

HOUSE FINANCE COMMITTEE
May 05, 2003
3:29 PM

TAPE HFC 03 - 77, Side A

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 3:29 PM.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Rick Urion, Director Occupational Licensing, Department of Community and Economic Development.

PRESENT VIA TELECONFERENCE

Sharon Young, State Recorder, Department of Natural Resources.

SUMMARY

HB 162 "An Act increasing the fee for a state business license; and providing for an effective date."

CS HB 162 (FIN) was REPORTED out of Committee with "no recommendation" and two new fiscal notes: one zero note from the Department of Natural Resources and a fiscal impact note from Department of Community and Economic Development.

HB 199 "An Act removing the annual adjustment to the minimum wage based on the rate of inflation; and providing for an effective date."

HB 199 was REPORTED out of Committee with a "no recommendation" and one new fiscal note from The Department of Labor and Workforce Development.

#hb199

HOUSE BILL NO. 199

"An Act removing the annual adjustment to the minimum wage based on the rate of inflation; and providing for an effective date."

Vice-Chair Meyer MOVED to report HB 199 out of Committee with individual recommendations and the accompanying fiscal note.

Representative Croft OBJECTED. He suggested that out of respect to the public process that originated the increase, the Committee should maintain this small increment. He suggested it would be easier for employers to provide workers with a "living wage" by considering this gradual increase as a part of the cost of doing business.

Co-Chair Williams noted that, in working on the docks for the past ten years, he himself had not received a pay increase in that time.

Co-Chair Harris OBJECTED and pointed out that the Consumer Price Index (CPI) inflationary rate had not yet taken effect. He suggested that the legislature ought to first observe the effects of the CPI before taking action. He also observed that businesses generally protected their own interests, and he proposed that therefore government should have some authority in setting minimum wage standards, whether or not that included a step increase. He stated that he was not in favor of the bill.

A roll call vote was taken on the motion.

IN FAVOR: Chenault, Foster, Hawker, Meyer, Stoltze,
Whitaker, Williams

OPPOSED: Croft, Harris, Joule, Moses

The motion PASSED on a vote of 4-7.

HB 199 was REPORTED out of Committee with "no recommendation" and one new fiscal note from The Department of Labor and Workforce Development.

#hb162

HOUSE BILL NO. 162

"An Act increasing the fee for a state business license; and providing for an effective date."

Co-Chair Harris MOVED to ADOPT the Committee Substitute, Work Draft 23-GH1102\S (5/5/03). There being NO OBJECTION, the Committee Substitute was ADOPTED.

RICK URION, DIRECTOR OCCUPATIONAL LICENSING, DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT provided information on the changes in the Committee Substitute. He referred to additional language included in Section 2, which referred to \$100 [license fee] payment for sole proprietors or a \$50 fee payment for a sole proprietor 65 years of age or older.

Representative Croft asked for clarification on the new language referring to the Department of Natural Resources contained in Section 1.

SHARON YOUNG, STATE RECORDER, DEPARTMENT OF NATURAL RESOURCES testified via teleconference. She explained that the additional language was not intended to raise fees from the recorders or UCC [Uniform Commercial Code] filing offices, but pointed out that the user fees were part of the Governor's proposal to raise revenues. She noted that this would allow raising the cost of reporting and filing fees beyond the cost of the services provided. The fee would be initiated by regulation through the public process. The new language exempts the Department of Natural Resources from the statute prohibiting fees from exceeding the cost of service.

In response to a question by Representative Croft, Ms. Young noted that AS 44.37.025 & .026 provide authorization for the recording system operation and the UCC filing operation. In response to a question by Representative Croft, Ms. Young confirmed that the UCC recorded land transactions.

Representative Moses expressed his concern over language pertaining to sole proprietorships. He observed that this bill would consider small family operations as a corporate entity and pay a higher fee. Mr. Urion clarified that a married couple would be the same as a sole proprietor.

Representative Moses noted that other statutes might override that assumption. Mr. Urion reiterated that the intent of this bill was to consider married couples at the lower fee level.

Representative Foster MOVED to report HB 162 out of Committee with individual recommendations and the accompanying fiscal note.

Representative Croft OBJECTED. He indicated that he would offer an amendment on the floor suggesting that all fees be for \$50 only. He pointed out the steep increase in the business license fee, rising from \$25 to as much as \$300.

He stated that he runs a small, incorporated business with his wife, and observed that whereas he formerly paid \$25, and the Governor's bill would have him pay \$200, this version would raise is license fee to \$300. He maintained the concern that a married couple would be considered a partnership and not a sole proprietorship and would therefore be required to pay the \$300 fee of larger corporations. He also referred to Section 1 and maintained that fees should roughly equal what it costs to run a Department. He pointed out that the statute would have recording fees no longer be in relation to the cost of running Department of Natural Resources' land recording division. He concluded that the increase was excessive.

Representative Whitaker referred to the new language in Section 1. Co-Chair Williams pointed out that this was a change in the new Committee Substitute. He asked if subchapter "s" corporations were included in the statute. Mr. Lawson responded that "s corps" were included in the category of "all others".

Representative Foster noted that in 1949, when the business license fee was first enacted for \$25, the price of gold was only \$35 per ounce. He suggested that now, when the price of gold was \$330 an ounce, a \$300 fee seemed reasonable.

A roll call vote was taken on the motion.

IN FAVOR: Foster, Hawker, Meyers, Stoltze, Whitaker,
Chenault, Williams, Harris

OPPOSED: Croft; Joule; Moses

The MOTION PASSED, 8-3.

CS HB 162 (FIN) was REPORTED out of Committee with "no recommendation" and two new fiscal notes: one zero note from the Department of Natural Resources and a fiscal impact note from Department of Community and Economic Development.

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ADJOURNMENT

The meeting was adjourned at 3:50 PM