

HOUSE FINANCE COMMITTEE  
May 12, 2002  
9:05 P.M.

TAPE HFC 02 - 111, Side A

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 9:05 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

MEMBERS ABSENT

None

ALSO PRESENT

Mary Jackson, Staff, Senator John Torgerson; Ronald Hull, Director, Division of Employment Security, Department of Labor and Work Force Development; Wendy Redman, Vice President, Statewide Programs, University of Alaska; Mike Tibbles, Staff, Representative Williams; Carol Carroll, Director, Division of Support Services, Department of Natural Resources and Military and Veterans Affairs; Ed Flanagan, Commissioner, Department of Labor and Workforce Development

PRESENT VIA TELECONFERENCE

James Wakefield, Chair, Balanced State Work Investment Board, Realtor, Juneau; Linda Holbert, Fairbanks; Jim Sanders; Mary Shields, General Manager, Technical Services, Anchorage

SUMMARY

SB 252 An Act renaming the Alaska Human Resource Investment Council as the Alaska Workforce Investment Board and relating to its membership;

repealing the termination date of the state training and employment program; relating to employment and training activities; and providing for an effective date.

HCS CS SB 252 (FIN) was reported out of Committee with a "no recommendation" and with Department of Labor & Workforce Development fiscal notes #4, #5, #6, and #7.

SB 267 An Act establishing the Alaska veterans' memorial endowment fund and providing for credits against certain taxes for contributions to that fund; relating to other tax credits for certain contributions; and providing for an effective date.

HCS CS SB 267 (FIN) was reported out of Committee with a "do pass" recommendation and with fiscal notes #1 by the Department of Military & Veterans Affairs, #2 by the Department of Revenue and #3 by the Department of Community & Economic Development.

ALASKA MENTAL HEALTH TRUST AUTHORITY (AMHTA) CONFIRMATION

Co-Chair Williams stated that there had been no negative response to the recommendation of Bill Yonkers, Sr., Fairbanks, for the Alaska Mental Health Trust Authority (AMHTA) Board.

The Confirmation Committee Report was distributed and all votes were signed to confirm Bill Yonkers to that Board.

#SB252

CS FOR SENATE BILL NO. 252(FIN)

An Act renaming the Alaska Human Resource Investment Council as the Alaska Workforce Investment Board and relating to its membership; relating to repayment on promissory notes for work-related items paid for by grant programs; extending the termination date of the state training and employment program; relating to employment and training activities; and providing for an effective date.

MARY JACKSON, STAFF, SENATOR JOHN TORGERSON, stated that the bill was intended to extend the State Training and Employment Program (STEP), pointing out that the audit issues had been resolved. She noted that on Page 28, under Section 48, indicates a report due to the Legislature next year, completing the controversial issues.

Vice-Chair Bunde requested further information on the fiscal notes.

RONALD HULL, DIRECTOR, DIVISION OF EMPLOYMENT SECURITY, DEPARTMENT OF LABOR AND WORK FORCE DEVELOPMENT, stated that fiscal notes #1 through #3 accompanied the original bill and made the program permanent. Fiscal note #4 acknowledges the services performed by the employment security program and that a portion of the STEP funds would be used for work with clients. Fiscal note #5 are funds designated for the unemployment insurance program, a program funded through a federal grant. Fiscal note #6 provides an added effort to collect money paid out for tools and equipment.

Vice-Chair Bunde asked how much money would come back from the \$150 thousand dollars expended.

Mr. Hall indicated that was the Department's concern. He stated that it would cost \$65 thousand dollars to collect \$30 thousand dollars.

Vice-Chair Bunde commented that was "not good economy". He asked about fiscal note #7.

Mr. Hull explained that #7 actually provides the grants and the training. He added that the job training programs provide services to the STEP clients. He added that the employment service program also provides services to those clients. He understood that there are between 50 and 60 people that use funds to provide services to the 1,500 STEP clients a year.

Representative Harris asked if fiscal note #7 contained the same amount of money as authorized in the FY02 budget.

Mr. Hull acknowledged that it was essentially the same but would be hinged on the percentage of the money collected on the employees that paid that tax.

JAMES WAKEFIELD, (TESTIFIED VIA TELECONFERENCE), CHAIR, BALANCED STATE INVESTMENT BOARD, JUNEAU, assumed that most legislators were familiar with the program which has been in existence since 1989. It has trained over 18,000 Alaskans during that time. He noted that the board is supportive of the program and the current bill.

Mr. Wakefield commented that employers and the union administer the joint apprenticeship programs. Those programs have been going on for many years. There has been a rural outreach to train people in rural Alaska.

Mr. Wakefield addressed a national problem of the "graying of the workforce". It is happening in all areas, especially

in construction. There exists an issue with employment worker training. Workers need to receive upgraded training every three to five years to keep up with technology. The STEP program is an excellent vehicle for that type of service. He reiterated that the Board strongly supports the program and urged passage of the bill.

LINDA HOLBERT, (TESTIFIED VIA TELECONFERENCE), REPRESENTING THE PRIVATE SECTOR, FAIRBANKS, noted that she had been involved in the employment training program for a long time and is responsible for training in the State. She noted that the Alaska Human Resources Council (AHREC) is responsible for the employment and training policy in the State of Alaska. As such, SB 252 represents an important part of that program in assisting Alaska workers to move into new opportunities in the work force. She encouraged that the bill be supported and passed to the House floor. She offered to answer questions of the Committee.

WENDY REDMAN, VICE PRESIDENT, STATEWIDE PROGRAMS, UNIVERSITY OF ALASKA, voiced support of the legislation. She asked to see the sunset extended and the provisions supported. The STEP program has been an important program for many of the community campuses at the University of Alaska.

JIM SANDERS, (TESTIFIED VIA TELECONFERENCE), offered to answer questions of the Committee.

MARY SHIELDS, (TESTIFIED VIA TELECONFERENCE), GENERAL MANAGER TECHNICAL SERVICES, ANCHORAGE, voiced strong support of the proposed legislation. She echoed comments made by Jim Wakefield. The bill provides training in many areas for people throughout the State, which is very important. The STEP program is the one program that is fully subsidized by the State and helps bring in people for future work. She reminded members that the State is looking forward to the gas pipeline and Alaska does not want to bring workers in from out of state. For those people currently working, the STEP provides an opportunity to provide enhanced and updated skills. Mr. Shields urged that the bill be passed from Committee.

Co-Chair Williams stated that SB 252 would be HELD in Committee for further consideration.

#SB267  
CS FOR SENATE BILL NO. 267(FIN)

An Act establishing the Alaska veterans' memorial endowment fund and providing for credits against certain taxes for contributions to that fund; providing that the amount of each tax credit for contributions to the Alaska veterans' memorial endowment fund on amounts that do not exceed \$100,000 is 50 percent and on

amounts that exceed \$100,000 but do not exceed \$200,000 is 75 percent; relating to other tax credits for certain contributions; and providing for an effective date.

Co-Chair Mulder MOVED to ADOPT the committee substitute for CS SB 267 (FIN), #22-GS2003\J, Cook, 5/12/02. There being NO OBJECTION, it was adopted.

MIKE TIBBLES, STAFF, REPRESENTATIVE WILLIAMS, explained that version "J" was longer than the previous version because some sections had been duplicated. The duplication is tied to an effective date on Page 12. That language would repeal and sunset all the tax credit provisions in one year.

Representative Davies asked why that action was recommended.

Co-Chair Mulder explained there have been past tax credits for the University. He commented that the tax credit provision becomes a "slippery slope", and that it is a policy statement. The entity would be receiving a one-year window before being cut off, which would protect the State.

Representative Hudson asked the page and line reference for that determination.

Mr. Tibbles responded that Page 12, Section 28, the effective date would be July 1, 2003. That section is the same as the one appearing in Section 27, however, has had the tax credit provisions removed.

CAROL CARROLL, DIRECTOR, DIVISION OF SUPPORT SERVICES, DEPARTMENT OF NATURAL RESOURCES AND MILITARY AND VETERANS AFFAIRS, commented that the important consideration in the bill is the endowment and getting the funds to begin the process of maintaining the veteran's memorials. She voiced her appreciation for the tax credit.

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

HCS CS SB 267 (FIN) was reported out of Committee with a "do pass" recommendation and with fiscal notes #1 by the Department of Military & Veterans Affairs, #2 by the Department of Revenue and #3 by the Department of Community & Economic Development.

RECESS: 9:35 P.M.  
RECONVENE: 10:20 P.M.

#SB252  
CS FOR SENATE BILL NO. 252(RLS)

An Act renaming the Alaska Human Resource Investment Council as the Alaska Workforce Investment Board and relating to its membership; relating to repayment on promissory notes for work-related items paid for by grant programs; extending the termination date of the state training and employment program; relating to employment and training activities; and providing for an effective date.

Co-Chair Mulder MOVED to ADOPT Amendment #1, #22-GS2052\P.2, Craver, 5/11/02. Representative Croft OBJECTED.

ED FLANAGAN, COMMISSIONER, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, spoke in opposition to the amendment. He stated that the amendment would significantly alter the effect of the bill and jeopardize the continuance of the STEP program.

Commissioner Flanagan noted that Senator Torgerson established the program in SB 289 three years ago. At that time, the Department opposed it on the bases of being an additional diversion from the Unemployment Insurance (UI) trust fund, impacting that fund and in the end affecting current employee UI taxes. The bill was tied to the last renewal of the STEP.

Commissioner Flanagan referred Committee members to the Legislative Audit on Page 9. Funds had been deferred to the University of Alaska, Kotzebue Technical Center, and the Alaska Vocational Technical Center. Last year, the Galena project was added in the House Finance Committee. He pointed out that the audit indicated that the STEP program was sited for reducing UI employment insurance for the UI trust fund and has had that effect.

Commissioner Flanagan pointed out that when the Governor did reluctantly sign SB 137, which continued the practice of not making the funds available for competitive grants, he noted in the transmittal letter that would be the last time that he would sign that type legislation.

Commissioner Flanagan advised that the private sector has testified against the amendment and in support of the proposed bill. He urged that the Committee reject the amendment.

Representative Croft WITHDREW his OBJECTION to Amendment #1. There being NO further OBJECTION, the amendment was adopted.

Representative Foster MOVED to report HCS CS SB 252 (FIN) out of Committee with individual recommendations and with

the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

HCS CS SB 252 (FIN) was reported out of Committee with a "no recommendation" and with Department of Labor & Workforce Development fiscal notes #4, #5, #6, and #7.

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ADJOURNMENT

The meeting was adjourned at 10:24 P.M.