out of Committee with a "do pass" recommendation and with a new fiscal note by the Department of Labor & Workforce Development.

HB 321 An Act relating to the purpose for crime victims' compensation; prohibiting the payment of compensation to a person responsible for the maintenance of the victim if that person knew or should have known of the crime and did not assist the victim or report the crime to the police; and limiting the factors that may be considered in making a crime victims' compensation award in cases of sexual assault, sexual abuse of a minor, or a crime involving domestic violence.

CS SS HB 321 (JUD) was reported out of Committee with a "do pass" recommendation and with a zero fiscal note #2 by the Department of Public Safety.

#HB262

HOUSE BILL NO. 262

An Act relating to accounting for and appropriations of receipts from fees collected by the Department of Labor and Workforce Development for certain inspections and

for certain plumbing and electrical worker certificates of fitness; establishing a building safety account; and providing for an effective date.

REMOND HENDERSON, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, spoke to the revised fiscal note for HB 262. He stated that the new note would make a funding switch between general fund program receipts and the new building safety account. The FY03 amount listed is the amount of general fund program receipts anticipated to be collected from fees.

Representative Whitaker asked if the new fiscal note would answer concerns previously voiced by the Committee.

Mr. Henderson explained that the last fiscal note had contained requested positions and that those positions were now being requested as part of the operating budget.

Vice-Chair Bunde MOVED to report HB 262 out of Committee with individual recommendations and with the accompanying new fiscal note. There being NO OBJECTION, it was so ordered.

HB 262 was reported out of Committee with a "do pass" recommendation and with a new fiscal note by Department of Labor & Workforce Development.

#HB254

HOUSE BILL NO. 254

An Act relating to the teachers' retirement system, the judicial retirement system, and the public employees' retirement system and to the tax qualification under the Internal Revenue Code of those systems; amending the definition of 'actuarial adjustment' in the teachers' retirement system and the public employees' retirement system; repealing certain provisions of the teachers' retirement system and the public employees' retirement system; and providing for an effective date.

BARBARA COTTING, STAFF, REPRESENTATIVE JEANNETTE JAMES, explained that HB 254 is necessary to ensure tax qualification of the State of Alaska's employee retirement systems, including the Public Employee's Retirement (PER's) System, the Teacher's Retirement System (TER's), and the Judicial Retirement System (JRS). The legislation is technical in nature, addressing Internal Revenue code requirements necessary for continued plan qualification.

She continued, enactment of the legislation would benefit public employees and teachers by allowing them to purchase service credit in their retirement plans with transfers of pre-tax savings in certain plans allowed by the Internal

Revenue code or payroll deductions. The provisions in the legislation allows for purchases under the new federal pension legislation. Incorporation in Alaska statute is necessary for Alaska public employees and teachers to take advantage of.

Vice-Chair Bunde MOVED to ADOPT Amendment #1, #22-LS0853\F.1, Craver, 2/27/02. [Copy on File]. Vice-Chair Bunde OBJECTED for the purpose of discussion.

Vice-Chair Bunde understood that the amendment consisted of technical references.

GUY BELL, DIRECTOR, DIVISION OF RETIREMENT AND BENEFITS, DEPARTMENT OF ADMINISTRATION, noted that Amendment #1 was requested by the Division because in the original drafting, a few sections were missed that needed to be included in order for it to be in compliance. The amendment makes a modest adjustment to the title of the bill and makes some reference changes. Most of the references are associated with sections in statute that allows for purchase of service credit by members. He reiterated that in the initial drafting, some sections had been missed.

The pre-tax option is done with a qualified tax deferred plan. The Division is adding a provision for special service agency requirements. He highlighted each change to the statute in the amendment.

Vice-Chair Bunde asked if anything in the amendment would have a negative actuarial impact on the retirement system.

Mr. Bell advised that there would be no change in benefits or actuarial costs either to employees or employer. The only change would be that the person would be allowed to purchase service with pre-taxed dollars.

Representative Davies recommended that the drafter address the issues of renumbering the bill sections.

Representative Hudson voiced his support for the proposed legislation. He stated that it is necessary and beneficial to the employees of the State of Alaska.

Representative Foster MOVED to report CS SS HB 254 (FIN) out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CS SS HB 254 (FIN) was reported out of Committee with a "do pass" recommendation and with a fiscal note #1 by the Department of Administration.

#HB321

HOUSE BILL NO. 321

An Act relating to the purpose for crime victims' compensation; prohibiting the payment of compensation to a person responsible for the maintenance of the victim if that person knew or should have known of the crime and did not assist the victim or report the crime to the police; and limiting the factors that may be considered in making a crime victims' compensation award in cases of sexual assault, sexual abuse of a minor, or a crime involving domestic violence.

REPRESENTATIVE GRETCHEN GUESS stated that when the State established the Victims' Compensation Board over 20 years ago, it ensured the victim's role in a crime would be considered. The unintended consequence of that language was child abuse and sexual assault victims could be denied funding if the board found them to have contributed to the circumstances of the crime. A victim of sexual assault could be denied because they were drinking the night of their sexual assault.

Representative Guess continued, implying that a victim of sexual assault somehow deserved or played a role in being victimized, is in opposition to what most communities believe and that a victim of child abuse or sexual assault has not done anything to bring the crime on him or herself.

Toward fixing the unintended consequence, the language of the bill accomplishes the following:

- Ensures compensation is not denied based on consideration of provocation, the use of alcohol or drugs, or the prior social history of the victim;
- Retains the current language for compensation criteria for all other crimes.

Representative Guess commented that the victim's compensation board is funded 60% by State government and 40% by federal government. The funds from the State come from garnishing felon's permanent fund dividend checks. Given the nature of the funding mechanism, the fiscal note from the Department of Public Safety is zero.

Vice-Chair Bunde asked if the language had been added to address an incapacitated state of consciousness.

Representative Guess advised that the board had not yet decided about using that reasoning.

Representative Whitaker asked if in the past, had the board considered the condition of the victim when determining compensation.

Representative Guess advised that there was an honest disagreement between the community and the board regarding that question. There were some cases where the community felt that the board did do that given the confidential nature of the community process. She acknowledged that she did not know the specifics.

Representative Lancaster questioned if there was a situation currently happening.

Representative Guess explained that the Victims' Compensation Board has admitted that is now common practice.

Representative Davies interjected that some people in the community do not share that view with the board. The legislation is an attempt to clarify that this is the policy.

Representative Hudson thought that the bill could be a companion piece to another bill that was before the Committee. He pointed out that HB 321 deals only with the victim.

Representative Guess agreed.

Representative Whitaker inquired if the board had taken a position on the legislation.

Representative Guess noted that there had been testimony before the House Judiciary Committee by a member of the board in support of the bill. She added that the Victims' Compensation Board does fall into the preview of the Department of Public Safety. She noted that the person from the board was speaking for the Department and the Administration.

Representative Whitaker requested to hear any.

Representative Guess did not know of an opposing point of view.

Vice-Chair Bunde asked if there would need to be a criminal trial in order to qualify for compensation.

Representative Guess replied that there needs to be multiple criteria including cooperating with police, reporting in a certain number of days, etc. It would not necessarily have to be a criminal trial. Consent remains in the bill so that it can be considered in whether or not someone is a victim of sexual abuse of a minor.

Vice-Chair Bunde did not want to see assault being excused, however, he also did not want to take any action that would reduce one's personal responsibility for their own behavior.

KAREN BITZER, [TESTIFIED VIA TELECONFERENCE], EXECUTIVE DIRECTOR, STANDING TOGETHER AGAINST RAPE (STAR), ANCHORAGE, testified in support of the proposed legislation. She noted that STAR works to improve services for victims and to allow them to have access to tools for recovery. One of the goals of victim's compensation is to help make whole the victims for the loss as a result of the crime.

Ms. Bitzer noted that the bill would put the responsibility of the crime on the offender. It allows for the victims to access services and intervention for available funds.

Representative Foster MOVED to report CS SS HB 321 (JUD) out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CS SS HB 321 (JUD) was reported out of Committee with a "do pass" recommendation and with a zero fiscal note #2 by the Department of Public Safety.

#HB56
HOUSE BILL NO. 56

An Act relating to minimum wages.

Representative Hudson MOVED work draft #22-LS0342\L, Craver, 2/21/02, as the version before the Committee. There being NO OBJECTION, it was adopted.

CHIP WAGONER, ALASKA CATHOLIC CONFERENCE, JUNEAU, testified in support of the minimum wage bill as proposed.

Mr. Wagoner advised that the Alaska Catholic Conference at its meeting on September 21, 2001, adopted a petition supporting an increase in Alaska's minimum wage.

The Catholic Church's support for a minimum wage is not new. The Church advocated for the establishment of a minimum wage law as early as 1919, nearly two decades prior to its' passage.

Mr. Wagoner stated that minimum wages are paid for work done. Work is more than just a job. Work is a way to:

- Participate in God's creation;
- Contribute to the common good;
- Promote human dignity;

- For people to meet their material needs, commitments and obligations.

The Church's teachings promote the concept of a living wage, a wage adequate for workers to provide for themselves and their families in dignity.

Mr. Wagoner pointed out that the minimum wage amount of \$7.15 is not a living wage. If a person worked 40 hours a week, 52 weeks a year at \$7.15, they would earn \$14,872 dollars, which is below the poverty threshold for a family of two. Although, he pointed out that, as an increase in the minimum wage is not a living wage, it is a step toward the right direction.

Mr. Wagoner concluded that an incentive in the minimum wage would disproportionately benefit women, minorities and the nation's poor.

Representative Davies asked if the committee substitute was identical to the initiative.

LINDA SYLVESTER, STAFF, REPRESENTATIVE PETE KOTT, replied that the petition initiative was exactly contained in HB 56 in its current form. It is the intention of the sponsor that HB 56 is identical to the initiative petition. Once it is passed, it would be sufficient to void the initiative petition.

Representative Lancaster asked if that would be an automatic procedure.

Ms. Sylvester explained that once it is passed, it would go to the Lt. Governor for review. In conjunction with the Attorney General, the decision would be made.

Representative Foster MOVED to report CS HB 56 (FIN) out of Committee with individual recommendations and with the accompanying fiscal notes.

Vice-Chair Bunde OBJECTED. He stated that he preferred that the decision go through the public process weighing in on the initiative process.

A roll call vote was taken on the motion.

IN FAVOR: Foster, Harris, Hudson, Lancaster, Moses, Whitaker, Williams
OPPOSED: Croft, Davies, Bunde

Co-Chair Mulder was not present for the vote.

The MOTION PASSED (7-3).

CS HB 56 (FIN) was reported out of Committee with "individual recommendations" and with a zero fiscal note #1 by Department of Administration and fiscal note #2 by Department of Health & Social Services.
#

ADJOURNMENT

The meeting was adjourned at 2:23 PM