

HOUSE FINANCE COMMITTEE
April 19, 2004
2:15 P.M.

TAPE HFC 04 - 88, Side A

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 2:15 P.M.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Jim Pound, Staff to Representative Fate; Jim Shine, Staff to Representative Anderson; Jim Derringer, Staff to Representative Fate; Nico Bus, Director, Administrative Services, Department Of Natural Resources

PRESENT VIA TELECONFERENCE

Dick Mylius, Deputy Director, Division of Mining Land and Water, Department of Natural Resources, Anchorage

SUMMARY

HB 319 An Act relating to the disposal of state land by lottery; and relating to the disposal, including sale or lease, of remote recreational cabin sites.

CSHB 319(FIN) was REPORTED out of Committee with individual recommendations and with two new fiscal impact notes.

HB 467 An Act establishing an Alaska Commemorative Coin Commission to develop the design concepts and to make recommendations regarding the final design of the Alaska quarter under the 50 States Commemorative Coin Program Act; and providing for an effective date.

HB 467 was heard and HELD in Committee for further consideration.

HB 476 An Act establishing the Alaska Statehood Celebration Commission; and providing for an effective date.

CSHB 476(STA) was REPORTED out of Committee with individual recommendations and with two zero fiscal impact notes.

#HB319

HOUSE BILL NO. 319

An Act relating to the disposal of state land by lottery; and relating to the disposal, including sale or lease, of remote recreational cabin sites.

Representative Fate MOVED to ADOPT Amendment #2 which replaces the previous Amendment #2. Co-Chair Williams OBJECTED for purposes of discussion.

Amendment #2, Version W.5 dated 4-19-04, reads:

Page 1, line 2, following "**deeds;**":
Delete "**and**"

Page 1, line 3, following "**sites**":
Insert "**; and providing for an effective date**"

Page 3, lines 6 - 7:
Delete "**Sales under this section may be at public or private sale under (g) of this section.**"

Page 3, lines 25 - 28:
Delete all material and insert:
"(f) A resident may nominate a parcel for disposal under this section and, if the resident has not leased or purchased land under this section during the three-year period preceding the date of nomination, may apply for a lease for the nominated parcel under (b) of this section."

Page 3, line 29:
Delete "five"

Insert "10"

Page 4, line 2:
Delete "400"
Insert "700"

Page 4, line 6, following ";":
Insert "and"

Page 4, lines 7 - 9:
Delete all material.

Page 4, line 10:
Delete "(4)"
Insert "(3)"

Page 4, following line 11:
Insert a new bill section to read:
 "* **Sec. 5.** AS 38.05.600(f) as enacted in sec. 4 of
this Act, takes effect January 1, 2005."

JIM POUND, STAFF TO REPRESENTATIVE FATE, explained that Amendment #2, Version W.5, adds an effective date clause in the bill title. The language on page 3, lines 6-7 addresses and eliminates private sales, which had been a concern. Paragraph (f) in Section 4 eliminates the first right of refusal clause and allows an individual to file for a lease. The amendment expands "not to exceed" from five to ten acres because several organized boroughs have platting rules requiring a minimum of ten acres for cabin sites. This change would make more land available within those boroughs.

Representative Chenault asked which of the boroughs require 10-acre parcels. Mr. Pound replied that both the Mat-Su and North Star Boroughs have 10-acre requirements.

Mr. Pound explained that because of the expansion to 10 acres, the waterfront language has been changed from 400 feet to "may not exceed 700 feet." The meander mile has been eliminated because it was a buffer zone inadvertently left in paragraph 3 when the 660-foot buffer zone was removed. The amendment also adds applicability to be effective January 1, 2005. Currently the Department of Natural Resources (DNR) has remote recreational cabin staking in excess of 13 acres and if the bill takes effect before that process is completed, it would change the rules in mid-stream.

Co-Chair Williams removed his objection. Amendment #2 Version W.5 was adopted.

JIM DERRINGER, STAFF TO REPRESENTATIVE FATE, explained that the sponsor had worked with the DNR on the fiscal note to

arrive at an agreement on the revenues, which the sponsor set higher than the Department's figures. The revenues nearly doubled when the parcels changed from 5 acres to 10 acres. The Department's initial cost to implement the program increased from \$300 thousand to \$390 thousand, which is justifiable. He said that the program would begin to break even after the third year, and would start to generate revenue for the State thereafter.

NICO BUS, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF NATURAL RESOURCES, agreed that the DNR had worked with the sponsor on the fiscal note. The revenue has increased with the shift to 10-acre parcels, but he thought that the timing of the revenue stream was "optimistic."

Representative Chenault asked how Mr. Bus foresaw the two programs working simultaneously. Mr. Bus deferred to Mr. Mylius for explanation.

DICK MYLIUS, DEPUTY DIRECTOR, DIVISION OF MINING LAND AND WATER, DEPARTMENT OF NATURAL RESOURCES, VIA TELECONFERENCE, ANCHORAGE, said that the DNR hadn't figured out how the two programs would operate, although the differences between them aren't as great with the new Amendment #2. The main change is that under this proposal, individuals would be nominating specific parcels. Mr. Mylius stated that if nominations were in an area where more parcels were offered, the DNR would roll those into the existing program. These would not be entirely distinct programs.

Representative Chenault pointed out that the fiscal note reflects 5 full-time and one part-time staff, and expands to 7 full-time and one part-time staff in 2010. He commented that if the two programs were combined at some point, he would expect the fiscal note to drop. Mr. Mylius replied that the DNR initially envisions two separate programs because many people would apply for the parcels. The largest initial cost under HB 319 would involve processing individual applications for specific parcels.

Representative Fate MOVED to report CSHB 319(FIN) out of Committee with individual recommendations and accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSHB 319(FIN) was REPORTED out of Committee with individual recommendations and with two new fiscal impact notes.

#HB467

HOUSE BILL NO. 467

An Act establishing an Alaska Commemorative Coin Commission to develop the design concepts and to make recommendations regarding the final design of the

Alaska quarter under the 50 States Commemorative Coin Program Act; and providing for an effective date.

JIM SHINE, STAFF TO REPRESENTATIVE ANDERSON, explained that the bill follows the federal authorizing legislation of the Fifty States Commemorative Coin Act, and it establishes the Alaska Commemorative Coin Commission with eleven members. From 1999 to 2008, the U.S. Mint is annually issuing five quarter dollar coins with state designs displayed on the reverse side. The quarter honoring Alaska is scheduled for issuance in August 2008. He discussed the membership, noting that six of the eleven members would be public members appointed by the Governor.

Mr. Shine noted that the presiding officers of the Alaska House of Representatives and the Alaska Senate would appoint a majority and minority member from each body. The Governor's Office would initiate a public process to solicit narrative design concepts for the Alaska quarter. The calendar year of the issuance of the Alaska quarter would coincide with events leading to the celebration of the fiftieth year anniversary of Alaska statehood, in HB 476.

Representative Foster assumed that the backsides of the state quarters were the states' emblems or seals. Mr. Shine said that the design guidelines are strict and they prohibit the use of state seals, and copyrighted photographs require permission for use. Representative Foster asked if the coin designs might use state flags. Mr. Shine said that he didn't think so.

Representative Hawker referred to the fiscal note and asked why there would be a half-time position over two years instead of using a current staff position. Mr. Shine replied that the drafter included that language, but the bill sponsor might agree to use an existing organization. Representative Hawker commented further on the existing support within the Administration.

Representative Hawker MOVED to ADOPT a zero fiscal note for CS HB 467(STA). There being NO OBJECTION, it was so ordered.

Co-Chair Harris asked if it would also zero out the part-time authorization employees. Representative Hawker confirmed that it would.

Representative Foster asked what would happen to the design of the quarter if the bill doesn't pass the Legislature this session. Mr. Shine said that the bill would die. The U.S. Mint would contact the Governor's Office two years before the calendar year of issuance of the quarter. He pointed out that this bill simply sets the framework in place.

Co-Chair Williams read the Letter of Intent from the State Affairs Committee that accompanies the bill.

Representative Stoltze suggested substituting the Letter of Intent as the context of the bill. Mr. Shine explained that the State Affairs Committee wanted the design concept to go through the framework of a commission, and the Letter of Intent simply solicits design concepts in a statewide contest.

Co-Chair Harris referred to the Sponsor Statement and asked if the majority and minority members of the Commission would be public members or legislators. Mr. Shine replied that the intent is to appoint a majority and a minority member from both the House and Senate separate from the six public members. The Governor or his appointee would occupy the eleventh seat.

Representative Stoltze commented that he would prefer the Commission membership to be less politically driven and to include geographic and ethnic considerations. Mr. Shine replied that the issue had not been considered.

Representative Foster agreed with Representative Stoltze, and recommended one member from each of the four judicial districts so that the composition would be regional. Mr. Shine noted that there already are four public members, one from each judicial district. He would discuss the removal of legislators from the commission with the bill sponsor.

Representative Stoltze offered to work on the bill.

HB 467 was heard and HELD in Committee for further consideration.

#HB476

HOUSE BILL NO. 476

An Act establishing the Alaska Statehood Celebration Commission; and providing for an effective date.

JIM SHINE, STAFF TO REPRESENTATIVE ANDERSON, explained that the Alaska Statehood Celebration Commission would celebrate the landmark fifty-year anniversary of Alaska's statehood in January, 2009. He discussed the nine-member composition of the Commission and its role. He pointed out that the State Affairs Committee Substitute reduces the size of the Commission and the fiscal note.

Co-Chair Williams noted the funding for two years of the five. Mr. Shine replied that the fiscal note analysis reflects the best estimate of the startup costs of the Commission. After the Commission is organized, it will prepare its own budget for subsequent years as required in

the legislation. He referred to the bill's language on page 3, lines 3-4 that states: "prepare a timetable and budget for completion of its responsibilities under this Act;"

Representative Stoltze asked if the history of the Silver Anniversary Celebration had been reviewed for guidance in avoiding waste and diversion of funding. Mr. Shine replied that he had considered it, and it resulted the appointment of subcommittees to spread out duties and costs over a few years.

Representative Hawker referred to the fiscal note reflecting a full time position to support the Commission and commented that civic or business organizations could provide the needed support.

Representative Chenault noted that no positions are shown on the fiscal note, which is zero, and he wondered if the position is in the Administrative Services budget.

Representative Hawker MOVED to change Fiscal Note #2, GOV/Executive Office dated 4/7/04, to zero. There being NO OBJECTION, it was so ordered.

Vice-Chair Meyer commented that five years is a long time to be planning a party and it would add to the costs of the Commission. Mr. Shine replied that the intent of the sponsor was to start early to form subcommittees and receive input for the celebration.

In response to a question by Co-Chair Harris, Mr. Shine explained the composition of the Commission. Co-Chair Harris noted, as in HB 467, four legislators would be on the Commission.

Representative Hawker agreed that five years to plan a party is a long time, and suggested changing the effective date from January 1, 2005, to January 1, 2007, which would allow a year for start up and a year for planning. Representative Croft respectfully disagreed and argued that longer planning would allow for a better presentation of Alaska's history.

Representative Hawker thought that Representative Croft presented a convincing argument for longer planning.

Representative Foster MOVED to report CSHB 476(STA) out of Committee with individual recommendations and the two accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSHB 476(STA) was REPORTED out of Committee with individual recommendations and with two zero fiscal impact notes.

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ADJOURNMENT

The meeting was adjourned at 3:01 P.M.