

MINUTES
SENATE FINANCE COMMITTEE
April 06, 2001
10:05 AM

TAPES

SFC-01 # 70, Side A

CALL TO ORDER

Co-Chair Pete Kelly convened the meeting at approximately 10:05 AM.

PRESENT

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

Also Attending: SENATOR JOHN TORGERSON; REPRESENTATIVE JIM WHITAKER; DAVID TEAL, Director, Division of Legislative Finance; CHRIS CHRISTENSEN, Deputy Administrative Director, Alaska Court System; LORI BACKUS, staff to Representative Whitaker

SUMMARY INFORMATION

HB 103-APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 104-APPROP:MENTAL HEALTH BUDGET

The Committee rescinded its earlier actions in reporting the bills from Committee. Committee substitutes were adopted and the bills reported from Committee.

SB 172-COURT SYSTEM ANNUAL REPORT

The Committee adopted an amendment and reported the bill from Committee.

HB 118-SR CIT./DISABLED VET. PROP TAX EXEMPTION

The Committee heard from the sponsor and reported the bill from Committee.

SB 158-REPORT:STATE PARTICIPATE IN NAT GAS PIPE.

The Committee heard from the sponsor and reported the bill from Committee.

#HB103

#HB104

CS FOR HOUSE BILL NO. 103(FIN)(brf sup maj fld)

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; and providing for an effective date."

SENATE CS FOR CS FOR HOUSE BILL NO. 104(FIN)

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

Co-Chair Kelly announced that when these bills were reported from the Committee at the previous hearing, sections were inadvertently omitted.

Senator Hoffman requested confirmation from the Division of Legislative Finance that the new committee substitutes incorporate only the aforementioned omitted information.

Co-Chair Kelly assured this is the case; with the exception that the amendments the Committee adopted are also incorporated.

DAVID TEAL, Director, Division of Legislative Finance, affirmed.

Co-Chair Donley moved to rescind the action of reporting SCS CS HB 103 (FIN), 22-LS0410\T from Committee.

There was no objection and the action to report the bill from Committee was RESCINDED.

Co-Chair Donley moved to adopt SCS CS HB 103, 22-LS0410\W as a working draft.

The committee substitute was ADOPTED without objection.

Co-Chair Donley moved to report SCS CS HB 103 (FIN), 22-LS0410\W from Committee.

Without objection, SCS CS HB 103 (FIN), 22-LS0410\W MOVED from Committee.

Co-Chair Donley moved to rescind the Committee's action of reporting an incomplete SCS CS HB 104, (FIN) 22-LS0411\O from Committee.

Co-Chair Donley moved to adopt the complete SCS CS HB 104 (FIN), 22-LS0411\O as a work draft. [Note: The omitted sections are included in this version although the version number is unchanged.]

Senator Hoffman referenced the funding source on page 11, line 24; CBR (Constitutional Budget Reserve) Mental Health fund and asked for an explanation.

Mr. Teal responded this is a new fund code created by the Division for tracking purposes. He likened it to the General Funds/Mental Health fund, which is also used to keep track of the expenditure of funds for mental health related expenses.

Senator Hoffman asked if the CBR Mental Health fund is essentially a CBR fund.

Mr. Teal replied it is.

Senator Hoffman clarified this accounting fund code is new with this budget.

Co-Chair Kelly affirmed.

The committee substitute, Version "O" was ADOPTED as a working draft without objection.

Co-Chair Donley offered a motion to report SCS CS HB 104 (FIN), 22-LS0411\O from Committee.

There was no objection and the bill MOVED from Committee.

#SB172

SENATE BILL NO. 172

"An Act relating to an annual report by the court system to the public and the legislature."

This was the first hearing for this bill in the Senate Finance Committee.

Co-Chair Donley spoke to this Senate Finance Committee sponsored legislation. He stated it places into statute, a provision requiring that the Alaska Court System prepare an annual report following certain perimeters. He qualified the Court currently does issue an annual report, and he referenced the latest version. However, he warned that this report is not mandatory and the Alaska Court System could decide to discontinue issuing it at any time.

Co-Chair Donley noted this legislation would stipulate the reports include additional information relating to the "timeliness of decisions being made by the Judicial Branch" as well as specific information about travel expenses and per diem for judges and justices. He stressed the travel and per diem accountability provision is identical to that required of legislators and employees of the Legislative and Executive Branches.

Co-Chair Donley surmised this information would provide the public with "valuable different information in evaluating how well the court system is actually performing and how individual justices and judges and courts are performing."

Senator Green asked if similar legislation passed the prior legislative session.

Co-Chair Donley emphasized the intent of this bill is not to change the Alaska Court System current practice with regard to the issuance of the annual report. He noted this legislation does require the Court to provide a copy of the reports to the Senate Secretary and the Chief Clerk of the House of Representatives as well be made available to the public.

Senator Green remembered legislation passed a year before allows reports to be disseminated electronically rather than by hard copy.

Co-Chair Donley remembered discussion on the matter, but was unsure if specific legislation passed.

Senator Austerman understood most of the information stipulated in this bill is already provided in the report.

Co-Chair Donley stressed the annual report issued by the Alaska Court System already contains most of the information required in this legislation. The only exceptions, in his opinion, is the addition of information showing the average mean, minimum and maximum periods of time between the disposition of cases and the

issuing of a ruling classified by courts and by each justice. He noted the current reports contain general summaries for the entire court system of the average length of time before a decision is rendered, but the information is not broken down to show each court or judge.

Co-Chair Donley continued that another exception would be a requirement that the report include information identifying how many times a judge or justice has failed to comply with the "warrant statutes". These statutes, he explained pertain to the withholding of pay when decisions are not issued before a specific deadline.

Co-Chair Donley listed the final exception as the travel and per diem information that would be required under the bill.

Senator Austerman asked why reporting of the travel expenses and per diem expenditures for each judge and justice is necessary.

Co-Chair Donley replied it is for the same reason that the legislative and executive branches report annually. He expressed it is a "good accountability measure for government" and should be made easily available to the public.

CHRIS CHRISTENSEN, Deputy Administrative Director, Alaska Court System, testified that the Supreme Court has issued an annual report since shortly after statehood. He noted for the record that the report is not produced under a statutory mandate but rather as part of the Supreme Court's constitutional authority to administer the Judicial Branch. In essence, he stressed, this report is "the Supreme Court's annual message on Judicial Branch operations."

Mr. Christensen asserted, "The legislature is the best judge of the information that it finds useful to do its job." He noted the legislature has the authority to instruct the Alaska Court System to provide statistics and other information about court operations, and he assured this information would be provided.

Mr. Christensen referenced the zero fiscal note, informing that the reporting requirement would involve information already collected or could be easily obtained using current resources.

Mr. Christensen clarified that the document referred to as the annual report is the Supreme Court's Message and is "akin to the report that you as individuals and as organizations send to Alaskans describing your operations here in Juneau." He remarked, "Much as you are the final authority of what goes into those reports, we believe that the Supreme Court is the final authority

on what this particular document contains."

Mr. Christensen shared with the Committee that in correspondence between Co-Chair Donley and Chief Justice Dana Fabe in January 2001, Chief Justice Fabe committed to Co-Chair Donley that she would "raise this issue (of including the additional information in the annual report) with her colleges." Mr. Christensen qualified that this information may actually be included in a separate report, issued to the legislature and available to the public as required in SB 172.

Co-Chair Kelly asked if Co-Chair Donley objected to the removal of "annual" before "report" in the bill.

Co-Chair Donley did not.

Mr. Christensen pointed out that much of the information is calculated based on the fiscal year, rather than calendar year, due to the manner in which the Alaska Court System is funded. He stated that most of the information stipulated in the bill could be provided on a fiscal year basis. However, he reminded of another statute requiring the Alaska Court System provide travel and per diem expenditure information in a calendar-year report, which has been submitted to the legislature every January. He stated that it has been difficult to obtain all the information before February, especially for travel in rural areas of the state. Because of this, he suggested the information could be provided on either a fiscal year basis or a calendar basis if allowed an extra 45 - 60 days to compile the information.

Co-Chair Donley commented, "It would be nice to keep it consistent with the reports that we already do for the Executive and Legislative Branches, which are by calendar year." Therefore, his first choice was for additional time for a calendar report.

AT EASE 10:19AM/10:23AM

Amendment #1: This conceptual amendment deletes "February 1" in inserts "March 15" on page 1, line 6, deletes "an annual" and inserts "a" on line 7, and deletes "of" and inserts "regarding" on line 8. The amended language in Section 1 reads as follows.

Sec. 22.20310. Court system annual report. The administrative director shall, not later than March 15 of each year, make available to the public and file with the senate secretary and the chief clerk of the house of representatives a report regarding the Alaska Court System. The report must include...

Co-Chair Donley moved for adoption.

Without objection the amendment was ADOPTED.

Co-Chair Donley offered a motion to report SB 172, 22-LS0412\F, as amended from Committee with a zero Alaska Court System fiscal note.

It was clarified that the changes made with the amendment are not inconsistent with the title of the bill.

The bill MOVED from Committee without objection.

#HB118

HOUSE BILL NO. 118

"An Act relating to a mandatory exemption from municipal taxes on certain residences; and providing for an effective date."

This was the first hearing for this bill in the Senate Finance Committee.

REPRESENTATIVE JIM WHITAKER, sponsor, testified this bill allows municipalities "deal with its local issues"; specifically tax exemptions for senior citizen, disabled veterans, and widowers and widows over the age of 60.

Senator Wilken told of his parent's current situation living in the Fairbanks Pioneers' Home but maintaining their house and property as their official residence. Meanwhile, he noted, the house is being leased as rental property. He noted the bill does not require annual affidavits showing proof of residency and asked if the intent is for the taxpayers to subsidize property owned by the elderly who no longer live in their homes.

Representative Whitaker answered it is potentially so. He explained the intent is that each municipality would establish procedures, which could preclude such subsidies. He stressed his concern is to "not punish a significantly larger population of seniors with an over burdensome obligation to apply every year in consideration of those who might attempt to take advantage of the situation."

Senator Wilken understood the current property tax statements contain a straightforward notice informing that an exemption must be filed every year and the statement even includes a detachable affidavit for the homeowner to submit. He remarked the issue of

annual exemptions has not been a problem that he has been aware of and he questioned whether this legislation would "open the door to abuse" in anticipation of a problem that has not occurred.

Representative Whitaker replied that there actually has been a situation in the Fairbanks North Star Borough involving Olive Anderson, an elderly resident who was unable to comprehend that she had to file on an annual basis. He stated that her taxes went unpaid for several years and the Borough foreclosed on the property. When he inquired as to how this could be averted, he was told that state law is very specific and the Borough had no alternative.

Representative Whitaker clarified this bill is not retroactive and would not affect Ms. Anderson but would allow a municipality to prevent a similar occurrence in the future.

Senator Wilken asked if the Fairbanks North Star Borough Assembly has indicated support for or against this legislation.

LORI BACKUS, staff to Representative Whitaker, indicated that Representative Whitaker received a letter from Mayor Rhonda Boyles, of the Fairbanks North Star Borough stating she had no objection to the bill and expressed approval that the municipalities would be given authority to establish an application procedure. Ms. Backus relayed that the State Assessor has testified in previous hearings on the bill that the Tax Division, Department of Revenue does not object to the legislation and anticipates it would alleviate "some of the yearly paperwork."

Senator Austerman offered a motion to report from Committee HB 118, 22-LS0138\J with zero fiscal note from the Department of Community and Economic Development.

Without objection HB 118 MOVED from Committee.

#SB158

CS FOR SENATE BILL NO. 158(RES)

"An Act directing the commissioner of revenue to prepare a report to the legislature relating to the state's participation in owning or financing a gas pipeline project; and providing for an effective date."

This was the first hearing for this bill in the Senate Finance Committee.

SENATOR JOHN TORGERSON, sponsor, relayed that in discussions relating to the construction of a natural gas pipeline in Alaska, the question has arisen as to whether the state should take an active ownership role in all or part of the pipeline or whether to offer other financial incentives. As a result of these discussions, he stated, this bill directs the commissioner or the Department of Revenue to prepare a report on this matter to the legislature by January 31, 2002. He elaborated this report would include a recommendation of whether the state should establish a state-owned public corporation; an entity similar to a port authority for the portion of the pipeline located in Alaska. If the recommendation is for state ownership, he noted the report would include recommendations on how it would be financed, either through general obligation bonds, revenue bonds, guaranteed debt, etc. This report, he continued, would also show the impact that ownership would have on the state's revenue and the ability to provide essential services and public services. In addition, the report would contain information on how Alaskans could purchase shares of the public corporation, if it were formed.

Senator Torgerson pointed out the bill allows the department to enter into an agreement with a qualified, suitable firm to undertake this project. This contract, he said, would be exempt from the competitive bid requirements under legislative policy because of the limited time involved.

Senator Torgerson stated the bill stipulates that the Department would provide to the House Resources and Senate Resources Committees, the data which the contractor would base its recommendations. He noted the contractor would give status reports to the Committees at least every 60 days.

Senator Leman referenced the fiscal note and asked if the sponsor considered the \$215,000 amount "reasonable".

Senator Torgerson replied a similar report was done in 1982 at the approximately the same cost. Therefore, he surmised this amount is not extra-ordinary.

Senator Wilken referenced the port authority between the North Slope Borough, the Fairbanks North Star Borough and the City of Valdez. He asked if this legislation would preclude the port authority from participating in ownership of a natural gas pipeline.

Senator Torgerson answered it would not, since this bill only involves recommendations. He noted the port authority established between the three communities only has taxing authority on

activities within in their boundaries, and much of the area a pipeline would cross would not be included. He qualified that if state-ownership were to occur, it was possible the port authority could be excluded. However, he stressed, the matter is still being debated with a large port authority discussed as one option.

AT EASE 10:36AM/10:37AM

Senator Wilken offered a motion to report CS SB 158 (RES) from Committee with fiscal note #1 from the Department of Revenue.

There was no objection and CS SB 158 (RES) MOVED from Committee.

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ADJOURNMENT

Co-Chair Pete Kelly adjourned the meeting at 10:41 AM