

**ALASKA STATE LEGISLATURE**  
**HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

May 19, 2003

3:23 p.m.

**MEMBERS PRESENT**

Representative Tom Anderson, Chair  
Representative Bob Lynn, Vice Chair  
Representative Carl Gatto  
Representative Norman Rokeberg

**MEMBERS ABSENT**

Representative Nancy Dahlstrom  
Representative Harry Crawford  
Representative David Guttenberg

**COMMITTEE CALENDAR**

CS FOR SENATE BILL NO. 73(FIN)

"An Act relating to the loan participation program of the Alaska Industrial Development and Export Authority and to regulations of the Alaska Industrial Development and Export Authority; and providing for an effective date."

- MOVED CSSB 73(FIN) OUT OF COMMITTEE

CS FOR SENATE BILL NO. 112(FIN)

"An Act relating to tax refunds for government agency purchases of fuel; and providing for an effective date."

- MOVED CSSB 112(FIN) OUT OF COMMITTEE

**PREVIOUS ACTION**

BILL: SB 73

SHORT TITLE:AIDEA: LOAN PARTICIPATION & REGULATIONS

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
02/19/03	0223	(S)	READ THE FIRST TIME - REFERRALS
02/19/03	0223	(S)	L&C, FIN
02/19/03	0223	(S)	FN1: ZERO(CED)
02/19/03	0223	(S)	GOVERNOR'S TRANSMITTAL LETTER
02/27/03		(S)	L&C AT 1:30 PM BELTZ 211

02/27/03		(S)	Moved Out of Committee
02/27/03		(S)	MINUTE(L&C)
02/28/03	0296	(S)	L&C RPT 5DP
02/28/03	0296	(S)	DP: BUNDE, SEEKINS, DAVIS, FRENCH,
02/28/03	0296	(S)	STEVENS G
02/28/03	0296	(S)	FN1: ZERO(CED)
05/08/03		(S)	FIN AT 9:00 AM SENATE FINANCE 532
05/08/03		(S)	Heard & Held
05/08/03		(S)	MINUTE(FIN)
05/18/03	1546	(S)	FIN RPT CS 3DP 4NR NEW TITLE
05/18/03	1546	(S)	DP: GREEN, WILKEN, STEVENS B;
05/18/03	1546	(S)	NR: TAYLOR, HOFFMAN, OLSON, BUNDE
05/18/03	1546	(S)	FN1: ZERO(CED)
05/18/03	1546	(S)	RULES TO CALENDAR 5/18/2003
05/18/03	1550	(S)	READ THE SECOND TIME
05/18/03	1550	(S)	FIN CS ADOPTED UNAN CONSENT
05/18/03	1550	(S)	ADVANCED TO THIRD READING UNAN CONSENT
05/18/03	1550	(S)	READ THE THIRD TIME CSSB 73(FIN)
05/18/03	1551	(S)	PASSED Y14 N- E1 A5
05/18/03	1551	(S)	EFFECTIVE DATE(S) SAME AS PASSAGE
05/18/03	1560	(S)	ELLIS NOTICE OF RECONSIDERATION
05/18/03	1560	(S)	RECON TAKEN UP SAME DAY UNAN CONSENT
05/18/03	1560	(S)	PASSED ON RECONSIDERATION Y15 N- E1 A4
05/18/03	1560	(S)	EFFECTIVE DATE(S) SAME AS PASSAGE
05/18/03	1576	(S)	TRANSMITTED TO (H)
05/18/03	1576	(S)	VERSION: CSSB 73(FIN)
05/18/03	1880	(H)	READ THE FIRST TIME - REFERRALS
05/18/03	1880	(H)	L&C
05/18/03		(S)	FIN AT 11:00 AM SENATE FINANCE 532
05/18/03		(S)	Moved CSSB 73(FIN) Out of Committee -- Time Change --
05/18/03		(S)	MINUTE(FIN)
05/19/03	1931	(H)	RULES TO CALENDAR PENDING REPORT
05/19/03	1931	(H)	MOVED TO BOTTOM OF CALENDAR

05/19/03	1957	(H)	L&C RPT 4DP
05/19/03	1957	(H)	DP: LYNN, GATTO, ROKEBERG, ANDERSON
05/19/03	1957	(H)	FN1: ZERO(CED)
05/19/03	1968	(H)	READ THE SECOND TIME
05/19/03	1968	(H)	ADVANCED TO THIRD READING 5/20 CALENDAR
05/19/03		(H)	L&C AT 3:15 PM CAPITOL 17

BILL: SB 112

SHORT TITLE:MOTOR FUEL TAX:GOVT AGENCY REFUNDS

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
03/06/03	0398	(S)	READ THE FIRST TIME - REFERRALS
03/06/03	0399	(S)	TRA, FIN
03/06/03	0399	(S)	FN1: (REV); FN2: ZERO(DEC)
03/06/03	0399	(S)	GOVERNOR'S TRANSMITTAL LETTER
03/11/03		(S)	TRA AT 1:30 PM TERRY MILLER 104
03/11/03		(S)	Scheduled But Not Heard -- Location Change --
03/11/03		(S)	MINUTE(TRA)
04/03/03		(S)	TRA AT 1:30 PM BUTROVICH 205
04/03/03		(S)	Heard & Held
04/03/03		(S)	MINUTE(TRA)
04/24/03		(S)	TRA AT 1:30 PM BUTROVICH 205
04/24/03		(S)	Moved CSSB 112(TRA) Out of Committee
04/24/03		(S)	MINUTE(TRA)
04/25/03	0965	(S)	TRA RPT CS 1DP 2DNP 2NR NEW TITLE
04/25/03	0966	(S)	DP: COWDERY; DNP: OLSON, LINCOLN;
04/25/03	0966	(S)	NR: THERRIAULT, WAGONER
04/25/03	0966	(S)	FN1: (REV)
04/25/03	0966	(S)	FN2: ZERO(DEC)
05/07/03		(S)	FIN AT 9:00 AM SENATE FINANCE 532
05/07/03		(S)	Heard & Held -- Recessed to 5:30 pm -- MINUTE(FIN)
05/18/03	1547	(S)	FIN RPT CS 2DP 4NR NEW TITLE
05/18/03	1547	(S)	NR: WILKEN, TAYLOR, HOFFMAN, OLSON;
05/18/03	1547	(S)	DP: GREEN, STEVENS B

05/18/03	1547	(S)	FN3: ZERO(ADM)
05/18/03	1547	(S)	FN4: ZERO(REV)
05/18/03	1547	(S)	RULES TO CALENDAR 5/18/2003
05/18/03	1551	(S)	READ THE SECOND TIME
05/18/03	1551	(S)	FIN CS ADOPTED UNAN CONSENT
05/18/03	1551	(S)	ADVANCED TO THIRD READING
			UNAN CONSENT
05/18/03	1551	(S)	READ THE THIRD TIME CSSB
			112(FIN)
05/18/03	1552	(S)	PASSED Y18 N1 E1
05/18/03	1552	(S)	EFFECTIVE DATE(S) SAME AS
			PASSAGE
05/18/03	1552	(S)	OGAN NOTICE OF
			RECONSIDERATION
05/18/03	1560	(S)	RECON TAKEN UP SAME DAY UNAN
			CONSENT
05/18/03	1561	(S)	PASSED ON RECONSIDERATION Y18
			N- E1 A1
05/18/03	1561	(S)	EFFECTIVE DATE(S) SAME AS
			PASSAGE
05/18/03	1576	(S)	TRANSMITTED TO (H)
05/18/03	1576	(S)	VERSION: CSSB 112(FIN)
05/18/03	1881	(H)	READ THE FIRST TIME -
			REFERRALS
05/18/03	1881	(H)	L&C
05/18/03		(S)	FIN AT 11:00 AM SENATE
			FINANCE 532
05/18/03		(S)	Moved CSSB 112(FIN) Out of
			Committee -- Time Change --
05/18/03		(S)	MINUTE(FIN)
05/19/03	1958	(H)	L&C RPT 3DP 1NR
05/19/03	1958	(H)	DP: LYNN, ROKEBERG, ANDERSON;
			NR: GATTO
05/19/03	1958	(H)	FN3: ZERO(ADM)
05/19/03	1958	(H)	FN4: ZERO(REV)
05/19/03		(H)	L&C AT 3:15 PM CAPITOL 17

**WITNESS REGISTER**

MIKE BARRY, Chairman of the Board  
Alaska Industrial Development & Export Authority  
POSITION STATEMENT: Spoke on behalf of the sponsor, Senate  
Rules Committee by request of the governor.

KEVIN JARDELL, Assistant Commissioner  
Office of the Commissioner  
Department of Administration

POSITION STATEMENT: Spoke on behalf of the sponsor of SB 112, Senate Rules Committee by request of the governor.

**ACTION NARRATIVE**

**TAPE 03-55, SIDE A**

Number 0001

**CHAIR TOM ANDERSON** called the House Labor and Commerce Standing Committee meeting to order at 3:23 p.m. Representatives Anderson, Lynn, Gatto, and Rokeberg were present at the call to order.

SB 73-AIDEA: LOAN PARTICIPATION & REGULATIONS

CHAIR ANDERSON announced that the first order of business would be CS FOR SENATE BILL NO. 73(FIN), "An Act relating to the loan participation program of the Alaska Industrial Development and Export Authority and to regulations of the Alaska Industrial Development and Export Authority; and providing for an effective date."

Number 0060

MIKE BARRY, Chairman of the Board, Alaska Industrial Development & Export Authority (AIDEA), spoke on behalf of the sponsor, Senate Rules Committee by request of the governor. He explained that SB 73 allows AIDEA to extend flexibility and update the loan participation program. This would cope with the low interest rates, the lowest in 50 years. A large portion of AIDEA's funds are invested in government bonds and that money could be used more effectively by transferring it to a better earning asset in the loan participation program. Historically, the loan participation program has achieved a great deal of success. The "charge-offs" in the loan participation program are less than seven-tenths of 1 percent, which is far less than the national average for commercial banks. Mr. Barry noted that the total participation in AIDEA has declined over the years.

Number 0150

REPRESENTATIVE ROKEBERG asked if the [change] from \$10 million to \$20 million is the stand-alone program or a ceiling without legislative approval.

MR. BARRY explained that this [change] would extend [the account amount] in any one project. He related that he didn't

anticipate that this would be widely used, although it would allow AIDEA to expand its dialogue with the banks and perhaps generate a few more deals. The \$10 million doesn't go as far today as it did when it was established many years ago, he noted. In further response to Representative Rokeberg, Mr. Barry clarified that in relation to bonding AIDEA has to approach the legislature for anything in excess of \$10 million.

REPRESENTATIVE ROKEBERG turned to the change from 20 percent to 10 percent on page 2, lines 18-19, and asked why that isn't [considered] subsidizing the banking industry.

MR. BARRY explained that the change to 10 percent will allow the bank to layoff more of the loan to AIDEA. He surmised that the aforementioned helped the banks in the sense that they can provide better service to their customers. However, AIDEA is giving better terms than the banking community as a whole and thus the customers want AIDEA to take a larger portion of the loan, which fits with AIDEA's desire to expand the program. In further response to Representative Rokeberg, Mr. Barry confirmed that the 75 percent loan to value ratio is the maximum.

Number 0309

MR. BARRY, in response to Chair Anderson, explained that AIDEA offers this loan participation program to all financial institutions in the state. Those financial institutions do their own underwriting through the procedures the institution has, then the loan is brought to AIDEA. At that point, AIDEA's credit folks do an independent underwriting of the loan, which is why the experience is better than going solely to the bank. In further response to Chair Anderson, Mr. Barry said, to his knowledge, the only other state with an organization like AIDEA is Pennsylvania.

Number 0367

REPRESENTATIVE ROKEBERG moved to report CSSB 73(FIN) out of committee with individual recommendations and the accompanying zero fiscal notes. There being no objection, it was so ordered.

SB 112-MOTOR FUEL TAX:GOVT AGENCY REFUNDS

CHAIR ANDERSON announced that the final order of business would be CS FOR SENATE BILL NO. 112(FIN), "An Act relating to tax refunds for government agency purchases of fuel; and providing for an effective date."

Number 0412

KEVIN JARDELL, Assistant Commissioner, Office of the Commissioner, Department of Administration, spoke on behalf of the sponsor of SB 112, Senate Rules Committee by request of the governor. Mr. Jardell explained that CSSB 112(FIN) now contains a technical fix to a statute that will allow Alaska to fully utilize its new credit card. Currently, a reseller of fuel when purchasing fuel from a wholesaler pays the entire gas tax to the wholesaler. [The reseller] recoups the tax when the gas is sold to the consumer, who pays the fuel price plus the tax. However, when the Department of Transportation & Public Facilities (DOT&PF) purchases the fuel, the department doesn't pay the tax because the state is exempt from the tax. Therefore, the reseller doesn't recoup the tax paid when the purchaser is DOT&PF. Current statute specifies that a reseller can recoup the tax from the Department of Revenue by sending in forms. However, the state's new credit card would assume the "headache" with regard to recouping the tax rather than the reseller. In order to use this ability the statutes need to be changed such that the participation to include the state's credit card company as well as the already specified reseller. Such a change will make this process more efficient because the state will only have to deal with one vendor, one entity, and one form.

Number 0508

REPRESENTATIVE LYNN moved to report CSSB 112(FIN) out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, it was so ordered.

#### **ADJOURNMENT**

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 3:30 p.m.