

**ALASKA STATE LEGISLATURE  
HOUSE RULES STANDING COMMITTEE**

April 15, 2002

9:05 a.m.

**MEMBERS PRESENT**

Representative Pete Kott, Chair  
Representative Brian Porter  
Representative Vic Kohring  
Representative Ethan Berkowitz  
Representative Reggie Joule

**MEMBERS ABSENT**

Representative Carl Morgan  
Representative Lesil McGuire

**COMMITTEE CALENDAR**

HOUSE BILL NO. 304

"An Act relating to disposition of income of the permanent fund; and providing for an effective date."

- FAILED TO MOVE CSHB 304(RLS) OUT OF COMMITTEE

HOUSE BILL NO. 508

"An Act relating to publication of results of testing for paralytic shellfish poisoning by the Department of Environmental Conservation and to participation of the Department of Environmental Conservation in the development of operating plans of qualified regional dive fishery associations."

- MOVED CSHB 508(RLS) OUT OF COMMITTEE

SENATE BILL NO. 269

"An Act naming bridge number 1121, across the Knik River, the Sergeant James Bondsteel Bridge of Honor; and providing for an effective date."

- MOVED SB 269 OUT OF COMMITTEE

HOUSE BILL NO. 506

"An Act relating to legislative immunity."

- SCHEDULED BUT NOT HEARD

**PREVIOUS ACTION**

BILL: HB 304

SHORT TITLE: PERMANENT FUND INCOME

SPONSOR(S): REPRESENTATIVE(S) WHITAKER

Jrn-Date	Jrn-Page		Action
01/14/02	1954	(H)	PREFILE RELEASED 1/4/02
01/14/02	1954	(H)	READ THE FIRST TIME - REFERRALS
01/14/02	1954	(H)	STA, FIN
01/16/02	1992	(H)	COSPONSOR(S): FATE
02/16/02		(H)	STA AT 10:00 AM BUTROVICH 205
02/16/02		(H)	-- Meeting Postponed to 2/23/02 --
02/23/02		(H)	STA AT 10:00 AM HOUSE FINANCE 519
02/23/02		(H)	Heard & Held
02/23/02		(H)	MINUTE(STA)
03/19/02		(H)	STA AT 8:00 AM CAPITOL 102
03/19/02		(H)	Moved Out of Committee
03/19/02		(H)	MINUTE(STA)
03/19/02	2600	(H)	STA RPT 3DP 1DNP 2NR 1AM
03/19/02	2600	(H)	DP: FATE, WILSON, STEVENS; DNP: JAMES;
03/19/02	2600	(H)	NR: HAYES, COGHILL; AM: CRAWFORD
03/19/02	2600	(H)	FN1: ZERO(REV)
03/21/02		(H)	FIN AT 9:00 AM HOUSE FINANCE 519
03/22/02		(H)	FIN AT 9:00 AM HOUSE FINANCE 519
03/22/02	2654	(H)	COSPONSOR(S): MULDER
03/25/02		(H)	FIN AT 9:00 AM HOUSE FINANCE 519
03/25/02		(H)	Moved CSHB 304(FIN) Out of Committee MINUTE(FIN)
03/26/02	2679	(H)	FIN RPT CS(FIN) NT 5DP 1DNP 2NR 3AM
03/26/02	2679	(H)	DP: BUNDE, WHITAKER, LANCASTER, HUDSON,
03/26/02	2679	(H)	MULDER; DNP: FOSTER; NR: HARRIS,
03/26/02	2679	(H)	MOSES; AM: CROFT, DAVIES, WILLIAMS

03/26/02	2680	(H)	FN(S): FORTHCOMING
03/27/02	2719	(H)	FN2: (REV)
03/27/02	2719	(H)	RULES TO CALENDAR 3/27/02
03/27/02	2719	(H)	RETURNED TO RLS COMMITTEE
04/15/02		(H)	RLS AT 9:00 AM BUTROVICH 205

BILL: HB 508

SHORT TITLE:DIVE FISHERY ASSOCIATIONS/PSP REPORTS

SPONSOR(S): RESOURCES

Jrn-Date	Jrn-Page		Action
03/20/02	2618	(H)	READ THE FIRST TIME - REFERRALS
03/20/02	2618	(H)	RES
03/25/02		(H)	RES AT 1:00 PM CAPITOL 124
03/25/02		(H)	Moved Out of Committee
03/25/02		(H)	MINUTE(RES)
03/26/02	2682	(H)	RES RPT 7DP
03/26/02	2682	(H)	DP: KERTTULA, CHENAULT, FATE, GREEN,
03/26/02	2682	(H)	STEVENS, MASEK, SCALZI
03/26/02	2682	(H)	FN1: ZERO(DEC)
03/27/02	2720	(H)	DP: MCGUIRE ADDED TO RES RPT
04/15/02		(H)	RLS AT 9:00 AM BUTROVICH 205

BILL: SB 269

SHORT TITLE:NAMING BONDSTEEL BRIDGE OF HONOR

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
02/01/02	2087	(S)	READ THE FIRST TIME - REFERRALS
02/01/02	2087	(S)	TRA
02/01/02	2087	(S)	FN1: ZERO(DOT)
02/01/02	2088	(S)	GOVERNOR'S TRANSMITTAL LETTER
02/26/02		(S)	TRA AT 1:30 PM BUTROVICH 205
02/26/02		(S)	Moved Out of Committee
02/26/02		(S)	MINUTE(TRA)
02/27/02	2316	(S)	TRA RPT 4DP 1NR
02/27/02	2316	(S)	FN1: ZERO(DOT)
02/27/02	2316	(S)	DP: COWDERY, WILKEN, ELTON, TAYLOR;
02/27/02	2316	(S)	NR: WARD
04/10/02		(S)	RLS AT 10:30 AM FAHRENKAMP 203
04/10/02		(S)	MINUTE(RLS)

04/10/02	2710	(S)	RULES TO CALENDAR 4/10/02
04/10/02	2711	(S)	READ THE SECOND TIME
04/10/02	2711	(S)	ADVANCED TO THIRD READING UNAN CONSENT
04/10/02	2711	(S)	READ THE THIRD TIME SB 269
04/10/02	2712	(S)	PASSED Y19 N- E1
04/10/02	2712	(S)	EFFECTIVE DATE(S) SAME AS PASSAGE
04/10/02	2718	(S)	TRANSMITTED TO (H)
04/10/02	2718	(S)	VERSION: SB 269
04/11/02	2877	(H)	READ THE FIRST TIME - REFERRALS
04/11/02	2877	(H)	RLS
04/15/02		(H)	RLS AT 9:00 AM BUTROVICH 205

**WITNESS REGISTER**

TAMARA COOK, Director  
 Legislative Legal and Research Services  
 Legislative Affairs Agency  
 Terry Miller Building, Room 329  
 Juneau, Alaska 99801  
 POSITION STATEMENT: Presented the differences in Version T of  
 HB 304 and CSHB 304(FIN).

JIM KELLY, Director of Communications  
 Alaska Permanent Fund Corporation  
 Department of Revenue  
 PO Box 25500  
 Juneau, Alaska 99802-5500  
 POSITION STATEMENT: Offered amendments to [Version T] of HB  
 304.

REPRESENTATIVE DREW SCALZI  
 Alaska State Legislature  
 Capitol Building, Room 13  
 Juneau, Alaska 99801  
 POSITION STATEMENT: Testified on behalf of the sponsor of HB  
 508, the House Resources Standing Committee.

CAROL CARROLL, Director  
 Administrative Services Division  
 Department of Military & Veterans' Affairs  
 400 Willoughby, Suite 500  
 Juneau, Alaska 99811  
 POSITION STATEMENT: Presented SB 269.

**ACTION NARRATIVE**

TAPE 02-5, SIDE A  
Number 0001

CHAIR PETE KOTT called the House Rules Standing Committee meeting to order at 9:05 a.m. Representatives Kott, Porter, Kohring, Berkowitz, and Joule were present at the call to order.

HB 304-PERMANENT FUND INCOME

CHAIR KOTT announced that the first order of business would be HOUSE BILL NO. 304, "An Act relating to disposition of income of the permanent fund; and providing for an effective date."

Number 0072

TAMARA COOK, Director, Legislative Legal and Research Services, Legislative Affairs Agency, explained that the proposed committee substitute (CS), Version 22-LS1207\T, Cook, 4/5/02, makes a change in Section 12. That change was to delete the reference to "On July 1, 2002" and insert "At the beginning of fiscal year 2003". The proposed CS deletes Sections 14 and 15, which were the effective dates. Ms. Cook related her impression that effective dates are no longer necessary due to changes [incorporated in the proposed CS]. She also related her impression that the change in Section 12 is wise if there are no effective dates. Ms. Cook pointed out that [the proposed CS] has shifted the bill over so that the transfers from the earnings reserve account would occur at the beginning of each fiscal year. Those appropriations made in the prior year should remain unaffected by this bill, which will only apply to future appropriations.

Number 0230

REPRESENTATIVE BERKOWITZ said, "Just to be clear on the intent today, we are not moving this bill along ... these are just technical changes and as the process evolves, this bill will evolve here in this committee. Is that the intent?"

CHAIR KOTT answered, "That's correct, in some part of this committee." These changes are being made in the event that the bill is forwarded for consideration by the House.

Number 0275

REPRESENTATIVE PORTER moved that the committee adopt CSHB 304, Version 22-LS1207\T, Cook, 4/5/02, as the working document. There being no objection, Version T was before the committee.

Number 0312

JIM KELLY, Director of Communications, Alaska Permanent Fund Corporation, Department of Revenue, noted that the committee should have a letter from Robert Storer, Executive Director, Alaska Permanent Fund Corporation, Department of Revenue, regarding a couple of proposed amendments. Mr. Kelly pointed out that Section 11 repeals statutory inflation-proofing. However, the corporation asks that the statutory inflation-proofing not be repealed. The [Alaska Permanent Fund] Board's position is that if the fund was moved to a percent of market value (POMV) distribution and the payout was limited to no more than 5 percent of the funds average market value for the last five fiscal years, then there will be permanent and protective inflation-proofing. Mr. Kelly highlighted the fact that HB 304 is a statutory bill rather than a constitutional amendment. [A statutory bill] creates uncertainty that there can't be additional appropriations on top of what is envisioned in the language of these statutes. For example, HB 20 would appropriate \$59 million to the municipal dividend, which would be on top of this 5 percent. The two line items for the Department of Natural Resources and the Department of Law total approximately \$2 million, which is a fairly good-sized loophole that would be on top of the 5 percent. Furthermore, any appropriations that are made out of the earnings reserve account would also be on top of the 5 percent. Mr. Kelly recognized that the legislature has an excellent record of supporting inflation-proofing. However, he wasn't sure that the [corporation] could rely on that past discipline to continue. Therefore, the [corporation] requests that the inflation-proofing be left in for now.

Number 0542

MR. KELLY turned to the second amendment that the corporation would propose. He directed attention to page 3, line 24, and requested the deletion of the language "excluding any unrealized gains or losses". This change will allow the Alaska Mental Health Trust Authority to continue its current practice of computing the trust income in the same manner as the permanent fund. Mr. Kelly related his belief that the intent of the House Finance Committee was to continue that practice.

MR. KELLY moved to the timing of the dividend appropriation. He explained that in the past the dividend appropriation, although the language says [to perform the appropriation] at the end of the fiscal year, has been made after the audit is complete. This is done per a Memorandum of Agreement. Therefore, the corporation intends to make the appropriations after the completion of the audit when the numbers are exact. In regard to the 5 percent, Mr. Kelly drew attention to the last paragraph of the letter by Mr. Storer, which relates the corporation's understanding that the appropriation for the corporation's budget is separate and above the 5 percent.

Number 0686

CHAIR KOTT moved that the committee adopt the following amendment, Amendment 1:

Page 3, line 24,  
Delete "excluding any unrealized gains or losses"

There being no objection, Amendment 1 was adopted.

CHAIR KOTT turned to Mr. Kelly's suggestion to not repeal Section 11, and announced that he isn't inclined to change that at this time.

REPRESENTATIVE PORTER agreed. He said that although he understands the corporation's position, the legislature is faced with a billion dollar shortfall. Representative Porter related his belief that all the options should be available for use in dealing with that problem. Furthermore, Representative Porter remarked that the [corporation] has been over inflation-proofing the fund for many years and a couple of years without the redundant inflation-proofing wouldn't be harmful.

REPRESENTATIVE BERKOWITZ expressed his hope that [the committee] has the opportunity to revisit this particular point and discuss it more fully when it is time to forward the bill.

CHAIR KOTT, upon no one else wishing to testify, announced that the public testimony was closed.

Number 0808

REPRESENTATIVE PORTER moved to report CSHB 304, Version 22-LS1207\T, Cook, 4/5/02, as amended out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE BERKOWITZ objected. Representative Berkowitz pointed out that the next stop for this bill is the House floor. Representative Berkowitz viewed HB 304 as part of a long-range fiscal plan for which he needed to see the other components. He related his belief that it would be prudent for the bill to be held in committee. Representative Berkowitz announced that he wouldn't sign the bill report if required.

CHAIR KOTT acknowledged that to be Representative Berkowitz's prerogative. However, he explained that all the committee is doing is "pre-positioning" the bill in the event further attention is necessary.

REPRESENTATIVE KOHRING expressed concern with the bill. He related his belief in not spending any portion of the permanent fund for fear of moving in the direction of spending it in its entirety over time. Representative Kohring expressed the need to review other spending reductions and efficiencies in government before considering new revenue sources.

REPRESENTATIVE PORTER clarified that the [corpus of the] fund may not be spent by the legislature without a two-thirds vote of each body and a vote of the public.

A roll call vote was taken. Representatives Kohring, Porter, and Kott voted to report Version T from committee. Representatives Berkowitz and Joule voted against reporting Version T from committee. Therefore, Version T failed to be reported out of the House Rules Standing Committee by a vote of 3:2.

#### HB 508-DIVE FISHERY ASSOCIATIONS/PSP REPORTS

CHAIR KOTT announced that the next order of business would be HOUSE BILL NO. 508, "An Act relating to publication of results of testing for paralytic shellfish poisoning by the Department of Environmental Conservation and to participation of the Department of Environmental Conservation in the development of operating plans of qualified regional dive fishery associations."

Number 1023

REPRESENTATIVE DREW SCALZI, Alaska State Legislature, testified on behalf of the House Resources Standing Committee in support of the "House Resources Subcommittee Bill 508." Representative

Scalzi explained that this bill would move the dive fishery to the beginning of the process when the Alaska Department of Fish & Game (ADF&G) organizes the dive fishery plan for the year. Therefore, [it allows] for the beaches to be set for commercial harvest. He related that the Department of Environmental Conservation (DEC) is in support of this.

REPRESENTATIVE SCALZI informed the committee that the dive fishers have requested that the information be placed on the website in order that others can access where the beaches may or may not be [ripe] for paralytic shellfish poisoning. However, DEC has concerns with placing that information on the website in a certain manner because the information may be misinterpreted. Therefore, the proposed committee substitute (CS) [Version J] moves the language requiring this information to be posted on the website to be moved to the legislative intent section. With this change, the information will be accessible, while protected. By posting this information on the Internet, money and time is saved.

CHAIR KOTT related his understanding that Section 1(b) of HB 508 has been shifted to intent language.

REPRESENTATIVE SCALZI agreed, and highlighted that it was done at the request of DEC.

Number 1230

REPRESENTATIVE KOHRING moved to adopt CSHB 508, Version 22-LS1642\J, Utermohle, 4/8/02, as the working document. There being no objection, Version J was before the committee.

CHAIR KOTT, upon no one wishing to testify, the public testimony was closed.

Number 1249

REPRESENTATIVE PORTER moved to report CSHB 508, Version 22-LS1642\J, Utermohle, 4/8/02, out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, CSHB 508(RLS) was reported from the House Rules Standing Committee.

SB 269-NAMING BONDSTEEL BRIDGE OF HONOR

CHAIR KOTT announced that the next order of business would be SENATE BILL NO. 269, "An Act naming bridge number 1121, across

the Knik River, the Sergeant James Bondsteel Bridge of Honor; and providing for an effective date."

Number 1286

CAROL CARROLL, Director, Administrative Services Division, Department of Military & Veterans' Affairs, explained that SB 269 names bridge number 1121 after Sergeant James Bondsteel, who received the medal of honor during the Vietnam War. Sergeant Bondsteel moved to Alaska in the 1980s and worked for the Veterans' Administration. In 1987 Sergeant Bondsteel was in a traffic accident on bridge 1121 where he died.

CHAIR KOTT, upon no one else wishing to testify, closed public testimony.

Number 1328

REPRESENTATIVE BERKOWITZ moved to report SB 269 out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, SB 269 was reported from the House Rules Standing Committee.

#### **ADJOURNMENT**

At 9:30 a.m. the committee was recessed to the call of the chair. [This meeting never reconvened.]