

HOUSE FINANCE COMMITTEE
April 16, 2002
2:14 P.M.

TAPE HFC 02 - 85, Side A
TAPE HFC 02 - 85, Side B
TAPE HFC 02 - 86, Side A

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 2:14 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 Jim Whitaker

MEMBERS ABSENT

Representative Carl Moses

ALSO PRESENT

Representative Lisa Murkowski; Representative Harry Crawford; Representative Gary Stevens; Margot Knuth, Assistant Attorney General, Department of Corrections; Anne Carpeneti, Assistant Attorney General, Legal Services Section, Criminal Division, Department of Law; Marie Darlin, Alaska Association of Retired Persons (AARP); Lauree Hugonin, Executive Director, Alaska Network on Domestic Violence and Sexual Assault; Dana Tindall, Senior Vice President of Regulatory Affairs, GCI, Anchorage; Eric Yould, Executive Director, Alaska Rural Electric Cooperative Association (ARECA), Anchorage; Jim Rowe, Executive Director, Alaska Telephone Association (ATA), Anchorage; Crystal Smith, Department of Law; Jennifer Adzima, Staff, Representative Harry Crawford; Nan Thompson, Director, Alaska Regulatory Commission, Anchorage

PRESENT VIA TELECONFERENCE

Lieutenant Julia Grimes, Alaska State Troopers, Department of Public Safety, Anchorage; Jim Kubitz, Vice President, Alaska Railroad Corporation (ARRC); Cindy Drinkwater, Assistant Attorney General, Department of Law, Anchorage;

Dana Dodds, Anchorage; Diane Shanker, Alaska State Troopers, Department of Public Safety, Anchorage; Jim Kubitz, Alaska Railroad Corporation (ARRC); Linda Wilson, Executive Director, Alaska Public Defender, Anchorage

SUMMARY

HB 317 An Act relating to stalking and amending Rule 4, Alaska Rules of Civil Procedure, and Rule 9, Alaska Rules of Administration.

CS HB 317 (FIN) was reported out of Committee with a "do pass" recommendation and with fiscal note #1 by the Department of Law, #2-indeterminent by the Department of Corrections, #3-indeterminent by the Department of Administration, and a new zero note by the Department of Public Safety.

HB 333 An Act extending the termination date of the Regulatory Commission of Alaska; and providing for an effective date.

CS HB 333 (FIN) was reported out of Committee with a "do pass" recommendation and with fiscal note #1 by the Department of Community & Economic Development.

HB 393 An Act relating to unfair and deceptive trade practices and to the sale of business opportunities; amending Rules 4 and 73, Alaska Rules of Civil Procedure; and providing for an effective date.

CS HB 393 (JUD) was reported out of Committee with a "do pass" recommendation and with fiscal note #1-indeterminent by the Department of Law.

HB 498 An Act expressing legislative intent regarding privately operated correctional facility space and services; relating to the development and financing of privately operated correctional facility space and services; authorizing the Department of Corrections to enter into an agreement for the confinement and care of prisoners in privately operated correctional facility space; and providing for an effective date.

CS HB 498 (FIN) was reported out of Committee with "individual recommendations" and with new fiscal notes by the Department of Corrections and the Department of Revenue.

#HB393

HOUSE BILL NO. 393

An Act relating to unfair and deceptive trade practices and to the sale of business opportunities; amending Rules 4 and 73, Alaska Rules of Civil Procedure; and providing for an effective date.

REPRESENTATIVE GARY STEVENS, SPONSOR, noted that the bill would create a new, comprehensive statute regulating the sale of business opportunities. Business opportunities commonly referred to, as "biz opps" are prepackaged small business deals primarily targeted to novice entrepreneurs. Although, some business opportunities offer consumers legitimate methods for earning income, the field is fraught with unfair and deceptive practices. Unwary consumers are enticed by the promise of high earnings, which rarely materialize. According to the Federal Trade Commission (FTC), buz opp scams bill customers across the country for much money each year.

Representative Stevens advised that with HB 393, Alaska would join approximately half of the other states in regulating the sale of business opportunities. Persons who want to sell or advertise business opportunities in Alaska would be required to register with the State, to disclose information to buyers, to use escrow accounts to assure delivery of business assets, and to provide a 30-day right of cancellation to the buyer. Violators would be subject to civil and criminal penalties. The bill would provide important consumer safeguards for entrepreneurial-minded Alaskans.

CINDY DRINKWATER, (TESTIFIED VIA TELECONFERENCE), ASSISTANT ATTORNEY GENERAL, DEPARTMENT OF LAW, ANCHORAGE, reiterated points made by Representative Stevens. She noted that the Department of Law supports the legislation and thinks that it is very important. Alaskans are frequently targeted by the business opp scams. It is often vulnerable businesses that are the target.

Ms. Drinkwater highlighted some important features of the bill. The legislation would require business opportunities that are conducting business in Alaska to register with the State. The legislation provides a framework similar to a couple of statutes already in place, the Telemarketing Sales Act and the Charitable Solicitation Act, which both require registration of the entity involved.

Ms. Drinkwater noted that the agencies would have to post a bond and pay a registration fee. With that information, the Department of Law would be able to provide information over the Internet so that people will have a way to determine that the opportunity is registered. She added that the

seller's of business opportunities would have to disclose to the buyers, before making the sale, seller information. They would have to make clear what services or products would be provided and when deliveries would be provided. Additionally, the consumers would have a 30-day cancellation period. There would be an escrow account system that would insure that the buyers receive delivery of services.

Ms. Drinkwater offered to answer questions of the Committee.

Co-Chair Mulder asked what other state's experience had been for adopting the regulations.

Ms. Drinkwater responded that the statutes have been useful for allowing quick enforcement action. Once states become aware of these business opps, they can make sure that they are registered. To some extent, the fact that some states have statutes reflects a decrease in fraudulent business activities. That is the hope in Alaska.

Representative Hudson asked how would the Department prosecute these people.

Ms. Drinkwater advised that it is more difficult to enforce laws when people are out of state because the recourses do not exist. The Department of Law works with other states and with federal entities such as the Federal Trade Commission, toward consumer protection work. Alaskans can obtain judgments here in Alaska against out of state companies that do business in Alaska. The question is how to enforce the judgments. She explained that if those companies were doing business in Alaska, they would be prosecuted in Alaska.

MARIE DARLIN, ALASKA ASSOCIATION OF RETIRED PERSONS (AARP), JUNEAU, voiced support for the proposed legislation. She noted that many times, it is the senior population that is targeted and experience the consumer fraud. Ms. Darlin noted that addressing consumer fraud is a top priority for AARP.

DANA DODDS, (TESTIFIED VIA TELECONFERENCE), ANCHORAGE, commented on a situation that happened to her in July 1999, regarding consumer fraud and how dramatically that has impacted her life.

Vice-Chair Bunde referenced Page 12, Line 25, and asked how the difference between felonies and misdemeanors would be determined.

Ms. Drinkwater advised that section is a critical part of the bill. Sellers that violate the registration and bond requirement would be guilty of a Class C felony. The fines are similar to the Telephone Solicitation Act. Sub-section

(B), the misdemeanor penalty would cover situations where the seller fails to buy a refund or to make prohibited references.

Vice-Chair Bunde referenced Page 13, Line 2, and asked further information regarding the exemption about franchise and security registrations.

Ms. Drinkwater explained that the purpose of the exemptions is to make sure that the State would not be regulating something that is already being regulated.

Representative Lancaster voiced his support for the bill and asked how the message could get out to the public.

Representative Stevens explained that the businesses that are currently operating would no longer be able to in Alaska until they comply with the registration requirements.

Representative Davies asked about #(1), Page 13, which exempts business opportunities if the total amount of payment made by the buyer was less than \$250 dollars.

Ms. Drinkwater advised that there are many types of fraud. Scam artists sometimes take advantage of a large number of people for a small amount of money because they believe that there is less chance enforcement resources would be devoted to that. In regards to the \$250 dollar amount, that was settled upon strictly as a policy question. In statutes from other states, there is a point which the enforcement amount involved is minimal. The \$250 dollars is only a cut-off amount.

Representative Davies asked if there was any way to consider the aggregate affect of a wide spread scam.

Co-Chair Mulder MOVED to report CS HB 393 (JUD) out of Committee with individual recommendations and with the accompanying fiscal note. Vice-Chair Bunde OBJECTED in order to make a comment that the concern voiced by Representative J. Davies should be further discussed by the sponsor.

Representative Stevens explained that the Department of Law has indicated that the State cannot protect everyone from "everything". There must be a point at which you determine that the cost of correcting the action is too high. The numbers do move and change.

Vice-Chair Bunde noted that the sponsor had misunderstood his intent. It would not be to reduce the amount, but rather if someone purposely scammed \$200 dollars from 1000 people, it would then rise to a different level. Vice-Chair Bunde WITHDREW his OBJECTION.

Representative J. Davies interjected that it was his intent to pursue this issue on the House Floor.

There being NO further OBJECTION, it was so ordered.

CS HB 393 (JUD) was reported out of Committee with a "do pass" recommendation and with fiscal note #1 by the Department of Law.

#HB317

HOUSE BILL NO. 317

An Act relating to stalking and amending Rule 4, Alaska Rules of Civil Procedure, and Rule 9, Alaska Rules of Administration.

REPRESENTATIVE HARRY CRAWFORD, SPONSOR, spoke in support of the legislation. He noted that HB 317 would close a loophole in the Alaska statutes, by allowing unacquainted victims of stalking to enjoy the security of a judicial protective order. Current law provides protection to those in domestic situations and minor children, but enjoins the victims of strangers from equal protection of the law. HB 317 would allow the victims of stalking to seek and obtain a protective order in cases of stalking that are not crimes involving domestic violence. The bill would streamline the process for public safety and judicial practitioners by harmonizing the warrant and notification procedures to mirror those already in place for domestic violence situations. It would add the crime of violation of a child protective order and of a violation of a stalking protective order.

JENNIFER ADZIMA, STAFF, REPRESENTATIVE HARRY CRAWFORD, provided a sectional analysis of the bill.

- Section 1. Amends AS 04.11.494(e)(1) to provide a conforming change to the change made in Sec. 2 of the committee substitute.
- Section 2. Amends the existing crime of violating a protective order, AS 11.56.740(a), by adding violations of stalking protective orders, Sec. 5 of the committee substitute and child protective injunctions under AS 47.17.069 as alternative ways to commit the crime.
- Section 3. Amends AS 12.25.030(b) to provide a conforming change to the change made in Sec. 2 of the committee substitute.
- Section 4. Amends AS 18.65.530(a) to provide a conforming change to the change made in Sec. 2 of the committee substitute.

- Section 5. Amends AS 18.65 by adding new sections that provide for the issuance of protective orders in cases of stalking, that are not crimes involving domestic violence.
- Section 6. Amends AS 18.66.990(3) to provide a conforming change to the change made in Sec. 2 of the committee substitute.
- Section 7. Provides notice that Sec. 5 includes an indirect amendment to a court rule.

Representative Croft questioned why the legislation was warranted.

Representative Crawford explained that a constituent in his community was involved with an "unknown" stalker. Current law only protects those people that are being stalked by someone that there has been a prior relationship with.

Representative Croft commented that without the legislation, it puts the person in a situation where they either have had a relationship with the stalker or waiting until an actual crime has occurred.

Vice-Chair Bunde inquired the number of people that the legislation would affect and how many regular restraining orders are issued each year.

LIEUTENANT JULIA GRIMES, ALASKA STATE TROOPERS, DEPARTEMNT OF PUBLIC SAFETY, clarified that the legislation is important. She noted that the new version had removed a requirement for the Department of Public Safety to maintain the central registry. Lt. Grimes advised how the central registry facilitates law enforcement in relationship to violent protective orders. The State knows that the law enforcement agency in the area where the respondent abides, is required to enter protective orders within 24-hours. That entry then becomes the federal registry. The conditions of the order and/or dismissals of the order, would be similar to tracking in the central registry and that the respondents tend to hide from service of those orders. The central registry provides that when a police officer attempts to contact a respondent that is trying to avoid a service, then the action could result in the officer serving that person and they could no longer avoid that service.

Lt. Grimes added, an additional benefit would be that the victims of the orders do not usually carry their papers on themselves. If there is a registry, it would provide all the details needed by the law enforcement officers. If there was a violation, the law enforcement officer would know the information on the spot. The central registry

definitely enhances the ability of the law enforcement to be effective in serving the orders and then enforcing them.

Lt. Grimes claimed that without a central registry for stalking orders, they could then go into absence, as previously handled. The officers would be alerted because there would be a note in the system about that person.

Representative Croft questioned why the registry had been removed.

Lt. Grimes responded that there was a fiscal note for \$7,600 dollar included to write the program.

Vice-Chair Bunde addressed the fiscal note and asked the number of restraining orders that would be run through the system and how much it would be expanded with passage of the legislation.

Representative Crawford replied that twenty-two cases occurred in Anchorage last year. He did not know the statewide numbers.

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Representative Crawford was surprised that that the registry had been removed.

DIANE SHANKER, (TESTIFIED VIA TELECONFERENCE), ALASKA STATE TROOPERS, DEPARTMENT OF PUBLIC SAFETY, ANCHORAGE, offered to answer questions of the Committee.

Representative Davies asked why there needed to be a distinction made between domestic and non-domestic in terms of the programming.

Ms. Shanker explained that the programming was set up to look like the original court order, which makes the data easier to view.

Representative Davies understood that would be the best of all possible worlds, however, he asked if it would be possible to enter the data into the existing computer program.

Ms. Shanker replied that would not be possible. The proposed screen follows the wording of the protective order. It could still be placed into the computer in the general text section, but it would not be preformatted and would not match the court order.

LAUREE HUGONIN, EXECUTIVE DIRECTOR, ALASKA NETWORK ON DOMESTIC VIOLENCE AND SEXUAL ASSAULT, voiced support for the legislation. She noted that there have been several situations in which people have needed that type of protection. She referenced situations of "stalking" and how it affected residents. At this time, there is only a "snap-shoot" of protective orders in the registry. Last year, there were 11,000 orders and to date there has been around 200 emergency orders. It is possible to contact the Department of Public Safety to provide the number and she offered to gather that information.

ANNE CARPENETI, ASSISTANT ATTORNEY GENERAL, LEGAL SERVICES SECTION, CRIMINAL DIVISION, DEPARTMENT OF LAW, offered to answer back ground questions for the legislation. She understood that the central registry had been removed which was a cautionary approach to a new type of protective order. She pointed out that already there is a provision for an emergency order and for that reason, it was determined not to be included that in the central registry.

Representative Croft asked about the three different types of orders:

- Regular
- Ex parte
- Emergency

Ms. Carpeneti advised that emergency orders usually come after really stressful circumstances and expires in 72-hours. She added that HB 317 was similar to the Domestic Violence Protective order statutory scheme but the relief was limited to restraints from stalking and communication with the victim or the members of the family. That is where relief comes from. The domestic violence scheme has much broader parameters.

Representative Hudson clarified that the emergency protective order for stalking for a crime not involving domestic violence was a new element of the proposed legislation. He asked if the language indicates what will be required.

Ms. Carpeneti replied that the petitioner has to prove that the stalking has occurred. She noted that stalking is a complicated statute. It requires that the defendant place the victim in fear by repeated acts of criminal conduct with reckless disregard for that fear. She added that the problem with stalking is that much of the conduct can be normal. The person has to know that what they are doing is knowingly placing the victim in a state of fear that the acts are frightening the victim. A judicial officer issues all protective orders.

LINDA WILSON, (TESTIFIED VIA TELECONFERENCE), DEPUTY DIRECTOR, ALASKA PUBLIC DEFENDER AGENCY, ANCHORAGE, testified on the bill. She noted that normally the agency does not support a bill that is in response to a single case. However, the agency does not have any strong objections to HB 317. She made suggestions to improve the bill, referencing Page 5, Section 4, Line 27 that amends the definition of domestic violence. That language would need to have the additional qualifier of AS 11.56.740 (a)(1), because of the redefinition of Section 1. That section would then become the domestic violence order. She stressed that it is important to narrow that language.

Ms. Wilson pointed out that on Page 3, Lines 16, the sentence in question references AS 18.65.850©. There are three sections listed in that section and the third section is the one that is problematic. It does not allow ordering the respondent to stay away from their home, residence or school, unless they are provided actual notice. By including all of Section ©, it becomes confusing regarding what is allowed. She thought that "provided" should be replaced by "allowed".

Co-Chair Mulder asked if it would be acceptable to insert (1) & (2), after AS 18.65.850©.

Ms. Wilson agreed that would work. She pointed out that the same language occurs again on Page 3, Line 29. She noted that in an emergency order, only probable cause must be proven, which is a lesser standard.

Representative Croft asked about the language in the first part of (3). He thought it would provide problems for the remaining portion of (3).

Ms. Wilson agreed it was problematic and that changing the word to "allowed" would avoid that problem. A sub-section (4) could be added to address that concern.

Representative Croft clarified an alternative recommendation which would change "provided" to "allowed".

Ms. Carpeneti agreed that "allowed" would be clearer than the current language. The language in the last half of (3) modifies and clarifies it.

Co-Chair Mulder asked Ms. Carpeneti about the reference to Page 5, Line 26, adding AS 11.56.741(a)(1).

Ms. Carpeneti agreed that would be a good change.

Representative Davies proposed to amend Amendment #1, Page 3, Line 16, delete "provided" and insert "allowed"; Page 3, Line 29, after "protection" delete "provided" and insert

"allowed"; Page 5, Line 27 after "AS 11.56.740" insert "(a)(1)". (Copy on File).

Representative J. Davies MOVED to ADOPT the amended Amendment #1. There being NO OBJECTION, it was adopted.

Representative Davies MOVED to ADOPT Amendment #2. (Copy on File).

Ms. Wilson stated that the change would make the bill track the language in the domestic violence protective order statutes. In that statute, no charge can be implemented and there can only be a seeking the relief from filing in the chapter. She added that having that language tracked would be appropriate. It would also limit the extension for the filing fee.

There being NO OBJECTION, Amendment #2 was adopted.

Representative Davies MOVED to report CS HB 317 (FIN) out of Committee with individual recommendations and with the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CS HB 317 (FIN) was reported out of Committee with a "do pass" recommendation and with fiscal note #1 by the Department of Law, #2 by the Department of Corrections, #3 by the Department of Administration and a new zero fiscal note by the Department of Public Safety.

#HB333

HOUSE BILL NO. 333

An Act extending the termination date of the Regulatory Commission of Alaska; and providing for an effective date.

Co-Chair Mulder explained the committee substitute would extend the termination date for the Alaska Regulatory Commission (ARC) to 2006. It would also provide deadlines for the Commission to take action on the petitions.

NAN THOMPSON, CHAIRMAN, ALASKA REGULATORY COMMISSION, spoke in support of the legislation. She commented that the bill was the product of discussion between herself and the member's of industry who expressed concerns before the House Labor and Commerce Committee. She stated that it was a good effort and fairly represents the productive changes made to the bill.

Ms. Thompson stated that the committee substitute sets deadlines for prosecuting different types of cases. It would allow for exemptions or exceptions to the rule requiring the agency to explain the exceptions when the

deadlines are not met. She indicated that would provide more predictability for the industry and accountability for the agency.

She added that with those tools, the arguments raised in support of the two-year extension would be weakened. She claimed that the Legislature would be able to get information from the Legislative Budget and Audit (LBA) Committee regularly regarding performance. She noted that the Regulatory Commission should be spending their time working on cases.

Ms. Thompson voiced concern having a shorter extension, which prohibits the agency from being able to hire and keeping good staff to work. She applauded the four-year extension recommended by the committee substitute.

Ms. Thompson provided the Committee with the auditor's updated recommendations. The audit report was approved for public release in January 2002 and recommends that the agency be continued for four years. Auditors found that most of the consumer complaints had been resolved within thirty days and that most of the tariff filings were processed within the required forty-five days.

She noted that the Regulatory Commission has begun the important transitions to the MIS system as requested by the Legislature. It has been extension successful.

The auditor did have three recommendations:

- The Regulatory Commission should provide small water and sewer utilities to be certificated or exempt. The Commission addressed that item at a recent meeting and asked for industry comments regarding the scope of exemptions. The industry has been working on an application to make the process easier. She noted that they hope to expand and institutionalize the regulations.
- Adoption of regulations on the roll of the Public Advocacy section, which was newly created in 1999. The Commission has regulations that were submitted by that section and the Commission voted at a public meeting to put them out for comment. That process will be concluded after the notice period has expired.
- Better monitoring publications and notices. She noted that was a complicated process as the regulations require that the Commission notice, however, sometimes the utilities place the notice. The Commission is working on a way to be able to keep better track of the notices in the future.

Ms. Thompson offered to answer questions of the Committee and urged passage of the committee substitute.

Representative Davies referenced Pages 1 & 2, the list of specific applications. He recommended that "any application" be inserted.

Ms. Thompson acknowledged that the application terminology could be confusing. The intent of that section was to grant applications for renewing utility service and that she would not object to deleting them. She recommended consulting Mr. Yould.

Representative Davies pointed out that the substance was included in the first four sections.

Ms. Thompson explained that the new application would transfer the amendment. An application requiring a controlling interest would be similar to a transfer and that she would not object to deleting #4 & #5.

Representative Davies referenced Page 3 and asked about the language that had been added.

Ms. Thompson explained that those standards identify whether the settlement has rates that are "just and reasonable". The Commission has the obligation to guarantee that the rates are not discriminatory. Reference to those statutes requires application of the same general rule.

Representative Croft commented on whether or not to eliminate #5.

Ms. Thompson responded that deleting #5 would be best as there are other items that are processed and handled that could be characterized as applications. That section was intended to address the authority to offer new service, if competition was expanded. The alternative to delete, as recommended by Representative Davies, would be the best.

Representative Croft mentioned that current language leaves it open to the unintended consequences and that it needs to be fixed. He pointed out that Page 3, Section 2, would allow them the opportunity to approve a settlement, which meets certain legal standards without having to base it on recorded facts.

Ms. Thompson acknowledged that was true, however, the sponsors of the amendment are attempting to allow more flexibility for the Commission. The complaints are that they would have to go through the same "standards of proof" that they would at a hearing in order for it to be approved. In the course of settling, sometimes they compromise and if they were forced to put in the evidence, they could not be

able to agree. She pointed out that would undermine the terms of the settlement. The concern of the Commission is that there is enough for the record that would not undermine their efforts for settlement. It is important to have enough of a record to use as a basis. The language represents a compromise that would allow the Commission to do what it needs to do in order to decide things that are important.

Representative Croft agreed that concern was valid, however, asked if it was fair to the other unrepresented public parties.

Ms. Thompson agreed commenting on the difference between the Commission and the Court when the settlements are approved. Often what occurs happens is a conflict between two utilities. It is the work of the Commission to look at the interest of the industry and the public so that both are protected. That is why it is important that the Commission not approve just any settlement. The Court could have different interests. It is important that the settlement be consistent with the statute which protects other interests.

Vice-Chair Bunde MOVED to ADOPT committee substitute #22-LS1289\F, Craver, 4/16/02, as the draft before the Committee. There being NO OBJECTION, it was adopted.

ERIC YOULD, EXECUTIVE DIRECTOR, ALASKA RURAL ELECTRIC COOPERATIVE ASSOCIATION (ARECA), ANCHORAGE, testified in support of the legislation. He noted that all of the utilities associated with ARECA work closely with the Alaska Regulatory Commission (RCA). In 1999, the Legislature changed the regulatory Commission of Alaska and through SB 133, the Legislature recreated the current form. At that time, when the statutes were moving through the Legislature, ARECA took it seriously. He acknowledged that the current form of the bill is significantly better than it was before.

Mr. Yould voiced his concern with how long it takes to "get things done". He pointed out the caseload backlog, which is frustrating to the industry. He pointed out that the Legislature had authorized nine new positions to the Commission to address that backlog. A year later, five new positions were authorized. As of January 2002, with all the new cases coming in, there still remains 608 that are unaddressed.

He added that the time-lines that have been proposed are achievable. At the same time, the current time-lines provide a standard that RCA can work with. He reiterated that ARECA supports the proposed time-lines. The only thing that ARECA does not agree with in the bill is the portion that extends the sunset of 2006. He added that ARECA's

Board of Directors believe that it is important to bring them back before the Legislative Body in 2004.

Representative Davies referenced Page 2, Line 3, and asked if Mr. Yould would object to deleting that language.

Mr. Yould agreed that it was appropriate to delete it.

DANA TINDALL, SENIOR VICE PRESIDENT OF REGULATORY AFFAIRS, GCI, ANCHORAGE, testified in support of the legislation. She noted that GCI was active in the legislation that created RCA. Ms. Tindall stated that no utility is in favor of letting the Commission sunset. Once an order is issued, the industry is free to appeal to a higher court. The four-year sunset extension would be a compromise. She mentioned that GCI would like to see the sunset extended to 2010. Every sunset provides an opportunity for amendments. Ms. Tindall voiced support for the committee substitute.

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Ms. Tindall noted the importance for the State to have a Regulatory Commission. Without RCA, there would be no one to enforce consumer issues, pointing out that in the telephone industry, there are many consumer issues. Competition creates many issues that need to be negotiated by RCA. Without that entity, the consumers will suffer.

In response to a question by Representative Davies, Ms. Tindall noted that GCI supports the Committee substitute and the reauthorization of RCA. She urged that the bill be passed from Committee. She added that GCI does not object to the deletion of subsection 5.

JIM ROWE, EXECUTIVE DIRECTOR, ALASKA TELEPHONE ASSOCIATION (ATA), ANCHORAGE, testified in support of the legislation. He commented that the Commission was comprised of ethical individuals and is a professional group of people. This year, telephone companies in the State received around \$72 million dollars for services. Each year, there should be a State Commission to declare that the companies requesting the funding are eligible tele-communication carriers. They also have to declare that the companies are utilizing that funding in a way that it should be utilized. He spoke in support of the committee substitute.

Representative Croft asked when the expiration date should be.

Mr. Rowe responded that he would like to see a four-year sunset date.

Representative J. Davies MOVED an amendment to Page 2, Line 3, deleting the language "(5) any other application required or permitted under this chapter." There being NO OBJECTION, the amendment was adopted.

Representative J. Davies MOVED an amendment to Page 1, Line 3, inserting "to June 30, 2006", after the word "date". There being NO OBJECTION, the amendment was adopted.

Representative Foster MOVED to report CSHB 333 (FIN) out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CS HB 333 (FIN) was reported out of Committee with a "do pass" recommendation and with fiscal note #1 by Department of Community & Economic Development.

#HB498

HOUSE BILL NO. 498

An Act expressing legislative intent regarding privately operated correctional facility space and services; relating to the development and financing of privately operated correctional facility space and services; authorizing the Department of Corrections to enter into an agreement for the confinement and care of prisoners in privately operated correctional facility space; and providing for an effective date.

Representative Davies MOVED to ADOPT committee substitute #22-LS1345\0, Luckhaupt, 4/16/02, as the working draft before the Committee. There being NO OBJECTION, it was adopted.

Representative Harris advised that a State operated facility had been added in Bethel to the Yukon Kuskokwim Center, and that the Whittier facility would be reduced to 1000 beds. The amended bill consists of those two changes and would move forward as a compromise with the Administration. Representative Harris believed that the amended bill would be "stronger" than the original version. He pointed out that Bethel was supportive of the proposed change and would address needs throughout the State.

Representative Davies questioned the land status material.

JIM KUBITZ, (TESTIFIED VIA TELECONFERENCE), ALASKA RAILROAD CORPORATION (ARRC), explained that it would consist of a long-term lease and that there would be a master lease with the City of Whittier. He pointed out that there is an agreement in place regarding how to proceed with Whittier.

Vice-Chair Bunde MOVED to report CS HB 498 (FIN) out of Committee with individual recommendations and with the accompanying new fiscal notes. There being NO OBJECTION, it was so ordered.

CS HB 498 (FIN) was reported out of Committee with "individual recommendations" and with new fiscal notes by the Department of Corrections and the Department of Revenue.
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ADJOURNMENT

The meeting was adjourned at 4:13 P.M.