

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**February 26, 2001**  
**9:05 AM**

**TAPES**

SFC-01 # 24, Side A  
SFC 01 # 24, Side B  
SFC 01 # 25, Side A

**CALL TO ORDER**

Co-Chair Pete Kelly convened the meeting at approximately 9:05 AM.

**PRESENT**

Senator Dave Donley, Co-Chair  
Senator Pete Kelly, Co-Chair  
Senator Jerry Ward, Vice Chair  
Senator Loren Leman  
Senator Lyda Green  
Senator Gary Wilken  
Senator Alan Austerman  
Senator Lyman Hoffman  
Senator Donald Olson

**Also Attending:**

SENATOR ROBIN TAYLOR; KRISTOPHER KNAUSS, Staff, Senator Kelly; MATT ROBUS, Deputy Director, Division of Wildlife Conservation, Department of Fish & Game; DAVID STEWARD, Personnel Manager, Division of Personnel, Department of Administration; CAROL CARROLL, Director, Division of Support Services, Department of Natural Resources and Military and Veterans Affairs.

**Attending via Teleconference:**

MICHAEL E. SCHRADER, Attorney, AterWynne, LLP, Portland, Oregon;  
BRIAN BJORKQUIST, Assistant Attorney General, Governmental Affairs Section, Department of Law.

**SUMMARY INFORMATION**

SB 72-TAKE A CHILD HUNTING SEASON

The Committee heard from the sponsor and the Department of Fish and Game. CS SB 72 (FIN) was reported out of Committee.

SB 64-HIGH SCHOOL DIPLOMA FOR CERTAIN WWII VETS

The Committee heard from the sponsor and CS SB 64 (FIN) was reported out of Committee.

SB 65-STUDY OF PAY EQUITY FOR STATE EMPLOYEES

The Committee heard from the sponsor and the bill was held in Committee.

SB 84-PUBLIC UTILITY JOINT ACTION AGENCIES

The Committee heard from the sponsor and CS SB 84 (FIN) was reported out of Committee.

#SB72

CS FOR SENATE BILL NO. 72(RES)

"An Act relating to 'take-a-child-hunting' seasons for big game."

KRISTOPHER KNAUSS, Staff, Senator Kelly, stated that SB 72 would allow the Board of Game to establish big game hunting seasons before the school year starts in the fall and before the regular hunting season begins for Alaskans. Currently, many children begin their school year before the start of hunting season and are unable to share the experience with their families. Under the legislation, families would have the opportunity to enjoy time together and learn important aspects of the hunting culture.

Mr. Knauss stated SB 72 would require the Board of Game to limit use of the "extended season" to children accompanied by a resident parent, stepparent, or legal resident guardian. The Board would have the authority in determining game units for implementation.

Mr. Knauss referenced the blank committee substitute before Committee members, work draft, 22-LS0084\P, Utermohle, 2/19/01. [Copy on File].

Co-Chair Kelly moved to adopt that work draft. There being no objection, the work draft was ADOPTED as the version before the Committee.

Senator Austerman asked how the person older than 17, but not yet

21 years old would be classified.

Co-Chair Kelly noted that his staff had spoken with Legislative Legal who stated, "judgment calls could be made" on those ages. The intent of the bill was not to allow an 18 year old to take a 17-year-old hunting. However, a 21 year old could take a 17-year-old hunting. There would be a separation provided in the bill.

MATT ROBUS, Deputy Director, Division of Wildlife Conservation, Department of Fish & Game, acknowledged that the Board of Game does have the authority to establish this type of hunt; however, it would develop a new class of "hunter". He pointed out that given that, it would be best to address it through legislation. The bill language provides the Board of Game discretion on establishing the hunts.

Mr. Robus stated that such hunts would not be appropriate where there is already a hunting season prior to school. The legislation should pertain primarily to moose hunts, which generally start in early September.

The Department requests that the Board of Game provide the following regulations:

- Separate youth seasons from the main regular hunts;
- Administer the hunts through a registration hunt, in order that participation could be tracked in the hunt so that the harvest would be known; and
- Request that the registration hunt be established as a two-person hunt with a bag limit of one animal.

Mr. Robus voiced his concern with early season moose hunting and how successful children would be in doing that type hunt. He commented that caribou and black bear hunting would probably be more successful for the child.

Senator Austerman asked the legal age for a license requirement.

Mr. Robus replied that there is no legal minimum age requirement and that anyone under 16 years of age would not need a license.

Senator Austerman inquired what was being classified as "big game".

Mr. Robus replied that big game would be black bear, brown bear, mountain goat, sheep, caribou, deer and moose.

Senator Olson questioned why musk oxen had been excluded from the

bill.

Co-Chair Kelly replied that was a recommendation of the Department.

Senator Olson noted that in his part of the State, musk oxen were the only big game animals available to hunt.

Co-Chair Kelly explained that musk oxen are strictly "permit" hunting. He added that harvest is tightly managed because of the number of existing animals.

Senator Olson indicated that in Nunivak, there are big game guides.

Mr. Robus responded that in Game Management Unit #18, which includes Nunivak, a registration permit is necessary for a cow musk ox, with the month-long season beginning September 1. That hunt is available by registration and not by lottery. He stressed that statewide, the musk oxen tend to be in short supply.

Co-Chair Kelly interjected that in highly managed herds, the option of youth hunts would not be eligible. The way, in which the bill is structured, the Board would be given the discretionary choice.

Senator Olson interjected that he wanted to guarantee that his constituents were being represented.

Co-Chair Kelly indicated that he would speak with the director of the Board of Wildlife Conservation regarding that concern.

Mr. Robus explained to Senator Green that if there were an adult and child hunting together before the season opened, the legislation would allow the adult to be hunting before any other adult, which would allow the adult privileges of taking a second animal. He knew that would be controversial for those that do not have children and warned that it could promote the youth hunt for the wrong reasons.

Senator Green indicated that she did not notice those concerns addressed in the bill.

Co-Chair Kelly stated that the Department should indicate those concerns to the Board. He added that he would also send a letter to the Board.

Senator Hoffman understood that whoever shoots the animal would be responsible to tag it. He asked if only the child would have the authority to shoot.

Mr. Robus acknowledged that whomever shoots must tag it; however, either party can shoot. The Department advises that animal would then become the animal allowance for both of the parties for that season.

Co-Chair Kelly commented that the point of who shoots is not critical to whom the tag is attributed. If the family decides to take advantage of the early season shot, then the tag would be used.

Senator Ward commented that he would like to encourage parents taking their children hunting. He thought that some families might need more than one animal each year. He added that the kill should not take away from the parents permit.

Co-Chair Kelly interjected that it would not take away from that situation. The family could make the decision and then be given the option.

Senator Lemman moved to report CS SB 72(FIN) from Committee with individual recommendations and the accompanying zero fiscal note. There being no objection, CS SB 72 (FIN) MOVED from Committee with a "do pass" recommendation and with a zero fiscal note by Department of Fish & Game.

#SB65

SENATE BILL NO. 65

"An Act requiring a study to determine if gender is a determinant in state employee compensation."

Co-Chair Donley stated that SB 65 would require the State of Alaska to conduct a study to determine if gender is a deterrent in State employee compensation. The State has never performed a pay equity study. The bill would provide a mechanism to bring the State into compliance with federal law and put an end to any wage-based sex discrimination in State employment.

Co-Chair Donley continued that state employees should be paid based on the value of the work they perform, not based on whether they are men or women. He stated that passage of SB 65 is the right thing to do. Failure to address the situation will expose the State to expensive, time-consuming and divisive litigation. The approach established in the bill would first identify if there were instances in which the State is illegally paying women less than men. If the study finds such instances, then the State will develop phased strategies to eliminate such sex discrimination. SB

65 promotes fairness in the workplace and recognizes the valuable work that is being performed by the men and women in State government.

SENATOR ROBIN TAYLOR indicated that a major question was being raised and that the pay equity question is one that has always haunted the State of Alaska. He acknowledged that a study does need to be done. In the last 15 to 20 years, the State has seen a lot of change and tremendous transition. He pointed out that anyone could go to most construction jobs and see women operating heavy equipment. Senator Taylor noted that he supported Co-Chair Donley's effort.

DAVID STEWART, Personnel Manager, Division of Personnel, Department of Administration, understood that the Department of Administration would be required to create a study to determine if gender plays an inappropriate role in determining State of Alaska personnel wages. He pointed out that the current system follows the laws adopted by the Legislature, which requires a regular integrated salary program based on the nature of the work being done. It requires equal treatment of employees and applicants and requires recruitment and advancement of employees based on their relative ability, knowledge and skill. Furthermore, Alaska Statute (AS) 18-80-220, makes it unlawful to discriminate against sex when the reasonable demands of the position don't require that on the basis of sex. The State's current pay systems have been tested in Court and have been found to be fair.

Mr. Stewart added that the Department would work with the bill sponsors to help define the problem and the issues inherent within. The current system contains supervisory and management reviews and Union appeal processes. Decisions affecting pay are not unilateral and based on universally applied criteria. He added that the external review processes was designed to produce appropriate warning signals. Mr. Stewart advised that rarely does the State receive pay disputes. The current system does not illegally assign pay raises based on gender. He noted that the Department does support checking the efforts and practices.

Senator Green asked if there was anyway to allow "lag" time for corrective action to take place.

Co-Chair Donley believed that could happen with a simple majority vote. He recommended consulting with the legislative drafters to see if that was correct.

Co-Chair Kelly asked if there had been discrimination claimed against men. He recommended that the criteria of the study should

be broadened in order to look at sex discrimination both ways.

Co-Chair Donley responded that the legislation would be gender based and not limited. Language referenced in the sectional analysis was used only as an example and that there would be a full analysis of both gender classes.

Co-Chair Kelly pointed out that the proposed legislation was not an equal pay for equal work-study, but rather pay equity. He asked Senator Donley to explain the difference.

Co-Chair Donley discussed that given two truck drivers, a man and a woman, if either of them is paid differently with the same duties and experience, then an equal pay problem exists. However, if there is a class called assistant truck drivers and a class called truck driver assistant, and one is dominated by women and the other is dominated by men, and one class is paid differently from the other, then there exists a pay equity situation.

Senator Lemman asked what the legislation was attempting to solve. He did not think that the legislation really addressed the concerns voiced by Senator Donley. He suggested that looking at the class could determine the difference in the pay scheme.

Co-Chair Donley pointed out that Alaska has the advantage of looking at the results from other states that have already undertaken the study. He stressed that there is legitimate concern and perception that there is discrimination happening in Alaska against women. It is a fact that women in the State are paid less than men overall. He reiterated that there could be a potential problem and the only way to alleviate the concern would be to undertake such a study.

SFC 01 # 24, Side B 09:56 AM

Co-Chair Donley interjected that there is no conclusion that discrimination exists, however, there exists a possibility.

Senator Lemman suggested there could be other ways to address the concern. He proposed "actively recruiting" into those classifications. Additionally, wages paid should be marketplace wages. Implementing both of those would accomplish more than going through the recommendations proposed in the bill.

Co-Chair Kelly perceived that the career path within State workers appears to be clear and that women do not seem to be impeded on

that path. He stated that different job classifications have to do with the marketplace. He encouraged Mr. Stewart to work with Senator Donley in order to guarantee that the study was crafted to answer all the questions and concerns.

Co-Chair Kelly stated that the bill would be HELD in Committee until Senator Donley and the Department could determine what was needed done.

Senator Austerman asked if the study would be contracted out or if it would be an independent study.

Mr. Stewart replied that the study would be contracted out.

Co-Chair Donley acknowledged that was the intent and in other states where it had been contracted out, it was successful.

Senator Green questioned why the Department of Labor or the Department of Community & Economic Development were not being used.

Co-Chair Donley explained that he was trying to integrate the State of Alaska's employment system and compare it with other state surveys. He added that job classifications in our State system are different from the surveys performed in other states.

Senator Ward reminded members that the University of Alaska had undertaken a study like this. He recommended checking with them regarding the company who was contracted with. That study exposed that the engineers were predominately males and that other classes were predominately female. He believed that there was justification for doing the survey.

Co-Chair Kelly inquired if it had been an equal pay study undertaken by the University.

Senator Ward remembered that the study addressed classifications. The females were being paid less because of their classification and that the study had been done five years ago.

Co-Chair Kelly claimed that women tend to be the lower paid member of most family units because they make the lifestyle choices for the betterment of the family. He did not know how that information would be quantified in a study.

Co-Chair Donley cautioned that the Committee must be careful not to override a truly objective study. There needs to be an objective frame of reference and analysis. Until that occurs, the perception will continue.

SB 65 was HELD in Committee.

#SB84

CS FOR SENATE BILL NO. 84(JUD)

"An Act exempting certain joint action agencies from regulation by the state or municipalities; relating to the relationship between certain joint action agencies and the public utilities that form the joint action agencies; relating to powers and immunities of certain joint action agencies; requiring filing of certain joint action agency agreements; relating to the financial affairs of certain joint action agencies; declaring certain joint action agencies to be political subdivisions for certain purposes; relating to liability and indemnification of officers, employees, and agents of certain joint action agencies; and defining 'agency agreement' and 'parties to the agency agreement' as used with reference to certain joint action agencies."

SENATOR ROBIN TAYLOR advised that the 21<sup>st</sup> Legislature passed legislation creating the Power Cost Equalization (PCE) and authorizing the sale of the Four Dam Pool Projects to local utilities and communities. The PCE Endowment was funded by an appropriation from the Constitutional Budget Reserve (CBR) and from proceeds from the sale of the Four Dam Pool projects. Governor Knowles signed the bills into law in May 2000. The Four Dam Pool Utilities and the State have been diligently working to complete the complex transaction by December 31, 2001. At closing, the proceeds from the sale would be deposited into the PCE Endowment.

The Four Dam Pool communities and utilities have created a Joint Action Agency (JAA), which will become the owners of the projects. During the legal review of the new organization, a variety of technical issues were raised concerning the tax and regulatory status of the JAA.

Senator Taylor noted that SB 84 would resolve the issues so that the sale of the project could be completed as envisioned and the endowment would be fully funded.

The bill addresses the following four issues:

- Federal tax status of the Joint Action Agency;
- State tax status of the Joint Action Agency;
- Potential liability of member utilities for claims

- against the JAA; and
- Exemption from Regulatory Commission of Alaska (RCA).

Co-Chair Kelly asked if the cooperative, currently regulated by the RCA would be exempt.

Senator Taylor responded that none of their current regulations would change. The owner of their utility, the JAA, would not be subjected to that regulation.

Senator Green referenced Page 3 of the sponsor statement and asked who would manage the tax.

Senator Taylor replied that would be levied by the State. The main reason for exempting JAA would be to guarantee that it is an instrumentality of government and can issue bonds. Part of the problem is that the municipalities do not want to sign up if the communities were to become liable if there were problems with the dam. He recommended that should be a liability policy carried by the JAA, not by the State. The entity itself has to have a quasi-government look to it. The State's purpose in the sale was that the communities could own the utilities and operate them and then provide for an income stream back to the State. At some date in the future, JAA will disappear when the member communities will decide to regionalize the regulation. Until the debt has been paid, the State of Alaska wants to make certain that the power of sale agreement stays in place and the State is paid.

Senator Green asked who would be liable in the worst-case scenario.

Senator Taylor replied that JAA would be responsible. They are carrying insurance and have reserve funds for that purpose.

Senator Austerman asked if the State was currently holding the liability.

Senator Taylor responded that currently, it is the State's liability. The benefit to the State is to get out from under the liability for the projects. Loss of revenue for the State was the catalyst for bringing about a final solution to the endowment created last year. There is a reserve and insurance policy to take care of the projects. The debt should be paid out within eight to twelve years and could then the power costs could be reduced for the member utilities.

Senator Green asked how the industry standard had been determined.

Senator Taylor explained that an engineering firm who provided

estimates of what the possible losses could be expected determined number. He added that the transaction has not yet been finalized.

MICHAEL E. SCHRADER, [Testified via Teleconference], Attorney, Ater Wynne, LLP, Portland, Oregon, stated that his firm had worked with the Project Management Committee and the Attorney General's office to prepare the text for SB 84.

Mr. Schrader indicated that Senator Taylor had done a great job explaining the bill. He proposed a minor amendment to the bill. He offered to answer questions of the Committee.

Senator Ward asked who did not have the power of eminent domain.

Mr. Schrader explained the concept of eminent domain which are powers driven by the JAA as a governmental agency. Currently, all the members of the cooperative have those powers. There is a distinction in Alaska law giving cooperatives and how they exercise those powers being one of procedure. They can authorize through a Declaration of Taking, a procedure for title transfers and Compensation for the Taking. In respect for the cooperatives, the system is reversed. All of the members currently have condemnation powers. With respect to JAA, the enabling legislation that was adopted last year, grants JAA, the powers for a public utility of eminent domain that is exercised by the cooperative. However, for tax purposes, it is the condemnation powers and the powers with the municipality. [Audio Equipment Problems].

Senator Taylor added that the member utilities all have condemnation authority at this time. He stated that this would be the "fine tuning" of the agreement. JAA is still limited to be exercised to the condemnation authority within the boundaries of where the individual owners could exercise their authority.

Senator Taylor understood that the State Attorney General had proposed minor modifications.

BRIAN BJORKQUIST, Assistant Attorney General, Governmental Affairs Section, Department of Law, testified via teleconference that in lieu of the property tax other cooperatives are removed from local property taxes. The modifications are to clarify JAA's responsibility for their own debt. The language in the bill is clear that the State of Alaska is not subject. He commented that other amendments would clarify the subject of eminent domain and declaration of taking. That should be limited to the powers of the declaration of taking within the boundaries of the project. Language should be issued to that section regarding all those

powers. He commented that there are three proposed changes. A change to Page 3, Line 30, and Page 3, Line 31. The purpose those changes would be to establish the language for the boundaries of the project and the declaration of taking. \*[Difficulty in understanding the teleconferenced speaker - inaudible].

Senator Taylor noted that the suggested amendments would be a re-clarification of definitions regarding imminent domain and to guarantee that the State does not become liable for the debts incurred by JAA. He suggested that the language be addressed through a conceptual amendment written by the legislative drafters.

Senator Austerman moved to adopt Amendment #1. [Copy on File]. There being no objection, the amendment was ADOPTED.

Senator Lemman believed that the language on Page 3, Line 12, "a body corporate and politic and", was redundant.

Senator Taylor explained that there had been a number of attorney's working for the communities, the Four Dam Pool group, Alaska Industrial Development Export Authority (AIDEA) and the Attorney General's Office. Each of those attorneys has attempted to address all loopholes. He reiterated that is how the current language came to be and he believed it would do no harm to the intent of the legislation.

Co-Chair Kelly noted that currently, utilities are paying taxes based on their wholesale value.

Senator Taylor explained that those were fully owned utilities, owned by the municipality itself. As a consequence, they will generate wholesale and retail to consumers of the property. They do not charge a tax on the sale of their own electricity to their own citizens. Coops, which are a separate entity from the community in which they live, charge a retail tax. That tax is actually charged by the State of Alaska.

SFC 01 # 25, Side A 10:54 AM

Senator Taylor continued, there is only one cooperative entity listed in the bill and that group returns funds through the tax to its service communities. They would continue to receive those payments.

Senator Austerman moved to report CS SB 84 (FIN) out of Committee with individual recommendations and the accompanying fiscal notes.

There being no objection, CS SB 84 (FIN) MOVED from Committee with a "do pass" recommendation and with fiscal notes #1, #2, and #3 by Department of Community & Economic Development.

#SB64

CS FOR SENATE BILL NO. 64(HES)

"An Act relating to the award of a high school diploma to certain World War II veterans."

CAROL CARROLL, Director, Division of Support Services, Department of Natural Resources and Military and Veterans Affairs, explained that SB 64 would recognize that many 17 year olds left school to join the United States armed forces or the Alaska Territorial Guard in order to fight in a war that threatened the stability of the world. When they returned home, many did not return to high school and did not receive a high school diploma.

In order to recognize their service to this country, many states have joined together to pass legislation similar to the proposed bill in an effort named "Operation Recognition". She added that there are less than 150 veterans that would fall within the guidelines of the bill and that veterans or their families would need to apply to the Department of Education for the diploma.

Senator Green moved to adopt the work draft, #22-GS1011\J, Ford, 2/15/01, as the version of the bill before the Committee. There being no objection, it was ADOPTED.

Senator Austerman asked why the bill was brought forward.

Ms. Carroll stated that it was a nationwide program called "Operation Recognition".

Senator Leman suggested that this could "open up a can of worms". He proposed it be limited to those that left high school to work as a civilian for the armed forces.

Ms. Carroll replied that did not come up during discussions or with legislation in the other states. Many other states have adopted similar legislation.

Senator Leman reiterated that there were some Alaskans who worked on various jobs in a civilian position, supporting the war effort. He added that he did not want to hold the bill up in Senate Finance Committee but requested that be considered before it goes to the

Senate Floor.

Senator Ward mentioned that he was a member of the Veterans of Foreign Wars (VFW) and that there had been discussions about not broadening the language at this time.

Senator Green moved to report CS SB 64(FIN) out of Committee with individual recommendations and with the accompanying fiscal note. There being no objection, it was so ordered.

CS SB 64 (FIN) MOVED from Committee with a "do pass" recommendation and fiscal note #1 by Department of Education & Early Development.

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ADJOURNMENT

Co-Chair Pete Kelly adjourned the meeting at 11:02 AM