

HOUSE FINANCE COMMITTEE  
February 27, 2003  
1:43 P.M.

TAPE HFC 03 - 28, Side A

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 1:43 P.M.

MEMBERS PRESENT

Representative John Harris, Co-Chair  
Representative Bill Williams, Co-Chair  
Representative Kevin Meyer, Vice-Chair  
Representative Eric Croft  
Representative Richard Foster  
Representative Mike Hawker  
Representative Reggie Joule  
Representative Carl Moses  
Representative Bill Stoltze  
Representative Jim Whitaker

MEMBERS ABSENT

Representative Mike Chenault

ALSO PRESENT

Representative Nancy Dahlstrom; Rick Urion, Director, Division of Occupational Licensing, Department of Community and Economic Development; Ron Miller, Executive Director, Alaska Industrial Development and Export Authority (AIDEA); Sarah Fisher-Goad, Alaska Industrial Development and Export Authority (AIDEA); Kimberly Hanger, Staff, Representative Nancy Dahlstrom; Pat Davidson, Director-Legislative Auditor, Division of Legislative Audit; Robert Funt, Attorney, TECK COMINCO, Anchorage.

PRESENT VIA TELECONFERENCE

Nancy Sanders, Chair, Board of Nursing, Anchorage; Dorothy Fulton, Director, Board of Nursing, Anchorage; Mary Weymiller, Member, Board of Nursing, Anchorage.

SUMMARY

HB 73        An Act extending the termination date of the State Medical Board.

HB 73 was reported out of Committee with a "do pass" recommendation and with a new fiscal note by

the Department of Community & Economic Development.

HB 74 An Act extending the termination date of the Board of Nursing.

HB 74 was reported out of Committee with a "do pass" recommendation and with a new fiscal note by the Department of Community & Economic Development.

HB 112 An Act relating to the authority of the Alaska Industrial Development and Export Authority to issue bonds; and providing for an effective date.

HB 1112 was reported out of Committee with a "do pass" recommendation and with a fiscal note by

#HB73

HOUSE BILL NO. 73

An Act extending the termination date of the State Medical Board.

REPRESENTATIVE NANCY DAHLSTROM noted that AS 08.64.010 established the State Medical Board and provided for the appointment of members by the Governor. The Board consists of five licensed physicians, one licensed physician assistant, and two persons with no direct financial interests in the healthcare industry. HB 73, if enacted would extend the Board operation for another 4 years to June 30, 2007.

She commented that the Board serves the public interest by establishing the minimum education and work experience requirements that individuals must meet to become licensed physicians, osteopaths, podiatrists, paramedics, and physicians assistants. The Board further serves the public interest by investigating complaints against licensed professionals and taking disciplinary licensing action when appropriate. The Board has consistently proven to be efficient and Representative Dahlstrom recommended that they be extended until June 30, 2007.

KIMBERLY HANGER, STAFF, REPRESENTATIVE NANCY DAHLSTROM, stated that in accordance with the intent of Title 24 & Title 44 of the Alaska Statutes, the Division of Legislative Audit viewed the activities of the Medical Board. The conclusion resulting from that audit was a recommendation for an extension of the Board. She referenced a letter received from Catherine Reardon, previous Director of the Division of Occupational Licensing in the Department of Community and Economic Development, which endorses the findings and recommends the extension.

Ms. Hanger referenced Amendment #1. (Copy on File). The amendment would extend the Board through 2011.

Co-Chair Harris inquired if the previous Committee of referral had recommended the extension date of 2007. Representative Dahlstrom explained that there was discussion on that date and the previous Committee had agreed upon it. After the review of the audit recommendations and in cooperation with the Senate, the amendment was added. The original bill was drafted with the 2007 extension date.

Co-Chair Harris asked the cost of doing an audit and questioned why the Legislature would want to extend the sunset. Representative Dalstrom informed members that the Legislature could request an audit at any time; however, she did not know the cost of performing an audit.

Co-Chair Harris pointed out that the fiscal note indicates that the funds would come from Receipt Support Services (RSS). He believed that the Board was not projected to spend any extra funds through the coming fiscal years. Representative Dalstrom acknowledged that was correct.

Co-Chair Harris MOVED to ADOPT Amendment #1, which would change the extension date from 2007 to 2011. There being NO OBJECTION, the amendment was adopted.

RICK URION, DIRECTOR OCCUPATIONAL LICENSING, DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, indicated that the Division does support the extension of the Board to 2011. He stated that the Board has done a good job and encouraged the Board's extension to 2011.

Vice-Chair Meyer MOVED to report CS HB 73 (FIN) out of Committee.

There being NO OBJECTION, it was so ordered.

CS HB 73 (FIN) was reported out of Committee with a "do pass" recommendation and with a new fiscal note by the Department of Community & Economic Development.

#HB74

HOUSE BILL NO. 74

An Act extending the termination date of the Board of Nursing.

REPRESENTATIVE NANCY DAHLSTROM noted that AS 08.64.010 established the Board of Nurses, whose members are appointed by the Governor, consist of one licensed practical nurse currently involved in institutional nursing service, one registered nurse engaged in baccalaureate nursing, three

registered nurses at large, and two persons with no director financial interests in the healthcare industry. HB 74, if enacted would extend the Board operation for another 4 years to June 30, 2007.

She explained that the Board serves the public interest by establishing minimum education and work experience requirements that individuals must meet to become licensed nurses or certified nursing aides. The Board further services the public interest by investigating complaints against licensed professionals and taking disciplinary licensing action when appropriate.

KIMBERLY HANGER, STAFF, REPRESENTATIVE NANCY DAHLSTROM, stated that in accordance with the intent of Title 24 & Title 44 of the Alaska Statutes, the Division of Legislative Audit reviewed the activities of the Board. The conclusions resulting from that audit was a recommendation for an extension of the Board. She referenced a letter received from Catherine Reardon, previous Director of the Division of Occupational Licensing in the Department of Community and Economic Development, which endorses the findings and recommends the extension.

Ms. Hanger pointed out Amendment #1. (Copy on File). The amendment would extend the Board through 2011.

Representative Hawker noted that within the audit, there had been two recommendations:

- One involving procedures for notification of the pharmacies; and
- One on the self-evaluation checklist.

He inquired what the Board had done regarding those recommendations.

Ms. Hanger explained that regarding the first recommendation, the audit was correct and that they do not have a specific procedure for the Board of Pharmacies. The Board of Nursing met with Margaret Snowden, Chair, Board of Pharmacy. The Board met with her and devised a plan to communicate with that Board and currently, they are keeping better records.

The second concern recommended that the Board of Nursing develop and implement a self evaluation checklist for the organization certified nursing aid training program. Ms. Hanger acknowledged that was an excellent recommendation. The Board has implemented a procedure for directing staff to develop a self-monitoring checklist.

Representative Stoltze MOVED to ADOPT Amendment #1. There being NO OBJECTION, it was adopted.

Co-Chair Harris asked Ms. Davidson about changing the date and what savings that would provide the State.

PAT DAVIDSON, DIRECTOR-LEGISLATIVE AUDITOR, DIVISION OF LEGISLATIVE AUDIT, advised that the cost of sunset audits can range anywhere between \$8 to \$20 thousand dollars depending upon the sort of issues that come up during the course of an audit. In terms of the Medical Board and the Nursing Board, the key concerns regard whether they are proactive with legislation and not relying upon the sunset process to bring concerns forward. She noted that it is important that they are acting financially appropriate when additional costs are incurred.

Ms. Davidson noted that for both the boards, their prior extension was eight years and because those boards have always addressed their key concerns, the Audit Committee recommends the extension. Boards are required to cover some costs, however, they do not cover the costs of legislative or audit time.

Co-Chair Harris inquired if during the audit reviews, there had been members that had complaints.

Ms. Davidson responded that there were no significant complaints with regard to the boards and that membership of the boards have to bear the cost associated with investigations.

Co-Chair Harris asked what the agreement was regarding the \$192 contractual dollars. Ms. Davidson responded that typically those are legal costs for investigations and/or regulatory changes.

NANCY SANDERS, (TESTIFIED VIA TELECONFERENCE), CHAIR, BOARD OF NURSING, ANCHORAGE, spoke in support of HB 74 and urged passage of the legislation. She offered to answer questions of the Committee.

MARY WEYMILLER, (TESTIFIED VIA TELECONFERENCE), MEMBER, BOARD OF NURSING, ANCHORAGE, noted her support and urged passage of HB 74.

RICK URION, DIRECTOR OCCUPATIONAL LICENSING, DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, testified in support of HB 74. He noted that Board provides a valuable service. He urged passage of the bill so that they can continue their 'good work'.

Vice-Chair Meyer MOVED to report CS HB 74 (FIN) out of Committee with individual recommendations and with the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

CS HB 74 (FIN) was reported out of Committee with a "do pass" recommendation and with a new fiscal note by the Department of Community & Economic Development.

#HB112

HOUSE BILL NO. 112

An Act relating to the authority of the Alaska Industrial Development and Export Authority to issue bonds; and providing for an effective date.

RON MILLER, EXECUTIVE DIRECTOR, ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY (AIDEA), ANCHORAGE, explained that HB 112 would extend AIDEA's general bonding authority to July 1, 2007. Without extension, AIDEA would need legislative authorization to issue bonds for development projects under \$10 million dollars. AIDEA would also be restricted from issuing any bonds to finance the purchase of loan participations without legislation authorization.

Mr. Miller provided examples of bonds that AIDEA has issued that would require legislative authorization after July 1, 2003 if the bonding authority were to sunset.

- \$8,020,000 AIDEA Revolving Fund Bonds, Series 1995A, which provided tax-exempt funds for a loan participation made to Kodiak Fish-Meal Company for a fish by-product processing plant.
- \$7,000,000 AIDEA Revolving Fund Bonds, Series 1991A, which provided tax-exempt funds for the expansion and improvement of the Unalaska Marine Center. The project had legislative authorization.

Mr. Miller continued, the following requirement would not be affected by HB 112:

- All development projects over \$10,000,000 dollars for which bonds are to be issued require legislative authorization prior to issuing bonds.
- Prior to issuing bonds over \$6,000,000 dollars, AIDEA is required to receive approval from the local government in which the projects are to be located.
- All development projects for which bonds are to be issued require AIDEA to make findings that the project is economically and financially feasible.

Mr. Miller noted that recently, AIDEA has only issued refunding and conduit revenue bonds, which are not affected by HB 112. If the bill does not pass, AIDEA would continue to have the ability to issue refunding bonds and conduit revenue bonds; however, the sunset extension provides AIDEA the flexibility to assist in the financing of key development projects. If the authorization is allowed to sunset and depending on the timing of the potential projects, AIDEA may have to wait for legislative authorization to issue bonds. Allowing the bond authority to sunset would eliminate a tool for AIDEA to assist projects that could provide an economic benefit to the State.

Co-Chair Harris MOVED to ADOPT work draft #23-GH1018\D, Cook, 2/25/03 as the version of the bill before the Committee. (Copy on File).

There being NO OBJECTION, it was adopted.

Co-Chair Harris asked in the new Section 2, what the repeals references in Sections #3 and #19 were.

Mr. Miller responded that was a sunset provision on the municipal tax exemption provision connected with the Red Dog Mine. The legislation was passed in FY00, and there was some question over the tax assessment. Prior to 1999, use of that system was not assessed by the State tax assessor. In 1999, the determination was changed and the legislature in 2000, passed law to address the situation.

The Lone Mountain Transportation System is an AIDEA owned project. TECK COMINCO has a none-exclusive use on it for which they pay. For unknown reasons, the tax assessor in 1999, decided to access TECK COMINCO's use of that facility for borough tax purposes. The proposed legislation would remove that sunset.

Co-Chair Harris suggested that Representative Moses would be interested in the Unalaska Marine Center project. He asked if the Legislature did not authorize the bill, would there need to be another piece of legislation. Mr. Miller responded that was an example of a project that AIDEA would have had to get legislative authorization for. AIDEA did move forward with that project in 1991 and they did receive some legislative authorization on the project.

Representative Stoltze referenced Section 2, indicating that had been a product of Senator Halford.

ROBERT FUNT, ATTORNEY, REPRESENTING TECK COMINCO, ANCHORAGE, indicated that he had been working on the project since

1999. He offered to answer questions of the Committee regarding the assessment or related to the Red Dog Mine.

Representative Stoltze referenced Section 2. He stated that he would not want to see these types of assets acting as 'impediments' to areas wanting to organize. He supported repealing those sections.

Representative Foster MOVED to report CS HB 112 (FIN) out of Committee with individual recommendations and with the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

CS HB 112 (FIN) was reported out of Committee with a "do pass" recommendation and with a zero fiscal note #1 by the Department of Community & Economic Development.

#

ADJOURNMENT

The meeting was adjourned at 2:16 P.M.