

MINUTES
SENATE FINANCE COMMITTEE
May 12, 2002
9:06 PM

TAPES

SFC-02 # 98, Side A
SFC 02 # 98, Side B

CALL TO ORDER

Co-Chair Pete Kelly convened the meeting at approximately 9:06 PM.

PRESENT

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

Also Attending: REPRESENTATIVE HARRY CRAWFORD; REPRESENTATIVE JOHN COGHILL; REPRESENTATIVE NORM ROKEBERG; DAVE D'AMATO, staff to Representative Crawford; NICO BUS, Administrative Services Manager, Division of Support Services, Department of Natural Resources; SUE WRIGHT, Staff to Representative Chenault; HEATH HILYARD, Staff to Representative James; JOHN MANLEY, Staff to Representative Harris; MARGO KNUTH, Commissioner, Department of Corrections;

Attending via Teleconference: From an off-net site in Sterling: DEE HUBBARD; From an off-net site in the State of Kansas: FRANK SMITH; From an unspecified off-net site: RICHARD VAN HATTON, 16-year correctional officer for the State of Alaska, and President, Correctional Officer Chapter of the Public Safety Employees Association; From an off-net site in Whittier: BEN BUTLER, Mayor, City of Whittier

SUMMARY INFORMATION

HB 303-INDIVIDUAL INCOME TAX

The bill moved from Committee.

HB 317-STALKING & PROTECTIVE ORDERS

The Committee heard from the sponsor. The bill moved from Committee.

HB 252-CHILDREN IN NEED OF AID: SERVICES & LIAB.

The Committee heard from the sponsor. A committee substitute was adopted and the bill moved from Committee.

HB 131-FOREST RESOURCES & PRACTICES STANDARDS

The Committee heard from the Department of Natural Resources. An amendment was adopted and the bill moved from Committee.

HB 489-CRUELTY TO ANIMALS

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

HJR 35-REPEAL ESTATE TAX

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

HB 27-HOME INSPECTORS/CONTRACTORS

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

HB 498-CORRECTIONAL FACILITIES

The Committee heard from the Department of Corrections, industry representatives and the City of Whittier. The bill moved from Committee.

#HB303

2d CS FOR HOUSE BILL NO. 303(RLS)(fld S)

"An Act relating to taxation of individual income; and providing for an effective date."

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

Senator Leman commented that a personal income tax should be the last option considered for bridging the State's fiscal gap rather than the first option.

Senator Green "moved to report House Bill 303 out of Committee with individual recommendations and accompanying fiscal note."

There was no objection and 2d CS HB 303(RLS)(fld S) MOVED from Committee with accompanying fiscal note #2 for \$3,940,200 from the Department of Revenue.

AT EASE 9:08 PM / 9:10 PM

#HB317

CS FOR HOUSE BILL NO. 317(FIN)

"An Act relating to stalking and to violating a protective order; and amending Rules 4 and 65, Alaska Rules of Civil Procedure, and Rule 9, Alaska Rules of Administration."

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

REPRESENTATIVE HARRY CRAWFORD, sponsor, testified this bill closes a loophole in Alaska law to allow unacquainted victims of a stalker to receive the same security of a judicial protective order that victims who have had a prior relationship with a stalker receive.

AT EASE 9:11 PM / 9:13 PM

Representative Crawford noted an anti-stalking law exists in the domestic violence statutes, but only applies to those offenders with a prior relationship with the victim, such as husbands, ex-boyfriends, etc., and does not apply to offenders who are strangers to their victim. He emphasized if a stranger stalks a victim, the anti-stalking law currently does not offer protection against the offender.

Senator Green recalled discussions several years prior relating to other domestic violence legislation in which a concern was raised about a presumption of guilt. She noted the anti-stalking laws do not contain a method for the accused to defend him or herself against the allegations before a judicial order is issued. She asked if this legislation contains provisions allowing the accused proper notice and legal representation before such an order is imposed.

Representative Crawford began to describe the three types of protective orders currently available, including emergency protective orders, which a police officer is able to issue.

DAVE D'AMATO, staff to Representative Crawford, testified that this legislation has been under consideration for six to seven years in part to address such issues as the concern Senator Green raised. He informed that the attorney who drafted this bill, Jerry Luckhaupt, subscribes to the theory that, "there should be no such thing as ex parte protective orders" because of a presumption of guilt within the community. Mr. d'Amato explained the provisions in this bill "balances" the presumption of guilt with the need for protective orders by allowing a party to obtain an 72-hour emergency protective order but would not bar the accused party from their home or work without receipt of proper notice, in which case the accused would have an opportunity to challenge the order.

Senator Leman shared that he had sponsored anti-stalking legislation that passed into law during a previous legislative session. He expressed the protection is important and that he would vote in favor of this bill.

Senator Leman "moved to report House Bill 317 from Committee with individual recommendations and the accompanying zero and indeterminate fiscal notes."

There was no objection and CS HB 317 (FIN) MOVED from Committee with zero fiscal notes: #1 from the Department of Law, and #5 from the Department of Public Safety; and indeterminate fiscal notes: #2 from the Department of Corrections, and #3 from the Department of Administration.

#HB252

SENATE CS FOR CS FOR HOUSE BILL NO. 252(JUD)

"An Act relating to the construction of certain statutes relating to children; relating to the scope of duty and standard of care for persons who provide services to certain children and families; relating to civil liability for damages to certain children and their families resulting from failure to comply with certain statutes; relating to intensive family preservation services; and providing for an effective date."

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

REPRESENTATIVE JOHN COGHILL, sponsor, testified this legislation

would accomplish four goals. He listed: 1)"sets the primacy of the family in the discussion when it comes to children in need of aid," referencing the intent language of the bill as reflecting this; 2) establishes "intensive family preservation services"; 3)"establishes a civil liability issue with regard to the Children in Need of Aid law, Title 47"; and 4) orders a study to learn the need for these intensive family preservation services. He spoke to the \$80,000 fiscal note, which he informed would cover expenses for additional staffing to oversee the intensive family services and the study.

Representative Coghill pointed out language contained on page 5 following line 2 of the Senate Judiciary committee substitute, which he stated should have been amended.

Sec. 7. AS 47.10.960 is amended to read:

Sec. 47.10.960. Civil liability [DUTY AND STANDARD OF CARE NOT CREATED]. Failure by the department to comply with a provision of [NOTHING IN] this chapter does not, by itself, constitute a basis for civil liability for damages [TITLE CREATES A DUTY OR STANDARD OF CARE FOR SERVICES] to children and their families being served under this chapter [AS 47.10].

New Text Underlined [DELETED TEXT BRACKETED]

Senator Leman moved to adopt SCS CS HB 252 (FIN), 22-LS0454\I, as a working draft.

Representative Coghill detailed the committee substitute changes the language in Section 7 to read as follows.

Sec. 7. AS 47.10.960 is amended to read:

Sec. 47.10.960. Civil liability [DUTY AND STANDARD OF CARE NOT CREATED]. Failure to comply with a provision of [NOTHING IN] this chapter does not, by itself, constitute a basis for civil liability for damages [TITLE CREATES A DUTY OR STANDARD OF CARE FOR SERVICES] to children and their families being served under this chapter [AS 47.10].

New Text Underlined [DELETED TEXT BRACKETED]

Representative Coghill explained this matter has been contentious and the current language is the recommendation of the Department of Law and the Legislative Division of Legal and Research Services. He noted this language clarifies the party responsible for a failure to comply with this statute and stipulates that this section applies only to this chapter of law.

Senator Green "moved Senate CS for CS for House Bill 252 Version I with individual recommendations and accompanying fiscal note."

Without objection SCS CS HB 252 (FIN) MOVED from Committee with zero fiscal note #2 from the Department of Law and \$80,000 fiscal note #1 from the Department of Health and Social Services.

#HB131

HOUSE BILL NO. 131

"An Act relating to standards for forest resources and practices; and providing for an effective date."

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

NICO BUS, Administrative Services Manager, Division of Support Services, Department of Natural Resources testified this legislation modifies the Forest Practices Act as a result of State, private industry, resource agencies, university, and federal government representatives' efforts of the previous two years. He noted this bill amends standards applied to Region 3, Interior Alaska and is intended to protect fish habitat and water quality, support a healthy timber and fishing industry and incorporate the best available science.

Co-Chair Kelly understood all parties involved are in support of this legislation. He relayed he had spoken to miners and foresters and was told of no objections. He also noted this legislation is of a high priority.

Amendment #1: This amendment changes the effective date of this legislation from September 1, 2001 to September 1, 2002.

Senator Green moved for adoption.

The amendment was ADOPTED without objection.

Senator Green "moved House Bill 131, Version A, out of Committee with individual recommendations and accompanying zero fiscal note." [It was the Committee's intent to report Version A as *amended* from Committee.]

Without objection SCS HB 131 (FIN) with accompanying zero fiscal note #2 from the Department of Natural Resources, MOVED from Committee.

#HB489

CS FOR HOUSE BILL NO. 489(JUD)
"An Act relating to cruelty to animals."

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

SUE WRIGHT, Staff to Representative Chenault, sponsor, testified this legislation would increase the penalties for animal cruelty. She informed that this legislation is "event-driven" resulting from an incident that occurred in Sterling, Alaska, in which it was discovered that current statute was "lacking".

Senator Leman asked the reason community service as a form of punishment, is not a requirement in this legislation. He noted that the classification of the offense as a Class A misdemeanor allows for the sentencing to include community service.

Ms. Wright stated that a specific provision requiring community service had been included in an earlier version of this bill but removed through the efforts of Representative Berkowitz by the House Judiciary Committee. She suggested the matter could be readdressed the next legislative session.

Senator Austerman asked the consequences of failing to report an incident of animal cruelty.

Ms. Wright replied that consequences for this failure had been included, and then amended from, the original version of the bill by the Senate Judiciary Committee. As a result, she remarked, the current version of the bill does not contain a provision for the failure to report animal cruelty. She noted that Representative Chenault is of the opinion that animal cruelty has been proven through many reports to be a precursor to child and domestic violence. She indicated a provision in the current committee substitute stipulates that licensed veterinarians and animal control officers reporting such an offense would be held harmless from reporting the event.

Co-Chair Kelly informed the Committee that a jury trial is required in the imposition of community service as a form of punishment.

Senator Austerman "moved House Bill 489 out of Committee with individual recommendations and the accompanying notes."

There was no objection and CS HB 489 (JUD) MOVED from Committee with indeterminate fiscal notes, #1 from the Department of Corrections, and #2 from the Department of Law.

AT EASE 9:29 PM / 9:37 PM

Co-Chair Kelly announced bond bills would not be heard tonight.

AT EASE 9:38 PM / 9:38 PM

#HJR35

HOUSE JOINT RESOLUTION NO. 35 am
Relating to urging the United States Congress to amend the tax code to permanently repeal the estate tax.

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

HEATH HILYARD, Staff to Representative James testified this legislation is similar in "wording and intent" to HJR 34, introduced by Representative Coghill during the Twenty-First Alaska State Legislature. Mr. Hilyard shared that Representative James chose to revisit this issue based on the 2001 action of President George W. Bush signing into law, a tax relief act that includes a temporary repeal of the "death tax". Mr. Hilyard noted that repeal expires in September 2010.

Mr. Hilyard referenced the sponsor statement [copy on file], which includes a timeline that demonstrates a graduated decline in tax rates and the increasing exemption levels as a result of the 2001 federal law. He pointed out Alaska currently has an estate tax, AS 43.31, and that the tax rates are calculated as a portion of the federal tax rate. He cited the State's Department of Revenue in remarking that regardless of whether the federal repeal becomes permanent, the temporary repeal would eliminate revenue to the State from this source by FY 06.

Mr. Hilyard read from a statement in support of this legislation submitted by the National Federation of Independent Business (NFIB)/Alaska, "In addition to the tax itself, thousands of small businesses are impacted each year by expensive fees paid to attorneys, accountants, and life insurers necessary to prepare for eventual death tax debt." He furthered that efforts to repeal the estate tax are also supported by the National Black Chamber of Commerce, the National Association of Women Business Owners, and the National Congress of the American Indians, among others.

Mr. Hilyard remarked that the death tax affects disproportionate demographic groups and "does not justify its own existence from a fiscal perspective" because collection expenses are higher than revenue generated.

Mr. Hilyard informed that Representative James' office has been "in regular contact" with White House staff regarding the progress of this resolution. Mr. Hilyard stated "the President is continually seeking the support and efforts of individual legislators and state legislatures as a whole for his tax relief efforts," according to the director of the White House Office of Intergovernmental Affairs.

Mr. Hilyard concluded with a recent quote from President Bush, "We must make the repeal of this death tax permanent. I call upon Congress to do this immediately."

Co-Chair Donley noted the fiscal note states this resolution would have no impact on spending and asked why it does not reflect a loss of revenue.

Mr. Hilyard responded that the federal law went into effect in 2001 and that the revenue decline would be realized in 2002. He emphasized that regardless of the passage of this resolution; revenue from an estate tax would be eliminated under current State law, as it is based on federal tax rates. He qualified that statutes could be amended to impose fees independently from the federal tax rates, in which case revenues could continue to be collected.

Senator Olson asked if any party was actively opposing this resolution.

Mr. Hilyard was unaware of any opposition and stated he "did a fair amount of research" attempting to locate any such parties.

Co-Chair Donley listed "a few thousand economists, the AFL-CIO labor organization...there's a lot of opposition to it."

Senator Green "moved HJR 35 out of Committee with individual recommendations and accompanying zero fiscal note."

There was no objection and HJR 35 am, with zero fiscal note #1 from the Legislative Affairs Agency, MOVED from Committee.

#HB27

SENATE CS FOR CS FOR HOUSE BILL NO. 27(JUD)

"An Act relating to the registration of individuals who perform home inspections; relating to regulation of contractors; relating to registration fees for specialty contractors, home inspectors, and associate home inspectors; relating to home inspection requirements for residential loans purchased or approved by the Alaska Housing Finance Corporation; relating to civil actions by and against home inspectors and to civil actions arising from residential unit inspections; and providing for an effective date."

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

REPRESENTATIVE NORM ROKEBERG, sponsor, testified to his four years of effort on this matter. He explained this legislation would regulate home inspectors, which Alaska currently does not regulate. He noted "every other aspect" of home sales are regulated. He spoke to the importance of this legislation to consumers, pointing out, "anybody can go out and call himself a home inspector now; and that's not good and that's not right."

Representative Rokeberg stated the legislation is lengthy because of the necessary changes to the specialty contractor license statutes. He noted this legislation imposes a \$250 biannual license fee, which he stated is less than would be required if a regulatory board were established.

Senator Wilken relayed his experiences involving two "bad" home inspectors.

Senator Wilken "moved to report House Bill 27 from Committee with individual recommendations and attached fiscal notes."

Senator Olson objected to ask about the impact of this legislation on inspections of homes in Rural Alaska.

Representative Rokeberg replied that currently home sales financed by the Alaska Housing Finance Corporation (AHFC) must obtain an inspection by an International Brotherhood of Electrical Workers (IBEW) member home inspector. He noted that at the request of AHFC, this practice would continue under the provisions in this legislation. However, he pointed out, the current statutory immunity from lawsuits, is removed for these inspectors.

Senator Olson asked how a rural homeowner or homebuyer obtains a home inspection.

Representative Rokeberg responded that if a home inspector does not reside in the area, a home inspector from another area could be retained. He noted several hundred home inspectors operate in the State and that many reside in smaller communities.

Senator Olson next asked about inspections of homes financed by regional housing authorities and not through the AHFC.

Representative Rokeberg explained there is no statutory required that a home inspection be conducted in the sale of a home. Rather, he stated, lenders require the majority of home inspections. Therefore, he assured, this legislation would have no impact on regional housing authorities' activities.

Senator Olson removed his objection to the motion to report this bill from Committee.

Without objection CS HB 27 (FIN) MOVED from Committee with zero fiscal note #5 from the Department of Revenue, and \$64,500 fiscal note #6 from the Department of Community and Economic Development.

#HB498

CS FOR HOUSE BILL NO. 498(FIN) am

"An Act expressing legislative intent regarding privately operated correctional facility space and services; relating to the development and financing of privately operated correctional facility space and services; authorizing the Department of Corrections to enter into an agreement for the confinement and care of prisoners in privately operated correctional facility space in the City of Whittier; giving notice of and approving the entry into and the issuance of certificates of participation for the upgrade, expansion, and replacement of a certain correctional facility in the City of Bethel; giving notice of and approving the entry into lease-financing agreements for that project; and providing for an effective date."

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

JOHN MANLEY, Staff to Representative Harris, testified that Representative Harris has been acting as the lead proponent of this legislation in the House Finance Committee because the facility would be located in his district. Mr. Manley read a statement into the record as follows.

This bill authorizes construction of a government-owned and privately managed one-thousand bed prison at Whittier and a 96-bed expansion of the Yukon-Kuskokwim Correctional Center in Bethel. That was the Governor's number one priority in his bill.

For the past eight years, we have sent thousands of prisoners and millions of dollars to Arizona, displacing Alaska jobs and losing economic benefit of spending those dollars in Alaska. Our eight-year experience with private prison services in Arizona has been a tremendous success and there's no reason we cannot duplicate the success in Alaska.

As you're aware, we have tried this private prison concept in South Anchorage, Delta Junction, and last year in Kenai. The difference this year is we have a community that's done its homework and wants the project. In over 12 hours of testimony before the House and Senate, not a single resident of Whittier has testified against the prison. Eighty percent of the registered voters have actually signed a petition urging the City [of Whittier] to move forward on the project.

As you know, Whittier is only 50 miles by highway from Anchorage-approximately the same commuting distance as the Mat-Su Valley. Whittier's proximity to Anchorage goods, services and human resources, as well as its deep-water port, and abundant utility infrastructure, makes the site both cost effective and feasible.

This bill will create over 325 union construction jobs, 228 temporary indirect construction jobs, 225 permanent prison and jail jobs, and over 200 permanent indirect jobs. At least that's what we're estimating.

Mr. Manley referenced a handout that lists the comparative capital and operating costs of the Governor's statewide expansion plan to the Whittier facility plan [Copy on file.] He continued reading his statement.

This bill will allow prisoners to return home from Arizona to a prison that is situated near the program resources necessary for effective rehabilitation and to provide relief to regional jails by allowing sentenced felons to be transferred out of regional jail beds.

AT EASE 9:52 PM / 10:00 PM

Senator Green indicated she had a concern with this legislation and requested the bill be held until the following day to allow her an opportunity for further consideration.

Senator Ward "moved Committee Substitute House Bill number 498..."

Co-Chair Kelly interrupted, noting that a witness was present and waiting to testify.

Senator Ward continued, "...I hate to do that, but I do move Committee Substitute House Bill number 498 Finance amended out of Committee with individual recommendations and accompanying notes."

Senator Hoffman objected.

MARGO KNUTH, Commissioner, Department of Corrections, testified to the concerns of the Administration regarding this legislation. She pointed out this bill proposes the construction of a private prison that would entail a 25-year contract for 1,000 beds at a cost of \$32 million annually. She stressed that this bill "targets one portion of our population-the need for prison beds," but leaves unmet the regional need for jail beds and community jail beds. She therefore, remarked that this legislation does not provide an economical proposal. She explained that 100 bed expansions would be necessary for both the Fairbanks facility and the Mat-Su Pre-Trial facility, and additional expansions would also be needed in other locations to create beds to house inmates awaiting trial and inmates serving short sentences. She noted it is not economical to transport prisoners from remote areas to a centralized location.

Ms. Knuth asserted the process of gaining approval for the proposed facility has not been open and competitive as established in the State's procurement code. She suggested a cost-based competitive process is integral to insuring that the State is receiving "the most bang for its buck."

Ms. Knuth spoke to concerns of establishing Whittier as the location of a private prison facility. She informed that the local population is approximately 190 people and that the community lacks the proper infrastructure to operate a 1,000-bed prison. She listed fire protection, police protection, utility services, secondary employment, housing for employees and families, as some of the infrastructure necessary.

Ms. Knuth remarked that the Governor's proposed "regional approach" legislation and other legislation sponsored by Senator Green are in the better interest of the State of Alaska.

AT EASE 10:05 PM / 10:15 PM

DEE HUBBARD, Resident of Sterling, testified via teleconference from an off-net site in Sterling about her efforts to place a question before Kenai area voters as to whether the residents would support a private prison facility in that community. She pointed out the voters in the Kenai election rejected such a proposal, as have voters in Wrangell in a separate election.

Ms. Hubbard surmised that Cornell Corrections of Alaska, Inc. "went shopping" for a community to support the construction of a private prison facility for the company to operate. She pointed out the absence of a significant competitive bidding process and detailed a letter sent by the company to the City of Whittier, which the City utilized almost verbatim in an ordinance adopted on November 5, 2001. She continued describing other events demonstrating that a competitive bidding process has not been employed.

Ms. Hubbard warned of the economical costs to the State as a result of a binding contract with Cornell Corrections whereby the State would be obligated to pay the company for beds not housing State prisoners. She furthered that the company could transfer inmates from other states to fill these empty beds and thus collect additional fees.

FRANK SMITH testified via teleconference from an off-net site in the State of Kansas that he has followed this legislation as it has progressed through the Legislature. He was troubled because "practically half the statements" made by proponents of a private prison in Alaska, "have been nonfactual." He reiterated that the process has not been competitive and indicated he has obtained many documents proving this. He noted a competitor of Cornell has offered to construct the same facility for \$17 million less than the amount Cornell proposes.

Mr. Smith remarked that the City of Whittier is a poor location for any type of prison as it is "unstaffable" and the infrastructure is "dismal" as there are no sewer facilities. He furthered that the facility would be built next to a tank farm, thus raising environmental concerns.

Mr. Smith referenced a front-page article in the Wall Street Journal detailing the "troubled recent history" of Cornell Corrections [copy not provided].

Mr. Smith surmised the only reason the Legislature is considering this bill is because of campaign contributions received by a few

legislators.

Co-Chair Kelly interjected that it is inappropriate to testify about campaign contributions.

Mr. Smith apologized and spoke of prison riots due in part to under-trained and low paid correctional officers, asserting that the operations of Cornell Correctional of Alaska, Inc. is "unprofessional".

SFC 02 # 98, Side B 10:24 PM

Mr. Smith urged the Committee to reject this legislation.

Senator Lemman requested the witness' affiliation.

Mr. Smith replied he is a citizen activist, an author of a recently written chapter on Native Americans in private prisons for a Canadian publisher, as well as an opinion article in the Anchorage Daily News and is involved in research and service provision in criminal justice for 30 years, including running programs in the Palmer Pre-Trial facility and the Sutton prison. He emphasized he has no financial interest in the outcome of this legislation.

AT EASE 10:26 PM / 10:31 PM

RICHARD VAN HATTON, 16-year correctional officer for the State of Alaska, and President, Correctional Officer Chapter of the Public Safety Employees Association, testified via teleconference from an off-net site that every public vote on this matter has been defeated by a wide majority. He stated the City of Whittier is a poor choice for such a facility as it would be unable to provide security in the event it was needed.

Senator Ward called for the question on the motion to report the bill from Committee.

Senator Green objected and pointed out the Committee has not discussed the certificates of participation, the sole source process, the actual costs of the project in addition to the amounts indicated in the fiscal notes, as well as other concerns. She remarked that a financial obligation of this magnitude warrants further hearings.

Senator Olson noted that although he has heard testimony in opposition to this bill from witnesses who do not live in Whittier.

He asked if a resident of Whittier could testify as to the adequate infrastructure.

BEN BUTLER, Mayor, City of Whittier, testified in Juneau that the infrastructure issue has been researched and it has been determined that electrical power is available through a new power line installed in the Whittier Tunnel. He informed that the City currently utilizes 14 percent of available power and that the prison facility would utilize half the total available power. He continued that natural gas is now supplied to the community and ample water is available. He said no new roads would be constructed, thus road maintenance costs would not increase. He pointed out that septic treatment would be conducted on site and that these expenses are included in the proposed costs of the facility. He expressed, "we have a pretty good fire department in Whittier," noting state of the art fire equipment is stationed at the Whittier Tunnel and that an emergency plan would be employed by the prison facility.

Mr. Butler detailed the process whereby the city government issued a request for proposals (RFP) on a private facility to be located in Whittier after the ballot initiative for such a facility in the Kenai area failed. He asserted that this process was deemed by legal advisors to be comparable to State-issued RFPs.

Mr. Butler emphasized that no Whittier residents have voiced opposition to this legislation. He stated the intent to add value to the State from the Whittier Tunnel by diversifying the economy in Whittier.

Senator Wilken was concerned with large fiscal note and the legal opinion issued by the Division of Legal and Research Services. He questioned the construction of a 1,000-bed prison in a community of 190 residents.

A roll call was taken on the motion to report the bill from Committee.

IN FAVOR: Senator Ward, Senator Austerman, Senator Hoffman, Senator Leman, Co-Chair Donley and Co-Chair Kelly

OPPOSED: Senator Olson, Senator Wilken, and Senator Green

The motion PASSED (6-3)

CS HB 498 (FIN) am MOVED from Committee with \$165,500 fiscal note #3 from the Department of Corrections and zero fiscal note #4 from the Department of Revenue.

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ADJOURNMENT

Co-Chair Pete Kelly adjourned the meeting at 10:42 PM.