

**ALASKA STATE LEGISLATURE  
HOUSE RULES STANDING COMMITTEE**

April 25, 2001

9:17 a.m.

**MEMBERS PRESENT**

Representative Pete Kott, Chair  
Representative Vic Kohring  
Representative Carl Morgan  
Representative Lesil McGuire  
Representative Ethan Berkowitz  
Representative Reggie Joule

**MEMBERS ABSENT**

Representative Brian Porter

**COMMITTEE CALENDAR**

HOUSE BILL NO. 154

"An Act relating to security for the payment of fishery business taxes and to payment of estimated fisheries resource landing taxes and penalties."

- HEARD AND HELD

HOUSE BILL NO. 52

"An Act relating to the Interstate Compact for Adult Offender Supervision and the State Council for Interstate Adult Offender Supervision; amending Rules 4 and 24, Alaska Rules of Civil Procedure; and providing for an effective date."

- MOVED HB 52 OUT OF COMMITTEE

CS FOR SENATE BILL NO. 103(FIN)

"An Act relating to election campaigns and legislative ethics."

- MOVED HCS CSSB 103(RLS) OUT OF COMMITTEE

HOUSE BILL NO. 132

"An Act relating to the possession or distribution of alcohol in a local option area; requiring liquor license applicants to submit fingerprints for the purpose of conducting a criminal history background check, and relating to the use of criminal justice information by the Alcoholic Beverage Control Board; providing for a review of alcohol server education courses by

the Alcoholic Beverage Control Board every two years; and providing for an effective date."

- MOVED CSHB 132(RLS) OUT OF COMMITTEE

**PREVIOUS ACTION**

BILL: HB 154

SHORT TITLE: FISHERY BUS. TAX/FISHERIES RES. LAND. TAX

SPONSOR(S): REPRESENTATIVE(S) SCALZI

Jrn-Date	Jrn-Page		Action
02/28/01	0462	(H)	READ THE FIRST TIME - REFERRALS
02/28/01	0462	(H)	FSH, RES, FIN
03/12/01		(H)	FSH AT 5:00 PM CAPITOL 124
03/12/01		(H)	Heard & Held
03/12/01		(H)	MINUTE(FSH)
03/19/01		(H)	FSH AT 5:00 PM CAPITOL 124
03/19/01		(H)	Moved CSHB 154(FSH) Out of Committee
03/19/01		(H)	MINUTE(FSH)
03/22/01	0686	(H)	FSH RPT CS(FSH) NT 4DP 3NR
03/22/01	0686	(H)	DP: SCALZI, KAPSNER, KERTTULA, WILSON;
03/22/01	0686	(H)	NR: DYSON, COGHILL, STEVENS
03/22/01	0686	(H)	FN1: ZERO(REV)
03/30/01		(H)	RES AT 1:00 PM CAPITOL 124
03/30/01		(H)	Moved CSHB 154(FSH) Out of Committee
03/30/01		(H)	MINUTE(RES)
04/02/01	0807	(H)	RES RPT CS(FSH) NT 4DP 2NR
04/02/01	0807	(H)	DP: KERTTULA, CHENAULT, FATE, SCALZI;
04/02/01	0807	(H)	NR: KAPSNER, MASEK
04/02/01	0807	(H)	FN1: ZERO(REV)
04/11/01		(H)	FIN AT 1:30 PM HOUSE FINANCE 519
04/11/01		(H)	Moved CSHB 154(FSH) Out of Committee
04/11/01		(H)	MINUTE(FIN)
04/12/01	0981	(H)	FIN RPT CS(FSH) NT 7DP
04/12/01	0982	(H)	DP: BUNDE, CROFT, HARRIS, DAVIES,
04/12/01	0982	(H)	LANCASTER, HUDSON, WILLIAMS
04/12/01	0982	(H)	FN1: ZERO(REV)
04/20/01		(H)	RLS AT 0:30 PM BELTZ 211

04/20/01 (H) <Meeting recessed> -- Time  
Change --  
04/20/01 (H) MINUTE(RLS)  
04/25/01 (H) RLS AT 9:00 AM BELTZ 211

BILL: HB 52

SHORT TITLE: COMPACT FOR ADULT OFFENDER SUPERVISION

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
01/10/01	0053	(H)	READ THE FIRST TIME - REFERRALS
01/10/01	0053	(H)	JUD, FIN
01/10/01	0054	(H)	FN1: (COR)
01/10/01	0054	(H)	GOVERNOR'S TRANSMITTAL LETTER
02/05/01		(H)	JUD AT 1:00 PM CAPITOL 120
02/05/01		(H)	Scheduled But Not Heard
02/14/01		(H)	JUD AT 1:00 PM CAPITOL 120
02/14/01		(H)	Heard & Held
02/14/01		(H)	MINUTE(JUD)
03/28/01		(H)	JUD AT 1:00 PM CAPITOL 120
03/28/01		(H)	Moved Out of Committee
03/28/01		(H)	MINUTE(JUD)
03/29/01	0768	(H)	JUD RPT 3DP 3DNP 1NR
03/29/01	0768	(H)	DP: BERKOWITZ, KOOKESH, ROKEBERG;
03/29/01	0769	(H)	DNP: COGHILL, OGAN, JAMES; NR: MEYER
03/29/01	0769	(H)	FN2: (COR)
04/20/01		(H)	FIN AT 1:30 PM HOUSE FINANCE 519
04/20/01		(H)	Moved Out of Committee MINUTE(FIN)
04/21/01	1110	(H)	FIN RPT 7DP
04/21/01	1110	(H)	DP: WHITAKER, CROFT, DAVIES, LANCASTER,
04/21/01	1110	(H)	HARRIS, HUDSON, WILLIAMS
04/21/01	1110	(H)	FN1: (COR)
04/21/01	1110	(H)	FN2: (COR)
04/25/01	1191	(H)	RLS RPT 4DP 2NR
04/25/01	1191	(H)	DP: KOHRING, MORGAN, MCGUIRE, KOTT;
04/25/01	1191	(H)	NR: BERKOWITZ, JOULE
04/25/01	1191	(H)	FN2: (COR)
04/25/01	1191	(H)	RETURNED TO RLS COMMITTEE
04/25/01		(H)	RLS AT 9:00 AM BELTZ 211

BILL: SB 103

SHORT TITLE: ELECTION CAMPAIGNS AND LEGISLATIVE ETHICS

SPONSOR(S): STATE AFFAIRS

Jrn-Date	Jrn-Page		Action
02/20/01	0432	(S)	READ THE FIRST TIME - REFERRALS
02/20/01	0432	(S)	STA, JUD
02/22/01		(S)	STA AT 3:30 PM BELTZ 211
02/22/01		(S)	Heard & Held
02/22/01		(S)	MINUTE(STA)
02/27/01		(S)	STA AT 3:30 PM BELTZ 211
02/27/01		(S)	Moved CS(STA) Out of Committee
02/27/01		(S)	MINUTE(STA)
02/28/01	0534	(S)	STA RPT CS 2DP 3NR NEW TITLE
02/28/01	0534	(S)	DP: THERRIAULT, HALFORD; NR: PHILLIPS,
02/28/01	0534	(S)	PEARCE, DAVIS
02/28/01	0534	(S)	FN1: (ADM)
03/09/01		(S)	JUD AT 1:30 PM BELTZ 211
03/12/01		(S)	JUD AT 1:30 PM BELTZ 211
03/12/01		(S)	Moved CS(JUD) Out of Committee
			MINUTE(JUD)
03/13/01	0634	(S)	JUD RPT CS 2DP 1DNP 1NR NEW TITLE
03/13/01	0635	(S)	DP: TAYLOR, COWDERY; DNP: ELLIS
03/13/01	0635	(S)	NR: THERRIAULT
03/13/01	0635	(S)	FN1: (ADM)
03/13/01	0635	(S)	FIN REFERRAL ADDED AFTER JUD
03/22/01		(S)	FIN AT 9:00 AM SENATE FINANCE 532
03/22/01		(S)	MINUTE(FIN)
03/23/01	0783	(S)	FIN RPT CS 3DP 2NR NEW TITLE
03/23/01	0783	(S)	DP: DONLEY, KELLY, LEMAN;
03/23/01	0783	(S)	NR: HOFFMAN, OLSON
03/23/01	0783	(S)	FN2: (ADM)
03/23/01		(S)	FIN AT 9:00 AM SENATE FINANCE 532
03/23/01		(S)	MINUTE(FIN)
03/28/01		(S)	RLS AT 10:45 AM FAHRENKAMP 203
03/28/01		(S)	MINUTE(RLS)
03/29/01	0858	(S)	RULES TO CALENDAR 2OR 3/29/01
03/29/01	0863	(S)	READ THE SECOND TIME

03/29/01	0863	(S)	FIN CS ADOPTED UNAN CONSENT
03/29/01	0863	(S)	ADVANCED TO THIRD READING UNAN CONSENT
03/29/01	0863	(S)	READ THE THIRD TIME CSSB 103(FIN)
03/29/01	0864	(S)	PASSED Y17 N2 A1
03/29/01	0867	(S)	TRANSMITTED TO (H)
03/29/01	0867	(S)	VERSION: CSSB 103(FIN)
03/30/01	0782	(H)	READ THE FIRST TIME - REFERRALS
03/30/01	0782	(H)	STA, JUD, FIN
04/03/01	0825	(H)	STA RPT 4DP 2DNP 1NR
04/03/01	0825	(H)	DP: WILSON, FATE, JAMES, COGHILL;
04/03/01	0826	(H)	DNP: CRAWFORD, HAYES; NR: STEVENS
04/03/01	0826	(H)	FN2: (ADM)
04/03/01		(H)	STA AT 8:00 AM CAPITOL 102
04/03/01		(H)	Moved Out of Committee
04/03/01		(H)	MINUTE(STA)
04/09/01		(H)	JUD AT 1:00 PM CAPITOL 120
04/09/01		(H)	Moved HCS SB 103(JUD) Out of Committee
			MINUTE(JUD)
04/10/01	0926	(H)	JUD RPT HCS(JUD) NT 2DP 1DNP 2NR
04/10/01	0926	(H)	TITLE CHANGE PENDING HCR 15
04/10/01	0927	(H)	DP: MEYER, JAMES; DNP: BERKOWITZ;
04/10/01	0927	(H)	NR: COGHILL, ROKEBERG
04/10/01	0927	(H)	FN2: (ADM)
04/10/01		(H)	FIN AT 1:30 PM HOUSE FINANCE 519
04/10/01		(H)	Heard & Held MINUTE(FIN)
04/11/01	0954	(H)	FIN RPT HCS(FIN) 6DP 1NR 1AM
04/11/01	0955	(H)	DP: WHITAKER, HARRIS, LANCASTER,
04/11/01	0955	(H)	HUDSON, MULDER, WILLIAMS; NR: CROFT;
04/11/01	0955	(H)	AM: DAVIES
04/11/01	0955	(H)	FN2: (ADM)
04/11/01	0963	(H)	RULES TO CALENDAR 4/11/01
04/11/01	0963	(H)	READ THE SECOND TIME
04/11/01	0964	(H)	FIN HCS ADOPTED UNAN CONSENT
04/11/01	0964	(H)	HELD IN SECOND READING
04/11/01		(H)	FIN AT 8:30 AM HOUSE FINANCE

			519
04/11/01		(H)	Moved HCSSB 103(FIN) Out of Committee MINUTE(FIN)
04/12/01	0993	(H)	RETURNED TO RLS COMMITTEE
04/19/01		(H)	RLS AT 2:00 PM FAHRENKAMP 203
04/19/01		(H)	Moved HCS CSSB 103(RLS) Out of Committee MINUTE(RLS)
04/21/01	1120	(H)	RLS RPT HCS(RLS) 4DP 1AM
04/21/01	1120	(H)	DP: PORTER, MORGAN, MCGUIRE, KOTT;
04/21/01	1120	(H)	AM: BERKOWITZ
04/21/01	1120	(H)	FN2: (ADM)
04/21/01	1120	(H)	RETURNED TO RLS COMMITTEE
04/25/01	1200	(H)	RLS RPT HCS(2DRLS) 4DP 2NR
04/25/01	1201	(H)	DP: MCGUIRE, KOHRING, MORGAN, KOTT;
04/25/01	1201	(H)	NR: BERKOWITZ, JOULE
04/25/01	1201	(H)	FN2: (ADM)
04/25/01	1201	(H)	RETURNED TO RLS COMMITTEE
04/25/01		(H)	RLS AT 9:00 AM BELTZ 211

BILL: HB 132

SHORT TITLE:ALCOHOL:LOCAL OPTION/DWI/LICENSING  
SPONSOR(S): JUDICIARY BY REQUEST

Jrn-Date	Jrn-Page		Action
02/19/01	0365	(H)	READ THE FIRST TIME - REFERRALS
02/19/01	0365	(H)	L&C, JUD, FIN
03/16/01		(H)	L&C AT 3:15 PM CAPITOL 17
03/16/01		(H)	Heard & Held
03/16/01		(H)	MINUTE(L&C)
03/22/01		(H)	L&C AT 3:15 PM CAPITOL 17
03/22/01		(H)	Moved CSHB 132(L&C) Out of Committee MINUTE(L&C)
03/22/01		(H)	MINUTE(L&C)
03/26/01	0725	(H)	L&C RPT CS(L&C) 1DP 6NR
03/26/01	0726	(H)	DP: ROKEBERG; NR: HALCRO, KOTT,
03/26/01	0726	(H)	CRAWFORD, HAYES, MEYER, MURKOWSKI
03/26/01	0726	(H)	FN1: ZERO(REV)
03/26/01	0726	(H)	FN2: INDETERMINATE(LAW)
03/26/01	0726	(H)	FN3: (COR)
03/26/01	0726	(H)	FN4: (ADM)

03/30/01		(H)	JUD AT 1:00 PM CAPITOL 120
03/30/01		(H)	<Bill Postponed>
04/02/01		(H)	JUD AT 1:00 PM CAPITOL 120
04/02/01		(H)	Moved CSHB 132(JUD) Out of Committee
04/02/01		(H)	MINUTE(JUD)
04/03/01	0823	(H)	JUD RPT CS(JUD) NT 4DP 2NR
04/03/01	0824	(H)	DP: COGHILL, JAMES, KOOKESH, ROKEBERG;
04/03/01	0824	(H)	NR: BERKOWITZ, MEYER
04/03/01	0824	(H)	FN1: ZERO(REV)
04/03/01	0824	(H)	FN2: INDETERMINATE(LAW)
04/03/01	0824	(H)	FN3: (COR)
04/03/01	0824	(H)	FN4: (ADM)
04/03/01	0824	(H)	FN5: ZERO(CRT)
04/19/01		(H)	FIN AT 1:30 PM HOUSE FINANCE 519
04/21/01	1112	(H)	FIN RPT CS(FIN) NT 7DP 1NR
04/21/01	1113	(H)	DP: BUNDE, HARRIS, CROFT, LANCASTER,
04/21/01	1113	(H)	HUDSON, MULDER, WILLIAMS; NR: MOSES
04/21/01	1113	(H)	LETTER OF INTENT WITH REPORT
04/21/01	1113	(H)	FN1: ZERO(REV)
04/21/01	1113	(H)	FN2: INDETERMINATE(LAW)
04/21/01	1113	(H)	FN3: (COR)
04/21/01	1113	(H)	FN4: (ADM)
04/21/01	1113	(H)	FN5: ZERO(CRT)
04/25/01	1193	(H)	RLS RPT CS(RLS) NT 3DP 2NR 1AM
04/25/01	1194	(H)	DP: MORGAN, MCGUIRE, KOTT;
04/25/01	1194	(H)	NR: BERKOWITZ, JOULE; AM: KOHRING
04/25/01	1194	(H)	FIN LETTER OF INTENT WITH RLS REPORT
04/25/01	1194	(H)	FN1: ZERO(REV)
04/25/01	1194	(H)	FN2: INDETERMINATE(LAW)
04/25/01	1194	(H)	FN3: (COR)
04/25/01	1194	(H)	FN4: (ADM)
04/25/01	1194	(H)	FN5: ZERO(CRT)
04/25/01	1195	(H)	RETURNED TO RLS COMMITTEE
04/25/01		(H)	RLS AT 9:00 AM BELTZ 211

**WITNESS REGISTER**

REPRESENTATIVE DREW SCALZI  
Alaska State Legislature

Capitol Building, Room 13  
Juneau, Alaska 99801

POSITION STATEMENT: Testified on HB 154.

CHUCK HARLAMERT, Juneau Section Chief  
Tax Division  
Department of Revenue  
550 W 7th Avenue, Suite 500  
Anchorage, Alaska 99501-3566

POSITION STATEMENT: Answered questions.

JOE BALASH, Staff  
to Senate State Affairs Committee  
Alaska State Legislature  
Capitol Building, Room 121  
Juneau, Alaska 99801

POSITION STATEMENT: Discussed the two amendments to HCS CSSB 103(RLS).

HEATHER NOBREGA, Staff  
to House Judiciary Standing Committee  
Alaska State Legislature  
Capitol Building, Room 118  
Juneau, Alaska 99801

POSITION STATEMENT: Explained the changes encompassed in version S of the proposed CSHB 132.

#### **ACTION NARRATIVE**

TAPE 01-9, SIDE A  
Number 0001

CHAIR PETE KOTT reconvened the House Rules Standing Committee meeting at 9:17 a.m. Representatives Kott, Kohring, Morgan, McGuire, Berkowitz, and Joule were present at the call to order. Representative Moses was also in attendance. [This is a continuation of the meeting held on April 20, 2001.]

#### HB 154-COLLECTION OF FISHERY BUSINESS TAXES

Number 0038

CHAIR KOTT announced that the committee would continue the hearing on HOUSE BILL NO. 154, "An Act relating to security for the payment of fishery business taxes and to payment of estimated fisheries resource landing taxes and penalties." [Before the committee is CSHB 154(FSH).]

CHAIR KOTT informed the committee that at the last hearing the committee took up CSHB 154(FSH), which failed to move from committee. Then the committee adopted CSHB 154, version 22-LS0638\0, Utermohle, 4/20/01, as a work draft. Chair Kott asked if there was further discussion on version 0.

REPRESENTATIVE KOHRING noted his belief that the less taxes on the industry the better. He suggested reviewing the possibility of a user fee for those that use the local services.

Number 0198

REPRESENTATIVE KOHRING moved to report CSHB 154, version 22-LS0638\0, Utermohle, 4/20/01, out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE BERKOWITZ objected.

REPRESENTATIVE MORGAN inquired as to the sponsor's view of version 0.

Number 0261

REPRESENTATIVE DREW SCALZI, Alaska State Legislature, testified as the sponsor. Representative Scalzi emphasized that [version 0] was not his and that the intent of the original bill was to achieve a fair and equitable [tax regime] for fresh fish processors. Representative Scalzi emphasized the importance of the bill [the original version] getting through by February 2002, which is the due date for the fish buyers to be able to operate. If version 0 is adopted, Representative Scalzi said that he would have to vote against it because that version would have to return to the House Finance Committee due to the large fiscal note. Representative Scalzi said that he made his presentation at the April 20, 2001, hearing in a manner so that the committee could "make that recommendation" and see the merits of this bill. The committee could, if it so chooses, obtain a fiscal note and move the bill to the House Finance Committee and move it out again. However, he didn't believe there was enough time to move it through the process this year. He noted that earlier this session he offered to offer [version 0] as a separate bill, which he believes to be the proper manner in which to address the issue. Representative Scalzi reiterated the importance of passing HB 154 in its original version. If the committee doesn't unanimously support the bill, he recommended that the committee entertain a motion to [rescind]

the committee's previous action and separate version O from the original bill.

Number 0471

CHAIR KOTT related his understanding that Representative Scalzi doesn't support version O primarily because of the fiscal ramifications, which would result in returning the bill to the House Finance Committee.

REPRESENTATIVE SCALZI answered that he believes that to be the proper procedure. Although there is not a fiscal note attached, he thought that a \$250,000 to \$400,000 change in revenue to the state and municipalities would need to be addressed in the House Finance Committee. If the bill was returned the House Finance Committee, it would delay the original portion of HB 154.

CHAIR KOTT noted that the committee didn't receive anything from the Department of Revenue. He wasn't sure that the department would be able to produce an exact number or whether the fiscal note would have to be indeterminate.

REPRESENTATIVE MORGAN recalled that at the prior hearing the committee requested that the Department of Revenue determine how much this would cost the state and the municipalities.

REPRESENTATIVE SCALZI related his belief that the fiscal impact to both the processor and the coastal communities is something that has to be fleshed out. He reiterated the importance of the original intent of HB 154 passing [before] the season that begins on February 15, 2002.

Number 0658

REPRESENTATIVE KOHRING highlighted that [processors] would not be in compliance if the original version of the legislation isn't passed. He inquired as to the negative ramifications that the industry would face if the original legislation didn't pass.

REPRESENTATIVE SCALZI reminded the committee that the original legislation was to eliminate the requirement for small fresh fish buyers to post a bond equal to the amount of revenue the buyer generated through the business tax in the prior year. State law says that one must have a bond equal to the amount of revenue generated through the business tax in the prior year or have three times the lienable property that can be bonded to the state. A fresh fish buyer may generate revenue to the state in

the amount of \$250,000 to \$500,000. However, that fresh fish buyer doesn't have the revenue for a \$500,000 bond nor do they have \$1.5 million in lienable property. Therefore, these fresh fish buyers are not in compliance. The Department of Revenue has been working with these fresh fish buyers in order to allow them to operate. This legislation would allow the fresh fish buyers to pay on a monthly basis and only post a \$50,000 bond. Representative Scalzi pointed out that these are small operators that don't have many assets and thus it is advantageous to both the state and the operator to obtain the raw fish tax on a monthly basis. Without this measure, these fresh fish buyers will not be in compliance next year.

REPRESENTATIVE KOHRING asked if the legislation could be modified to lower the bonding requirements [in order to address this issue].

REPRESENTATIVE SCALZI noted that this bill was drafted by the Department of Revenue after he had sought a solution from the department. Therefore, Representative Scalzi hesitated to speak on behalf of the department.

Number 0839

CHUCK HARLAMERT, Juneau Section Chief, Tax Division, Department of Revenue, acknowledged that the bonding requirements for these smaller operators could be modified. However, he wasn't sure that he would recommend such action nor was he sure that the operators would accept that. Mr. Harlamert pointed out that the monthly payment is an option in lieu of the traditional requirements. Furthermore, the monthly payment option would not be the option of choice for most taxpayers because it doesn't benefit them greatly. The department estimated that if the monthly payment plan was available to other licensees, the majority would not elect to use it because overall costs aren't reduced. The monthly payment plan is merely a cash flow issue. Mr. Harlamert said that the Department of Revenue would have some concerns with the expansion of [the monthly payment plan] because there would be security issues and the department doesn't want to be the bank for troubled businesses.

REPRESENTATIVE MCGUIRE related her understanding that the desire is to have a certain amount of securitization, which is why there is a bond threshold. Yet, the department is trying to provide these [small operators] with a break in the form of something that the department can count on month to month.

MR. HARLAMERT explained that the hope is that the \$50,000 bond requirement in the bill would be enough to provide the department with a month's coverage. If the tax is paid within the month, the state and the municipalities should be whole. He pointed out that the bill also [includes] other taxes, such as salmon enhancement taxes and salmon marketing taxes, that aren't traditionally secured.

MR. HARLAMERT, in response to Chair Kott, said that he could address the potential fiscal note on the new version [version 0], but he would have to do so in an obscure manner because there is such a limited pool of taxpayers. Based upon 2000 returns, the fiscal impact of version 0 would be between \$300,000 and \$400,000 per year, assuming that the same value of pollock was produced each year.

Number 1068

REPRESENTATIVE McGUIRE recalled the last hearing's overview of the various categories of vessels. From that it seemed clear to her that the on-shore processors are being assessed at 2 percent property tax above and beyond the 3 percent. Although she understood that the off-shore catcher processors and mother ships are being taxed at 3 percent, she inquired as to whether there is a 2 percent tax being levied against them as well.

MR. HARLAMERT pointed out that this is a complicated area because the question addresses four different levies and if property taxes are included, there would be five different levies. He explained that fish processors in the state, whether it is a floating or [on-shore] processor, pay a fisheries business tax, which is commonly known as the raw fish tax. If [a fish processor] isn't processing in the state but [the fish processor] catches fish outside the state's territorial limits and lands that processed fish in the state, that [fish processor] pays a landing tax. If [a fish processor] does neither but is part of the pollock allocation under the federal law, [the fish processor] has a contractual obligation to pay an amount equivalent to the landing tax. However, the state doesn't have the power to impose that fee itself. Therefore, Mr. Harlamert said, "So, you have to, I guess, choose which basket of taxes or fees you're talking about." He related his understanding that some municipalities, particularly Unalaska, have a 2 percent raw fish tax as well as property taxes.

REPRESENTATIVE McGUIRE recalled the argument that there is an inequitable situation; that competitors are being pitted against

each other and one is paying a higher percent. She inquired as to what the off-shore catcher processor is making. On its face, it seems inequitable because floating processors pay [taxes that sum] 5 percent while off-shore catcher processors pay a 3 percent tax. She inquired as to the reasoning behind that difference.

MR. HARLAMERT answered that those are two different taxes and thus one would have to determine whether all taxes should be counted or whether only the raw fish tax would be counted. The out of state [floating] processors don't pay any raw fish tax, although they do pay the 3 percent landing tax. The landing tax is intended to be a complimentary tax to the raw fish tax. However, a floating processor within the state jurisdiction would pay the 5 percent raw fish tax.

Number 1283

CHAIR KOTT recalled that prior testimony referred to the in-shore processors ability to stay tied to a dock for a year, which would result in a reduction in their tax rate from 5 percent to 3 percent. He asked whether that is accurate.

MR. HARLAMERT replied that Chair Kott was correct because there is a differential rate within the raw fish tax. Land-based facilities pay a 3 percent tax while floating facilities pay a 5 percent tax. However, if a floating processor is permanently affixed to the shore, it becomes a shore-based processor and thus faces the lower rate of 3 percent tax. Administrative rules determine when a floating processor becomes a shore-based processor. He specified that in order for a floating processor to be considered a shore-based processor it must be docked for a year.

CHAIR KOTT inquired as to whether a [floating processor] has ever become a [shore-based processor]. He also inquired, "What would be the parameters that the department would work under, understanding that if they were reduced to 3 percent, you would still have the same reduction in revenue that was spoke of in the bill, if this bill were to pass."

MR. HARLAMERT answered that yes, [floating processors] do become [shore-based processors]. He did believe that there is one pollock processor that is in the process of establishing itself as a shore-based processor by remaining affixed to the shore. Therefore, after meeting the year threshold, that processor would be subject to a 3 percent tax rate under the current law.

CHAIR KOTT asked if this has ever occurred before.

MR. HARLAMERT replied that he didn't know of a specific incident, but he was confident that it does occur.

CHAIR KOTT returned to Mr. Harlamert's earlier testimony regarding the fiscal ramifications to the state general fund. He inquired as to the department's role in notifying the [House] Finance Committee that there would be this reduction and it could plan on receiving \$300,000 to \$400,000 less in the general fund.

MR. HARLAMERT explained, "Typically, we just get asked for a fiscal note and then we tell you and you make the decision." Although he wasn't aware of a notification requirement, he noted that he is fairly new at the job.

Number 1425

REPRESENTATIVE BERKOWITZ remarked that the pollock tax in this legislation is not merely under the purview of the House Finance Committee, but also falls under the purview of the House Special Committee on Fisheries and the House Resources Standing Committee. Therefore, he expressed the need for this legislation to return to the process because he didn't believe it is proper for the House Rules Standing Committee to adjust the balance in the pollock fishery. Furthermore, Representative Berkowitz expressed concern with the retroactivity clause included in the proposed CS.

CHAIR KOTT asked if deletion of the retroactivity clause would make Representative Berkowitz happier. Chair Kott related his understanding that if the department takes no action to notify the House Finance Committee that there would be a \$300,000 to \$400,000 reduction and this was not retroactive, then this would "kick-in" in next year's season and the House Finance Committee would adjust its numbers accordingly or make a decision on that. Chair Kott said that from the perspective of the House Finance Committee, there wouldn't be anything to do if there is no money coming in.

REPRESENTATIVE BERKOWITZ said that he has other problems with the proposed CS that wouldn't be resolved by eliminating the retroactivity clause.

Number 1544

CHAIR KOTT requested that the Department of Revenue forward the committee a fiscal note based on the proposed CS. Chair Kott announced his intention to hold HB 154. He also announced that he would meet with the Chair of the House Finance Committee regarding whether this legislation should be returned to them.

REPRESENTATIVE BERKOWITZ reiterated his suggestion that the proposed CS also be returned to the House Special Committee on Fisheries and the House Resources Standing Committee.

CHAIR KOTT announced that HB 154 would be held. With that, Chair Kott adjourned the previously recessed hearing of April 20, 2001, at 9:45 a.m. on April 25, 2001.

Number 1605

CHAIR KOTT called the April 25, 2001, hearing to order at 9:45 a.m. Representatives Kott, Kohring, Morgan, McGuire, Berkowitz, and Joule were present at the call to order.

HB 52-COMPACT FOR ADULT OFFENDER SUPERVISION

Number 1636

CHAIR KOTT announced that the committee would hear HOUSE BILL NO. 52, "An Act relating to the Interstate Compact for Adult Offender Supervision and the State Council for Interstate Adult Offender Supervision; amending Rules 4 and 24, Alaska Rules of Civil Procedure; and providing for an effective date."

CHAIR KOTT explained that the purpose of this committee is to adopt the fiscal note, which was in error. The committee should have a corrected fiscal note labeled with a component number 1382 and dated 3/29/01. The corrected fiscal note has a lower cost than the original fiscal note.

Number 1656

REPRESENTATIVE BERKOWITZ moved that the committee adopt the corrected fiscal note with the component number 1382, dated 3/29/01. There being no objection, the corrected fiscal note was adopted.

REPRESENTATIVE BERKOWITZ moved to report HB 52 out of committee with individual recommendations and the accompanying [corrected]

fiscal note. There being no objection, HB 52 was reported from the House Rules Standing Committee.

SB 103-ELECTION CAMPAIGNS AND LEGISLATIVE ETHICS

Number 1677

CHAIR KOTT announced that the next order of business would be CS FOR SENATE BILL NO. 103(FIN), "An Act relating to election campaigns and legislative ethics."

CHAIR KOTT noted that there are two prepared amendments. Amendment 1 [22-LS0148\S.2, Kurtz, 4/24/01] reads as follows:

Page 5, lines 19-20:

Delete "except that a candidate elected to the senate whose term is two years may transfer"

Insert "except that a senator serving a two-year term may transfer not more than"

Amendment 2 read as follows:

Page 7, lines 1-21

Delete all material.

Number 1732

JOE BALASH, Staff to Senate State Affairs Committee, Alaska State Legislature, explained that Amendment 1 would make a change to the language that was inserted at the previous House Rules Standing Committee hearing regarding the truncation of Senate members. The concern was that the language described a Senator who was elected to a two-year term, but those members whose terms will be truncated were elected to four-year terms. Therefore, this is word-smithing to clarify that the language refers to those that have to run in two years rather than four.

MR. BALASH related his understanding that Amendment 2 would delete all of Section 8. The language in Section 8 has been in and out of the bill at various stages. Discussions with the Alaska Public Offices Commission (APOC) have expressed how problematic this section is in regard to its interpretation. Therefore, he expressed the desire to stay with the current APOC regulations and interpretations regarding newsletters and communications.

CHAIR KOTT surmised that deletion of Section 8 means that existing statutory language is retained.

Number 1845

REPRESENTATIVE McGUIRE moved that the committee adopt Amendment 1. There being no objection, Amendment 1 was adopted.

REPRESENTATIVE KOHRING moved that the committee adopt Amendment 2. There being no objection, Amendment 2 was adopted.

REPRESENTATIVE KOHRING moved that the committee rescind its action in adopting Amendment 2. There being no objection, the committee rescinded its action in adopting Amendment 2.

REPRESENTATIVE McGUIRE moved that the committee rescind its action in adopting Amendment 1. There being no objection, the committee rescinded its action in adopting Amendment 1.

CHAIR KOTT pointed out that the committee has to rescind its action in reporting HCS CSSB 103(RLS), version 22-LS0148\Z, out of committee on April 19, 2001. Therefore, the committee must bring the bill back before the committee first.

Number 1919

REPRESENTATIVE McGUIRE moved that the committee rescind its action in reporting HCS CSSB 103(RLS), version 22-LS0148\Z, out of committee on April 19, 2001. There being no objection, version Z was before the House Rules Standing Committee.

Number 1930

REPRESENTATIVE McGUIRE moved that the committee adopt Amendment 1. There being no objection, Amendment 1 was adopted.

REPRESENTATIVE KOHRING moved that the committee adopt Amendment 2.

REPRESENTATIVE BERKOWITZ objected. He pointed out that what is being done [with Amendment 2] is authorizing these truncated Senators to take \$20,000 as opposed to Representatives that can only take \$10,000 for every year in term.

REPRESENTATIVE BERKOWITZ withdrew his objection to Amendment 2. Therefore, Amendment 2 was adopted.

Number 1983

REPRESENTATIVE McGUIRE moved to report HCS CSSB 103(RLS), version 22-LS0148\Z, as amended out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HCS CSSB 103(2dRLS) was reported from the House Rules Standing Committee.

HB 132-ALCOHOL:LOCAL OPTION/DWI/LICENSING

CHAIR KOTT announced that the final order of business would be HOUSE BILL NO. 132, "An Act relating to the possession or distribution of alcohol in a local option area; requiring liquor license applicants to submit fingerprints for the purpose of conducting a criminal history background check, and relating to the use of criminal justice information by the Alcoholic Beverage Control Board; providing for a review of alcohol server education courses by the Alcoholic Beverage Control Board every two years; and providing for an effective date." [Before the committee is CSHB 132(RLS), version 22-LS0380\S, Ford, 4/24/01.]

REPRESENTATIVE BERKOWITZ inquired as to whether someone could explain the differences between the version that passed out of the House Judiciary Standing Committee or the House Finance Committee and the version before the committee.

The committee took an at-ease from 9:55 a.m. to 9:56 a.m.

Number 2069

HEATHER NOBREGA, Staff to House Judiciary Standing Committee, Alaska State Legislature, said that the following minor changes are encompassed in version S. On page 2, line 28, the language "and operate" was added in order that a state can designate and operate a delivery site. On page 5, line 28, and on page 6, line 1, the notification would now be reported to the "municipal police agency" as well as the Alaska state troopers. The last change is found on page 7, line 2, where language was added such that operation of a delivery site was included in the definition of a criminal justice activity.

CHAIR KOTT indicated that the last change would allow the operator, which he guessed would be a state employee, to access the APSIN (Alaska Public Safety Information Network) system in order to perform a background check.

MS. NOBREGA agreed with Chair Kott's statement.

Number 2129

REPRESENTATIVE BERKOWITZ inquired as to whether these individuals that can access the criminal justice information system receive training and are bound by the same confidentiality rules as all other individuals who operate the system.

MS. NOBREGA said that she didn't know.

REPRESENTATIVE BERKOWITZ requested that she check on that before this legislation moves to the floor.

CHAIR KOTT related his belief that these individuals would be bound by the same confidentiality restrictions that are in existing law.

Number 2174

REPRESENTATIVE McGUIRE moved to report CSHB 132 [version 22-LS0380\S, Ford, 4/24/02] as amended out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 132(RLS) was reported from the House Rules Standing Committee.

**ADJOURNMENT**

There being no further business before the committee, the House Rules Standing Committee meeting was adjourned at 9:59 a.m.