

**ALASKA STATE LEGISLATURE
HOUSE RULES STANDING COMMITTEE**

May 10, 2003

10:07 a.m.

MEMBERS PRESENT

Representative Norman Rokeberg, Chair
Representative Pete Kott
Representative John Coghill
Representative Lesil McGuire
Representative Carl Morgan
Representative Ethan Berkowitz
Representative Beth Kerttula

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

CS FOR SENATE BILL NO. 89(JUD) am

"An Act amending the Regulation of Lobbying Act and the definition of 'lobbyist' as it applies in the act setting standards of conduct for legislators and legislative employees; and amending the Regulation of Lobbying Act and the legislative standards of conduct to allow a lobbyist to give and a person covered by legislative standards of conduct to accept tickets to a charity event during a legislative session."

- MOVED HCS CSSB 89(RLS) OUT OF COMMITTEE

SENATE BILL NO. 142

"An Act designating the Department of Natural Resources as lead agency for resource development projects; making conforming amendments; and providing for an effective date."

- MOVED SB 142 OUT OF COMMITTEE

HOUSE BILL NO. 162

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

- MOVED CSHB 162(RLS) OUT OF COMMITTEE

HOUSE BILL NO. 271

"An Act levying and providing for the collection and administration of an excise tax on passenger vehicle rentals; and providing for an effective date."

- MOVED CSHB 271(FIN) OUT OF COMMITTEE

PREVIOUS ACTION

BILL: SB 89

SHORT TITLE: LOBBYING/LEGISLATIVE ETHICS

SPONSOR(S): SENATOR(S) SEEKINS

Jrn-Date	Jrn-Page		Action
02/28/03	0299	(S)	READ THE FIRST TIME - REFERRALS
02/28/03	0299	(S)	JUD
03/26/03		(S)	JUD AT 1:30 PM BELTZ 211
03/26/03		(S)	Heard & Held
03/26/03		(S)	MINUTE(JUD)
03/31/03		(S)	JUD AT 1:30 PM BELTZ 211
03/31/03		(S)	Heard & Held
03/31/03		(S)	MINUTE(JUD)
04/04/03		(S)	JUD AT 1:30 PM BELTZ 211
04/04/03		(S)	Heard & Held
04/04/03		(S)	MINUTE(JUD)
04/23/03		(S)	JUD AT 1:00 PM BELTZ 211
04/23/03		(S)	Moved CSSB 89(JUD) Out of Committee
04/23/03		(S)	MINUTE(JUD)
04/24/03	0945	(S)	JUD RPT CS 1DP 2DNP 2NR NEW TITLE
04/24/03	0946	(S)	DP: SEEKINS; DNP: ELLIS, FRENCH;
04/24/03	0946	(S)	NR: THERRIAULT, OGAN
04/24/03	0946	(S)	FN1: ZERO(ADM)
05/02/03	1102	(S)	RULES TO CALENDAR 5/2/03
05/02/03	1102	(S)	READ THE SECOND TIME
05/02/03	1103	(S)	JUD CS ADOPTED Y17 N1 E1 A1
05/02/03	1103	(S)	ADVANCED TO THIRD READING 5/3 CALENDAR
05/03/03	1130	(S)	READ THE THIRD TIME CSSB 89(JUD)
05/03/03	1130	(S)	RETURN TO SECOND FOR AM 1 UNAN CONSENT
05/03/03	1132	(S)	AM NO 1 ADOPTED UNAN CONSENT
05/03/03	1131	(S)	...CHANGES TITLE OF LEGISLATION

05/03/03	1132	(S)	AUTOMATICALLY IN THIRD READING
05/03/03	1133	(S)	PASSED Y14 N1 E5
05/03/03	1133	(S)	ELTON NOTICE OF RECONSIDERATION
05/04/03	1147	(S)	RECONSIDERATION NOT TAKEN UP
05/04/03	1148	(S)	TRANSMITTED TO (H)
05/04/03	1148	(S)	VERSION: CSSB 89(JUD) AM
05/05/03	1305	(H)	READ THE FIRST TIME - REFERRALS
05/05/03	1305	(H)	RLS
05/09/03		(H)	RLS AT 9:30 AM FAHRENKAMP 203
05/09/03		(H)	<Meeting Postponed to Sat. 5/10/03>
05/10/03		(H)	RLS AT 10:00 AM FAHRENKAMP 203

BILL: SB 142

SHORT TITLE:DNR LEAD RESOURCE DEVELOPMENT PROJECTS

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
03/12/03	0472	(S)	READ THE FIRST TIME - REFERRALS
03/12/03	0472	(S)	RES
03/12/03	0472	(S)	FN1: (DNR)
03/12/03	0472	(S)	GOVERNOR'S TRANSMITTAL LETTER
04/04/03		(S)	RES AT 3:30 PM BUTROVICH 205
04/04/03		(S)	<Bill Hearing Postponed to 4/9/03>
04/09/03		(S)	RES AT 3:30 PM BUTROVICH 205
04/09/03		(S)	Heard & Held
04/09/03		(S)	MINUTE(RES)
04/11/03		(S)	RES AT 3:30 PM BUTROVICH 205
04/11/03		(S)	Moved CSSB 142(RES) Out of Committee
04/11/03		(S)	MINUTE(RES)
04/11/03		(S)	MINUTE(RES)
04/14/03	0833	(S)	RES RPT CS FORTHCOMING 4DP 1NR
04/14/03	0891	(S)	DP: OGAN, STEVENS B, WAGONER,
04/14/03	0891	(S)	DYSON; NR: ELTON
04/14/03	0834	(S)	FN1: (DNR)
04/14/03	0834	(S)	FN2: ZERO(DEC)
04/14/03	0834	(S)	FIN REFERRAL ADDED AFTER RES
04/17/03	0891	(S)	RES CS RECEIVED SAME TITLE
04/22/03		(S)	FIN AT 10:00 AM SENATE

			FINANCE 532
04/22/03		(S)	Scheduled But Not Heard -- Time Change --
04/30/03	1045	(S)	FIN RPT 5DP 2NR
04/30/03	1045	(S)	DP: GREEN, WILKEN, TAYLOR, BUNDE,
04/30/03	1045	(S)	STEVENS B; NR: HOFFMAN, OLSON
04/30/03	1045	(S)	FN1: (DNR)
04/30/03	1045	(S)	FN2: ZERO(DEC)
04/30/03		(S)	FIN AT 9:00 AM SENATE FINANCE 532
04/30/03		(S)	Moved Out of Committee MINUTE(FIN)
05/02/03	1103	(S)	RULES TO CALENDAR 5/2/03
05/02/03	1103	(S)	READ THE SECOND TIME
05/02/03	1104	(S)	ADVANCED TO THIRD READING UNAN CONSENT
05/02/03	1104	(S)	READ THE THIRD TIME SB 142
05/02/03	1104	(S)	PASSED Y18 N- E1 A1
05/02/03	1113	(S)	EFFECTIVE DATE(S) SAME AS PASSAGE
05/02/03	1113	(S)	TRANSMITTED TO (H)
05/02/03	1113	(S)	VERSION: SB 142
05/05/03	1305	(H)	READ THE FIRST TIME - REFERRALS
05/05/03	1305	(H)	RLS
05/09/03		(H)	RLS AT 9:30 AM FAHRENKAMP 203
05/09/03		(H)	<Meeting Postponed to Sat. 5/10/03>
05/10/03	1536	(H)	RLS RPT 5DP 1AM
05/10/03	1536	(H)	DP: MCGUIRE, KOTT, MORGAN, COGHILL,
05/10/03	1536	(H)	ROKEBERG; AM: BERKOWITZ
05/10/03	1537	(H)	FN1: ZERO(DNR)
05/10/03	1537	(H)	FN2: ZERO(DEC)
05/10/03	1537	(H)	RETURNED TO RLS COMMITTEE
05/10/03		(H)	RLS AT 10:00 AM FAHRENKAMP 203

BILL: HB 162

SHORT TITLE:FEES: BUSINESS LICENSE & RECORDING

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
03/05/03	0432	(H)	READ THE FIRST TIME - REFERRALS
03/05/03	0432	(H)	L&C, FIN

03/05/03	0433	(H)	FN1: (CED)
03/05/03	0433	(H)	GOVERNOR'S TRANSMITTAL LETTER
03/12/03		(H)	L&C AT 4:00 PM CAPITOL 17
03/12/03		(H)	Heard & Held
03/12/03		(H)	MINUTE(L&C)
03/28/03		(H)	L&C AT 3:15 PM CAPITOL 17
03/28/03		(H)	<Bill Hearing Postponed to 04/04/03
04/04/03		(H)	L&C AT 3:15 PM CAPITOL 17
04/04/03		(H)	Moved CSHB 162(L&C) Out of Committee
04/04/03		(H)	MINUTE(L&C)
04/08/03	0838	(H)	L&C RPT CS(L&C) 1DP 2DNP 3NR
04/08/03	0838	(H)	DP: ANDERSON; DNP: CRAWFORD,
04/08/03	0838	(H)	GUTTENBERG; NR: LYNN, GATTO, DAHLSTROM
04/08/03	0839	(H)	FN1: (CED)
04/25/03		(H)	FIN AT 1:30 PM HOUSE FINANCE 519
04/25/03		(H)	Heard & Held
04/25/03		(H)	MINUTE(FIN)
05/05/03		(H)	FIN AT 1:30 PM HOUSE FINANCE 519
05/05/03		(H)	Moved CSHB 162(FIN) Out of Committee
05/05/03		(H)	MINUTE(FIN)
05/06/03	1347	(H)	FIN RPT CS(FIN) NT 3DP 1DNP 7NR
05/06/03	1347	(H)	DP: WHITAKER, FOSTER, WILLIAMS;
05/06/03	1347	(H)	DNP: CROFT; NR: MEYER, HAWKER, STOLTZE,
05/06/03	1347	(H)	JOULE, MOSES, CHENAULT, HARRIS
05/06/03	1347	(H)	FN2: ZERO(DNR)
05/06/03	1347	(H)	FN3: (CED)
05/09/03		(H)	RLS AT 9:30 AM FAHRENKAMP 203
05/09/03		(H)	<Meeting Postponed to Sat. 5/10/03>
05/10/03		(H)	RLS AT 10:00 AM FAHRENKAMP 203

BILL: HB 271

SHORT TITLE: PASSENGER/RECREATIONAL VEHICLE RENTAL TAX

SPONSOR(S): REPRESENTATIVE(S)KOTT

Jrn-Date	Jrn-Page	Action
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04/15/03	0986	(H)	READ THE FIRST TIME - REFERRALS
04/15/03	0986	(H)	W&M, FIN
04/22/03		(H)	W&M AT 7:00 AM HOUSE FINANCE 519
04/22/03		(H)	Heard & Held MINUTE(W&M)
04/23/03		(H)	W&M AT 7:00 AM HOUSE FINANCE 519
04/23/03		(H)	Heard & Held MINUTE(W&M)
04/24/03	1092	(H)	W&M RPT CS(W&M) NT 7DP 1DNP
04/24/03	1092	(H)	DP: MOSES, HEINZE, WILSON, WEYHRAUCH,
04/24/03	1092	(H)	GRUENBERG, WHITAKER, HAWKER;
04/24/03	1092	(H)	DNP: KOHRING
04/24/03	1092	(H)	FN1: (REV)
04/24/03		(H)	W&M AT 7:00 AM HOUSE FINANCE 519
04/24/03		(H)	Moved CSHB 271(W&M) Out of Committee MINUTE(W&M)
04/25/03		(H)	FIN AT 1:30 PM HOUSE FINANCE 519
04/25/03		(H)	Heard & Held
04/25/03		(H)	MINUTE(FIN)
05/07/03	1416	(H)	FIN RPT CS(FIN) NT 5DP 1DNP 3NR 1AM
05/07/03	1416	(H)	DP: MEYER, HAWKER, STOLTZE, HARRIS,
05/07/03	1416	(H)	WILLIAMS; DNP: CROFT; NR: CHENAULT,
05/07/03	1416	(H)	WHITAKER, FOSTER; AM: MOSES
05/07/03	1417	(H)	FN2: (REV)
05/07/03		(H)	FIN AT 8:30 AM HOUSE FINANCE 519
05/07/03		(H)	Moved CSHB 271(FIN) Out of Committee
05/07/03		(H)	MINUTE(FIN)
05/09/03		(H)	RLS AT 9:30 AM FAHRENKAMP 203
05/09/03		(H)	<Meeting Postponed to Sat. 5/10/03>
05/10/03	1533	(H)	RLS RPT CS(FIN) NT 1DP 1DNP 2NR 2AM
05/10/03	1533	(H)	DP: KOTT; DNP: BERKOWITZ; NR: MORGAN,
05/10/03	1533	(H)	COGHILL; AM: MCGUIRE,

05/10/03	1534	(H)	ROKEBERG
05/10/03	1534	(H)	FN2: (REV)
05/10/03		(H)	RETURNED TO RLS COMMITTEE
			RLS AT 10:00 AM FAHRENKAMP
			203

WITNESS REGISTER

SENATOR RALPH SEEKINS
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Spoke as the sponsor of SB 89.

PAM LaBOLLE, President
Alaska State Chamber of Commerce
Juneau, Alaska
POSITION STATEMENT: During the discussion of SB 89, she expressed the need for clear rules regarding lobbying requirements.

MARY SIROKY, Legislative Liaison
Office of the Commissioner
Department of Environmental Conservation;
Department of Natural Resources
Juneau, Alaska
POSITION STATEMENT: Presented SB 142, on behalf of the sponsor, the House Rules Standing Committee by request of the governor.

RICK URION, Director
Division of Occupational Licensing
Department of Community & Economic Development
Juneau, Alaska
POSITION STATEMENT: Answered questions regarding the division's fiscal note for HB 162.

KRIS KNAUSS, Staff
to Representative Pete Kott
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented HB 271 on behalf of the sponsor, Representative Kott.

ACTION NARRATIVE

TAPE 03-4, SIDE A
Number 0001

CHAIR NORMAN ROKEBERG called the House Rules Standing Committee meeting to order at 10:07 a.m. Representatives Rokeberg, Kott, Coghill, Morgan, and Berkowitz were present at the call to order. Representatives McGuire and Kerttula arrived as the meeting was in progress.

SB 89-LOBBYING/LEGISLATIVE ETHICS

CHAIR ROKEBERG announced that the first order of business would be CS FOR SENATE BILL NO. 89(JUD) am, "An Act amending the Regulation of Lobbying Act and the definition of 'lobbyist' as it applies in the act setting standards of conduct for legislators and legislative employees; and amending the Regulation of Lobbying Act and the legislative standards of conduct to allow a lobbyist to give and a person covered by legislative standards of conduct to accept tickets to a charity event during a legislative session."

Number 024

REPRESENTATIVE COGHILL moved to adopt HCS CSSB 89, Version 23-LS0396\Q, Craver, 5/8/03, as the working document.

REPRESENTATIVE BERKOWITZ objected for discussion purposes.

Number 035

SENATOR RALPH SEEKINS, Alaska State Legislature, spoke as the sponsor of SB 89. He pointed out that Version Q adds new language on page 2, lines 25-26, which says, "except for tickets to a charity event described in AS 24.60.080(c)(10)". That language would allow anyone, including a lobbyist, to sponsor the participation of a legislator when the money goes to a charity.

CHAIR ROKEBERG interjected, except for those areas for which approval from legislative council must be obtained.

SENATOR SEEKINS agreed.

CHAIR ROKEBERG highlighted the success of the charity events developed under the leadership of the legislature and the citizens of Juneau.

SENATOR SEEKINS continued to review the changes encompassed in Version Q. He directed attention to the language on page 3, lines 4-16, which specify what an administrative action does not

include. Therefore, the language lists some activities that the Alaska Public Offices Commission (APOC) now believes constitutes lobbying under the current statute [and specifies that those activities aren't considered an administrative action]. He emphasized that the activities [listed] have to do with the normal course of business with public officials. The language added in Section 3 was part of the original legislation, he noted.

REPRESENTATIVE BERKOWITZ removed his objection.

CHAIR ROKEBERG announced that with no further objection, Version Q was before the committee.

Number 100

SENATOR SEEKINS remarked that when he attended new member orientation, he discovered that he had probably been breaking the lobbying laws by being an active member of his local Chamber of Commerce, the Alaska Automobile Dealers Association, as well as many other associations. He emphasized that he was in violation of the lobbying laws and didn't even know it. He said that as a new member of the legislature he wasn't aware of the four-hour limit because he didn't know all the regulations. Furthermore, he said he didn't believe he was aware of all the regulations under the current definition of lobbying. He directed attention to a February 11, 2003, letter from APOC to Brett Huber, Executive Director, Kenai River Sports Fishing Association, which is included in the committee packet. The letter says that an individual receiving a salary [from an organization] while talking with public officials is receiving payment to lobby. Senator Seekins characterized the aforementioned as a "wide net" that indicates merely providing public officials with information is one way of attempting to influence a legislative or administrative action. Furthermore, one doesn't have to be successful in an attempt to influence legislative or administrative action, the attempt merely has to be made. Senator Seekins related his belief that the definition of lobbying shouldn't make unknowing criminals and thus he felt there was the need to be more clear. He pointed out that in AS 24.45.011, the legislative declaration of purpose specifies the following:

The legislature finds and declares that the operation of responsible representative democracy requires that the fullest opportunity be afforded to the people to petition their government for the redress of

grievances and to express freely to individual members of the legislature, to its committees, and to officials of the executive branch, their opinions on pending legislation or administrative actions; and that the people are entitled to know the identity, income, expenditures, and activities of those persons who pay, are paid or reimbursed for expenses, or who make expenditures or other payments in an effort to influence legislative or administrative action.

SENATOR SEEKINS explained that this legislation tries to define a true lobbyist versus a citizen trying to express his/her opinion on legislation. Therefore, this legislation provides more clear definitions of the activities of lobbyists and what it entails. Rather than redefining "regular" and "substantial", this legislation specifies that if one spends a little less than 25 percent of a 40-hour work week month talking to public officials he/she would have to register as a lobbyist. Therefore, the legislature through statute would set the bar rather than APOC. Senator Seekins said he would appreciate the committee's support in getting this legislation to the House floor.

Number 161

REPRESENTATIVE BERKOWITZ commented that he didn't believe Senator Seekins' actions when he was a new member were criminal. Furthermore, he didn't believe APOC believes so either. Representative Berkowitz said that he has a letter from Tammy Kempton, Regulation of Lobbying, APOC, Department of Administration, who indicates that participating in a legislative "fly-in" doesn't constitute a violation of current APOC rules. [The letter] further indicates that volunteer lobbyists and sole proprietors aren't breaking APOC rules. Participating in public proceedings or answering questions from a legislator directed to a nonlegislator aren't considered lobbying.

SENATOR SEEKINS informed the committee that the letter he has was signed by [Tammy Kempton] as well.

REPRESENTATIVE KERTTULA interjected that [legislators] do have a Fifth Amendment right.

SENATOR SEEKINS agreed that participating in a [legislative] "fly-in" doesn't [constitute a violation], but what the individual does after arriving does [constitute a violation].

He explained that if an individual enters the capitol building and talks to legislators in an attempt to influence legislative or administrative action as a result of a "fly-in", then the "clock is ticking." Therefore, this legislation attempts to clarify the definition of a lobbyist in statute rather than [continue] with the moving regulations of APOC.

Number 197

REPRESENTATIVE BERKOWITZ said that the 40-hour rule in this legislation seems excessive. He asked if there had been any research performed regarding how many of those currently registered as lobbyists would continue to be required as lobbyists under the 40-hour rule.

SENATOR SEEKINS responded that he didn't know if anyone could answer Representative Berkowitz's question. He opined that many of those currently listed on the nonprofessional lobbyist list would probably continue to register. In fact, he related his belief that more individuals would be required to register as a lobbyist. He pointed out that the current law specifies that an individual who communicates personally or through an agent for four hours, that individual has to be registered as a lobbyist. Therefore, an individual who hires a lobbyist and communicates through that lobbyist for four hours would be required to register as a lobbyist. Senator Seekins said that this legislation isn't attempting to allow anyone who truly tries to influence public policy as part of his/her job to avoid [registering as a lobbyist]. However, the legislation attempts not to incidentally catch people who are trying to express their opinions freely to the legislature and/or public officials. Therefore, he didn't believe there would be a large reduction in the number [of registered lobbyists].

Number 227

REPRESENTATIVE BERKOWITZ informed the committee that 112 people have registered as part-time employee lobbyists and only two of those are from small businesses in the state. He said that he hasn't detected a real problem. Representative Berkowitz said he would like to hear from professional lobbyists regarding whether they actually engage in 40 hours a month of face-to-face legislative contact to the legislator or his/her staff. He characterized 40 hours of face-to-face time as a lot.

SENATOR SEEKINS agreed and said those people engaging in 40 hours of face-to-face legislative contact should be registered.

Senator Seekins remarked that if the real desire is to serve the public interest, then the legislators would report with whom they have spoken. "Having someone on a list that no one can find hardly does a good job in protecting the public interest in who we're talking too," he said. He highlighted that [lobbyists] don't have to report what legislation or public policy he/she is discussing. [Lobbyists] have to pay \$100, appear on a list, and then not be able to participate fully in the political process in the rest of the state. Therefore, the barrier should be reasonably high enough to capture the professional lobbyist not the individual with the occasional interest that would amount to more than four hours in a 30-day period.

Number 255

REPRESENTATIVE KERTTULA turned to the definition of "administrative action" on page 3 of Version Q. She asked if an individual doing things that don't fit into the new definition, even if the individual accumulated over 40 hours a week would have to register as a lobbyist.

SENATOR SEEKINS related his understanding that an administrative action wouldn't include those things specified on page 3 of Version Q. He emphasized that the aforementioned only relates to administrative actions not proposed legislation or existing legislation.

REPRESENTATIVE KERTTULA inquired as to why the list related to administrative actions is so broad. She questioned what would remain to be considered an administrative action.

SENATOR SEEKINS directed attention to Section 2(B) of Version Q. He related that a number of years ago he wanted to put a channel in with a backwater slough and a pond at his home. This required dealing with several state agencies in order to obtain the permits necessary to do so. Under the current interpretation of the regulations when an individual attempts to influence an administrative action for more than four hours that individual has to [register] as a lobbyist. However, Version Q allows an individual to speak to someone regarding the issuance, amendment, or revocation of a permit, license, or entitlement for use and not require registering as a lobbyist. Therefore, an individual who goes to APOC and requests a change in the regulations regarding the definition of lobbyist wouldn't be exempt.

REPRESENTATIVE KERTTULA said that she has never heard the above interpretation. She agreed if the above interpretation occurs it would be problematic. However, people have the right to personally represent themselves in regard to permits. "The broadness of this suggests that you could have a lawyer that you hire to do these things ... in a broad way," she pointed out. She expressed concern with that.

CHAIR ROKEBERG pointed out that this particular [Section 2(B)] was included in Version Q at the request of APOC.

REPRESENTATIVE BERKOWITZ commented, "I understand the constraints that APOC is operating under these days." Representative Berkowitz said although Senator Seekins' interpretation seems to be strained, it is problematic. Therefore, he suggested that it could be remedied if, on page 3, line 8, before "use", the word "personal" could be inserted.

SENATOR SEEKINS explained that when he represents some of the corporations he does and tries to get permits or licenses issued, amended, or revoked that isn't personal use. As a business owner, regardless of the structure of his business, Senator Seekins said he believes that other forms of businesses in the state shouldn't be restrained from operating under this exception.

Number 322

REPRESENTATIVE BERKOWITZ requested that Senator Seekins provide some specific examples in which businesses have gotten into trouble due to the absence of the proposed provision.

SENATOR SEEKINS answered that he couldn't provide specific examples. "I didn't think, Mr. Chairman, that it was important ... that we be able to point to examples where the law ensnared someone if the law or the regulations was improper on its face," he remarked. Merely because something may not be enforced, isn't a reason to have the regulation or law in place, he said.

REPRESENTATIVE BERKOWITZ said that the normal legislative response is that when things are changed that aren't broken, unintended consequences are created.

SENATOR SEEKINS agreed, but related his desire not to have a law on the books that could allow selective enforcement.

Number 337

CHAIR ROKEBERG related his understanding that one of the problems is APOC's regulations not the statute. Chair Rokeberg turned attention to a memo dated May 7, 2003, from Brooke Miles, Executive Director, APOC. This memo specifies that accompanying the governor on a trade mission; playing golf with a public official; and participating in a legislative "fly-in" are excluded. However, he understood that not to be the case, in terms of APOC's past activities.

SENATOR SEEKINS agreed. He said he was aware of at least one instance in which an individual playing golf with a legislator was told that his time "had expired" and thus he should register as a lobbyist.

CHAIR ROKEBERG said that was of concern to him. Chair Rokeberg remarked that the current law makes it virtually impossible for a legislator to have any friends.

Number 356

REPRESENTATIVE BERKOWITZ interpreted Senator Seekins to think that there shouldn't be any lobbying requirements at all. If that's not the case, he inquired as to where Senator Seekins would draw the line.

SENATOR SEEKINS said, "There's lots of places I would draw the line. And that isn't what I said." He specified that what he said was that the net is too large today because it inadvertently draws people into it who are merely trying to exercise their free opportunity to communicate with the legislature and the administration. Although Senator Seekins said he wasn't sure where the line is, the current barrier is too low, he specified. [The proposal in Version Q] is a reasonable bar that keeps people from inadvertently stepping over the line while providing legislators guidance as well. Senator Seekins said that he sees people in the Capitol who he believes may be breaking the regulations now, although these individuals are merely trying to relate their feelings about legislation. He stated that it's part of his job to defend their right to freely communicate with legislators. This legislation provides the balance to do so, without letting the professionals and those employed to lobby to escape [from the rules].

CHAIR ROKEBERG pointed out that the committee has received written testimony from Ms. Kempton, APOC. Ms. Kempton's written

testimony specifies that APOC supports the definition of "administrative action" and "communicate directly" in SB 89. Furthermore, APOC supports how SB 89 changes the definition of lobbyist to more clearly define a professional lobbyist as well as changing the definition of part-time or employee lobbyist to eliminate the phrase "substantial or regular". However, Ms. Kempton's written testimony specifies that APOC opposes changing the amount of time an employee can lobby to 40 hours in a 30-day period and proposes changing that to 16 hours. Per Ms. Kempton's written testimony, "At 16 hours, employee lobbyists would be allowed 62 15-minute meetings per month; that's a total of 64 hours per legislative session; 248 15-minute meetings per session." Chair Rokeberg asked if the aforementioned testimony means that anyone coming in through the doors would have to be issued a time card in order to track the time spent with legislators and staff. He suggested that this almost makes the case that the [current regulations] are constrained.

SENATOR SEEKINS commented that Chair Rokeberg made a good point. He highlighted that Ms. Kempton's example is based on evenly spacing every meeting in each 30-day period, which is a rolling 30-day period. He said that he didn't know anyone who can plan his/her time in such a way.

CHAIR ROKEBERG surmised that when [a legislator] has a conversation with someone who is clearly lobbying on legislation, would that individual have to keep track of the time spent on the specific issue versus personal matters. If so, it becomes a matter of how one calculates the time, he supposed.

SENATOR SEEKINS agreed and clarified that the [time limit] was made a bit more liberal so that one really has to be a lobbyist to reach the bar established.

REPRESENTATIVE BERKOWITZ noted that he didn't have a copy of the earlier referenced February letter from Ms. Kempton.

SENATOR SEEKINS provided the chair with an extra copy of the February letter from Ms. Kempton.

Number 431

REPRESENTATIVE KERTTULA directed attention to page 4, Section 6, and although she said clarifying the law is good, she was concerned that the charity tickets may entitle the bearer "to other gifts or services involved in the charity event." This is

of concern because sometimes the gifts are large. She asked if gifts from a charity event that are over a certain amount would have to be reported to the Select Committee on Legislative Ethics (Ethics).

SENATOR SEEKINS said he would report such a gift in order not to run afoul of the Ethics rules.

CHAIR ROKEBERG agreed that a gift [from a charity event] should be reported. However, he understood the question to be with regard to whether the reporting of [a gift from a charity event] should be mandatory.

REPRESENTATIVE KERTTULA related her belief that legislators can't take a gift [from a charity event] if the gift's value amounts to over \$250.

SENATOR SEEKINS pointed out that without the language "Notwithstanding other law" at the beginning of this paragraph, one would have to comply with the existing Ethics law.

CHAIR ROKEBERG opined that under the current language, a legislator would be able to accept the gift.

REPRESENTATIVE BERKOWITZ pointed out the language "may entitle", which he interpreted to mean that the other [Ethics] requirements supercede these.

REPRESENTATIVE COGHILL highlighted that the ticket to the charity event may only cost \$1 while the prize could amount to a \$400 flight. Therefore, the question becomes whether the \$400 flight is a gift or a prize and whether [the legislator] could take it or not. Under the Ethics rules, the prize would have to be reported at least. However, he wasn't sure that it was a direct gift.

Number 479

PAM LaBOLLE, President, Alaska State Chamber of Commerce (ASCC), informed the committee that ASCC has worked very hard to get SB 89 going because the lack of a clear set of rules defining a lobbyist has been problematic for members of ASCC. She said that most of the members of ASCC don't want to be a lobbyist and have never intended to be such. However, ASCC members, as frontline business people, know that they are the ones who should provide the information upon which legislators and administrators make decisions. Ms. LaBolle related that ASCC

didn't have any problems with the existing law rather the problem was with APOC's interpretation of the law, specifically saying that 2.3 percent of one's job is a substantial portion of an individual's job. Furthermore, ASCC doesn't concur APOC's proposal of with 16 hours, 9 percent of a person's job, being considered a substantial portion of an individual's job.

MS. LaBOLLE commented on the differences in what APOC says. For instance, ASCC's position paper dated January 15, 2003, quotes a letter from APOC to one of ASCC's members regarding a golf tournament. She related that APOC said:

Note that the regulations do not require that the activities influence legislative or administrative action It may have been a social event, but it was certainly directed towards influencing legislative action. By spending time with legislators and their staffers, lobbyists hope to establish a rapport with them that will help the lobbyists when they later meet with legislators and/or staffers to influence action on legislation of interest to the lobbyists' clients.

REPRESENTATIVE BERKOWITZ requested that Ms. LaBolle distribute the letter if she is going to continue to quote from it. Representative Berkowitz said he read the letter in another committee and he came to a vastly different conclusion than what Ms. LaBolle is inferring.

MS. LaBOLLE turned to the February 11, 2003, letter from APOC to the executive director of the Kenai River Sport Fishing Association. She pointed out that the letter says, "To be considered a volunteer lobbyist and exempt from the registration requirement, you would need to be on leave from your job and pay all your own expenses." The letter also says, "In other words, lobbying is not confined to working towards the passage or defeat of any specific piece of legislation or regulation. Lobbying can be educating public officials so that when they consider a particular issue or legislative item, they include in that consideration the information you have provided." She also highlighted the sentence in the letter that says, "If, as part of your job, you encourage other people to contact legislators or other public officials, that is also lobbying." In regard to this latter statement, Ms. LaBolle asked if that would mean that teachers who have students contact legislators would be considered lobbyists. Perhaps that isn't what APOC meant. Therefore, Ms. LaBolle said the specifics should be put in law so that no one is guessing.

Number 528

REPRESENTATIVE BERKOWITZ returned to Ms. LaBolle's testimony [regarding a golf tournament] and said that he heard testimony on that matter in the [House State Affairs Standing Committee]. He recalled that the letter referred to a trip to Las Vegas that was paid for by an individual. This had to do with VECO Corporation and Mr. Rick Smith being required to register as a lobbyist. Representative Berkowitz related his understanding that APOC said [in the letter] that lobbying has to be viewed not only on the event, but on the duration and the extent of the contact. Given the circumstances surrounding the trip and Mr. Smith's other contact with legislators, he would be required to register. Therefore, Representative Berkowitz said unless Ms. LaBolle is referring to a different incident, he didn't believe Ms. LaBolle is fully disclosing all the facts of the case.

MS. LaBOLLE said that she recalled testifying in the House State Affairs Standing Committee, but she didn't recall speaking to this matter in that committee.

REPRESENTATIVE BERKOWITZ inquired as to how many of ASCC's members have been in trouble with APOC. He also inquired as to who those individuals are.

MS. LaBOLLE answered that although she didn't know how many people have gotten into trouble with APOC, she didn't believe there have been many because APOC works on complaints.

REPRESENTATIVE BERKOWITZ related his understanding, from APOC's testimony in the House State Affairs Standing Committee, that APOC has only taken actions against Frank Prewitt and Bill Allen.

CHAIR ROKEBERG announced that if there is already a public record on this testimony, then it isn't necessary to rehash the topic.

Number 560

REPRESENTATIVE BERKOWITZ highlighted that this is the only House committee of referral for SB 89. Representative Berkowitz turned to ASCC's position paper, included in the committee packet, and ascertained that ASCC doesn't feel that 2.3 percent is a substantial portion of an individual's job.

MS. LaBOLLE agreed. In further response to Representative Berkowitz, Ms. LaBolle said that she didn't feel that 2.3 percent is a substantial portion of an individual's income.

REPRESENTATIVE BERKOWITZ surmised then that a 2.3 percent income tax would be acceptable to Ms. LaBolle.

MS. LaBOLLE replied, "Personally, it would be."

CHAIR ROKEBERG, upon determining no one else wished to testify, closed public testimony.

REPRESENTATIVE BERKOWITZ informed the committee that during a House State Affairs Standing Committee hearing the 16-hour rule was of concern for some, including members of the Majority Caucus. Representative Berkowitz announced that he objects to this legislation. He related that he comes from a profession in which one avoids the appearance of impropriety. Although he appreciated the First Amendment arguments that people are wrapping themselves in, that isn't the issue. The issue is public trust and the need to preserve that public trust. When the rules are "cracked open" as they are [in SB 89], the perception of impropriety is violated. Therefore, this would be a disservice to the legislature's public role. Representative Berkowitz said, "I think this is a retreat from the high ethical standards of this house and from the legislature. And I think if there are particular problems related to the agency question, we should address those narrowly, but, in essence, gutting the lobbying requirements, which is the consequence of going to 40 hours, is a step in the wrong direction."

CHAIR ROKEBERG pointed out that the committee packet includes a letter from Andree McLeod.

REPRESENTATIVE COGHILL contrasted Representative Berkowitz's remarks by highlighting the danger of gutting the rights of people to freely talk with legislators.

TAPE 03-4, SIDE B

REPRESENTATIVE COGHILL explained that [the rules should be such that] when a person is a paid lobbyist, there is the opportunity to make sure that is clearly what is being done. Obviously, there have been some gray areas and thus Representative Coghill applauded this effort. Representative Coghill related his belief that this is merely drawing a brighter line.

Number 590

REPRESENTATIVE COGHILL moved to report HCS CSSB 89, Version 23-LS0396\Q, Craver, 5/8/03, out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE BERKOWITZ objected.

REPRESENTATIVE KERTTULA related her belief that four hours [of contact with a legislator] is a minimal amount. She said that [this current law] doesn't stop anyone from coming in and speaking with legislators on their own behalf when that individual isn't paid to do so. By going to 40 hours, things will be greatly confused and [the requirement] will eliminate the need for 111 people to register as a lobbyist. Therefore, Representative Kerttula said she feels this legislation is a step in the wrong direction.

CHAIR ROKEBERG remarked that the current four-hour regulation is an imposition on the freedom of speech of all people in the state. The paramount issue to keep in mind is to allow people to be able to communicate with their representatives without feeling the constraint of any possible action against them, he related.

Number 569

REPRESENTATIVE MCGUIRE highlighted that under current law a public employee isn't required to register. However, a public employee in this state has unfettered access to the legislature and the administration and isn't required to report that activity under any circumstance. Representative McGuire opined that what's critical about this legislation is that one is being required to report to a government agency regarding who the individual is talking to and with regard to the subject. The aforementioned is where the First Amendment issue enters. Without ASCC members testifying on issues, she wondered how the legislation would actually end up. She mentioned that everyone has seen legislation in committee and hasn't thought about how the legislation would impact real people. Representative McGuire emphasized, "It's about your government keeping tabs on your speech. ... and at the same time stacking the deck against you, allowing their [departmental staff] agents to speak as often as they want ... about whatever topic they want."

REPRESENTATIVE BERKOWITZ clarified that public individuals can only address public issues/interests; it isn't an open slate.

Private interests are separate. With regard to the First Amendment argument, Representative Berkowitz pointed out that it's subject to reasonable, time, place, and manner restrictions. The aforementioned is the heart of this debate, he said. Letting people know who is addressing government - who has financial stakes in government - is a critical point. With the state's current fiscal gap there will be the need for people to contribute to the cost of government. In this transitional period it's particularly important for the public to know who is talking to the legislators. The only way [for the public] to know who is talking to legislators is if those individuals are required to register as lobbyists. Most who are required to register as lobbyists are people who are willing to stand up for their causes and subject themselves to some public scrutiny. Representative Berkowitz emphasized that he didn't see requiring lobbyists to register as such as an onerous burden. "I think it's in the best interest of the public as part of transparent government, and I think that's what all of this is about. How transparent do we want our government to be," he said.

REPRESENTATIVE MCGUIRE said she didn't disagree with the points made by Representative Berkowitz. However, she informed the committee that she has spent time in her office with public employees during which other items have been discussed, not just those related to the public interest. On that point, Representative McGuire disagreed with Representative Berkowitz. Representative McGuire opined that the real goal is to be able to use this as a weapon against people. She said if she had any confidence that this regulation was being acted on in a fair, responsible, efficient manner and was working, then perhaps there wouldn't be a need for this legislation. However, the four-hour regulation isn't working and is being enforced arbitrarily. She related that the executive director of APOC agrees that the four-hour regulation doesn't work.

Number 507

REPRESENTATIVE COGHILL restated his motion to report HCS CSSB 89, Version 23-LS0396\Q, Craver, 5/8/03, out of committee with individual recommendations and the accompanying zero fiscal note.

A roll call vote was taken. Representatives Kott, Coghill, McGuire, Morgan, and Rokeberg voted in favor of reporting HCS CSSB 89, Version Q, from committee. Representatives Kerttula and Berkowitz voted against it. Therefore, HCS CSSB 89(RLS) was

reported out of the House Rules Standing Committee by a vote of 5-2.

SB 142-DNR LEAD RESOURCE DEVELOPMENT PROJECTS

CHAIR ROKEBERG announced that the next order of business would be SENATE BILL NO. 142, "An Act designating the Department of Natural Resources as lead agency for resource development projects; making conforming amendments; and providing for an effective date."

Number 494

MARY SIROKY, Legislative Liaison, Office of the Commissioner, Department of Environmental Conservation (DEC); Department of Natural Resources (DNR), noted that Commissioner Thomas Irwin's testimony should be included in the committee packet. Ms. Siroky explained that SB 142 establishes the Office of Project Management and Permitting. This office will coordinate with DNR to build upon the state mine permit team concept that's currently in statute. This is where DNR coordinates the activities of the permitting agencies. Ms. Siroky said that [the state mine permit team concept] has been a very successful way of doing business, in terms of Fort Knox. This [concept] has been used at Alpine and Fort Thompson as well as other large mine projects. Ms. Siroky clarified that this [legislation] wouldn't change DEC's statutory or regulatory requirements or authorities. Section 4 repeals the Environmental Coordination Act, which hasn't been used by the administration since it was put into place. Sections 2 and 3 maintain DEC's appeal process.

CHAIR ROKEBERG clarified that SB 142, Version 23-GS1070\A, is the version that passed the Senate and is before the committee.

MS. SIROKY explained that the Senate Resources Standing Committee had added a sunset provision, which included all of the Environmental Coordination Act language.

Number 469

REPRESENTATIVE KERTTULA asked whether DNR really needed this statutory change. She asked if a memorandum of understanding (MOU) could be utilized. Also, she understood DNR to be the lead agency for mining permits.

MS. SIROKY noted that the mining statute responsibility is currently in statute. This legislation would put in statute the

process that has been working very well for 10-plus years. Although she agreed that the administration doesn't need for this process to be in statute for coordination to happen, placing it in statute does ensure that this good idea continues in perpetuity.

REPRESENTATIVE KERTTULA turned attention to page 2, lines 23-24, which says, "lead and coordinate all matters relating to the state's review and authorization of resource development projects." "That's literally everything," she said. She said she understood that could be more than just DEC or [Alaska Department of Fish & Game] matters.

MS. SIROKY related her understanding that people will come to this new office in DNR and ask for these services. Therefore, it will be an applicant's choice to participate in this process. The applicants, she believes, will pay through reimbursable services agreements (RSAs) for the services that the agency provides. The assumption is that [this process] will be used for larger projects.

Number 447

REPRESENTATIVE COGHILL pointed out that the permissive "may" language indicates that [this process] would have to be dealt with in an agreement.

MS. SIROKY agreed.

REPRESENTATIVE BERKOWITZ expressed the need to be sure that because it's relating to the state's review and authorization of resource development projects it wouldn't be inconsistent with allowing court review.

MS. SIROKY replied that there has been no such indication from any of the attorneys general that have reviewed this.

REPRESENTATIVE BERKOWITZ turned to the repealers, specifically AS 46.35 regarding permit coordination and extension and inquired as to why that was being eliminated if DNR has already been designated as the lead agency.

MS. SIROKY explained that it's a statute that the department never used. That statute directs DEC to coordinate and establish a permit information office. The aforementioned office was followed by the Alaska Coastal Management Program and the establishment of the [Division of] Governmental

Coordination, which ended up doing all of the coordination functions. Therefore, [AS 46.35] was never really used by the agency in any type of coordination fashion and thus it's a relic for which there is no use.

REPRESENTATIVE BERKOWITZ pointed out that AS 46.35.010 is a legislative determination that says permits and related documents are undesirable and should be [eliminated]. He asked if the desire is to make permitting more difficult.

MS. SIROKY replied no. The legislation eliminates the entire chapter, AS 46.35, because it hasn't been used. Although some of the language speaks to how the agencies should behave, the language isn't necessary to continue with the regulatory reform.

REPRESENTATIVE BERKOWITZ pointed out that AS 46.35.020 is the purpose, AS 46.35.030 is the master applications, and AS 46.35.040 deals with public hearings.

CHAIR ROKEBERG reiterated that the entire chapter is being deleted.

REPRESENTATIVE BERKOWITZ acknowledged that and pointed out that there is no replacement for it.

MS. SIROKY clarified that the chapter has been replaced by the Alaska Coastal Management Act.

Number 398

REPRESENTATIVE KERTTULA agreed, but highlighted that other legislation in the system will leave a void in terms of coordination. Therefore, there is some confusion with regard to how the lead agency [concept] will work. She said she understood that some [of the lead agency concept] will be picked up in regulations, which is cause for some concern because the legislature doesn't draft those. Representative Kerttula specified that this master application was used only once and was unsuccessful.

REPRESENTATIVE BERKOWITZ asked if the public hearing portion of the chapter being eliminated is being maintained elsewhere.

MS. SIROKY replied yes. All of the public hearing requirements are available in other statutes for both agencies. The department saved and moved two sections regarding an appeal process that the department developed in regulation.

REPRESENTATIVE BERKOWITZ drew attention to AS 41.17.085, regarding permit applications under the Forest Resources and Practices [Act] ("Forest Practices Act").

MS. SIROKY related her belief that is being addressed in the Forest Practices Act and thus is likely why it's being deleted here.

Number 370

REPRESENTATIVE McGUIRE moved to report SB 142 out of committee with individual recommendations and the accompanying zero fiscal notes. There being no objection, it was so ordered.

HB 162-FEES: BUSINESS LICENSE & RECORDING

CHAIR ROKEBERG announced that the next order of business would be HOUSE BILL NO. 162, "An Act increasing the fee for a state business license; and providing for an effective date."

Number 358

REPRESENTATIVE KOTT moved that the committee adopt Amendment 1, which reads as follows:

Page 2, lines 7-14:

Delete all material and insert:

"(a) The [LICENSE] fee for each business license is \$100 [\$25] per year, except that the fee is \$50 if

(1) the business is a sole proprietorship; and

(2) the sole proprietor is 65 years of age or older when the sole proprietor applies for the license or will reach 64 years of age at any time during the year for which the license is issued.

REPRESENTATIVE KOTT explained that Amendment 1 would lower the proposed fee for a business license from \$300 a year to \$100 a year. Therefore, this increase would be equitable because business license fees would be increased for both sole proprietors and any other partnerships or corporations that would be licensed under the chapter. Furthermore, increasing the business license from the existing \$25 to \$300 a year is too much of an increase. Amendment 1 also provides a provision that

those 65 years of age or older would pay \$50 for the business license.

Number 338

REPRESENTATIVE McGUIRE inquired as to the difference Amendment 1 will make regarding the revenues captured.

REPRESENTATIVE KOTT acknowledged that under Amendment 1 a smaller amount of revenue would be generated than under the current legislation. He indicated that a document, included in the committee packet, specified the difference in the amount of revenue generated by a \$100 business license fee versus a \$300 fee.

REPRESENTATIVE McGUIRE remarked that she believes the senior business owner provision is a good idea. However, she inquired as to why there isn't an exemption for younger business owners.

REPRESENTATIVE KOTT remarked that such an idea could be entertained. He explained that he had included the senior business owner exemption due to the possible disadvantage seniors face in various areas. He related his belief that the younger business owners would have a greater earning opportunity than those 65 or over.

REPRESENTATIVE McGUIRE said she didn't disagree. However, she said she believes the current \$25 business license, albeit low, has encouraged people to take risks.

CHAIR ROKEBERG clarified that Amendment 1 would change the \$300 business license fee in HB 162 to \$100 for everyone and provide seniors with an additional break in that their business license fee would be \$50. Chair Rokeberg noted that he will request a new fiscal note if Amendment 1 passes.

Number 288

RICK URION, Director, Division of Occupational Licensing, Department of Community & Economic Development (DCED), explained that a new fiscal note from the division would show a change in revenue of about \$4.2 million. He clarified that the \$4.2 million includes a drop-out rate. A \$100 business license fee, with no drop-outs would result in a change in revenue of about \$5.2 million.

REPRESENTATIVE KOTT related his understanding then that Mr. Urion's original analysis for a business license fee of \$300 considered drop-outs.

MR. URION answered that a 25 percent drop-out rate was considered at the \$100 level for sole proprietorships.

REPRESENTATIVE BERKOWITZ inquired as to the fees in other states.

MR. URION responded that most business license fees in other states are higher than Alaska.

Number 267

REPRESENTATIVES KOTT, BERKOWITZ, and ROKEBERG all noted a conflict of interest due to owning various types of businesses.

CHAIR ROKEBERG reminded the committee that the motion to adopt Amendment 1 was before the committee. There being no objection, Amendment 1 was adopted.

Number 253

REPRESENTATIVE COGHILL moved to report CSHB 162(FIN) as amended out of committee with individual recommendations and the accompanying and forthcoming fiscal notes.

REPRESENTATIVE BERKOWITZ objected.

A roll call vote was taken. Representatives Kott, Coghill, McGuire, Morgan, and Rokeberg voted in favor of reporting CSHB 162(RLS) from committee. Representative Berkowitz voted against it. Therefore, CSHB 162(RLS) was reported out of the House Rules Standing Committee by a vote of 5-1.

HB 271-PASSENGER/RECREATIONAL VEHICLE RENTAL TAX

CHAIR ROKEBERG announced that the final order of business would be HOUSE BILL NO. 271, "An Act levying and providing for the collection and administration of an excise tax on passenger vehicle rentals; and providing for an effective date."

Number 223

KRIS KNAUSS, Staff to Representative Pete Kott, Alaska State Legislature, explained that HB 271 implements a 10 percent tax

on passenger vehicle rentals and a 3 percent sales tax on recreational vehicles (RVs). The legislation exempts any government employees who are on local, state, or federal business. He noted that the committee packet should include a state-by-state comparison of the rental car tax.

Number 212

CHAIR ROKEBERG moved that the committee adopt Amendment 1, which reads as follows:

Page 1, line 11:

Delete "The"

Insert "Except in a municipality that imposes a specific vehicle rental tax on passenger vehicle rentals under AS 29.45, the"

Page 1, line 13, following "passenger vehicle.":

Insert "In a municipality that imposed a specific vehicle rental tax on passenger vehicle rentals under AS 29.45 in effect on January 1, 2003, the rate of the state passenger vehicle rental tax levied under AS 43.52.020 is 10 percent less the amount of the municipal tax. If the municipal tax is greater than 10 percent, then the rate of the state tax is zero."

Page 2, line 4:

Delete "The"

Insert "Except in a municipality that imposes a specific vehicle rental tax on recreational vehicle rentals under AS 29.45, the"

Page 2, line 6, following "recreational vehicle.":

Insert "In a municipality that imposed a specific vehicle rental tax on recreational vehicle rentals under AS 29.45 in effect on January 1, 2003, the rate of the state recreational vehicle rental tax levied under AS 43.52.030 is three percent less the amount of the municipal tax. If the municipal tax is greater than three percent, then the rate of the state tax is zero."

Page 2, lines 17 - 19:

Delete all material.

Page 2, line 20:

Delete "**Sec. 43.52.080**"

Insert "**Sec. 43.52.070**"

Page 2, line 27:

Delete "**Sec. 43.52.090**"

Insert "**Sec. 43.52.080**"

REPRESENTATIVE COGHILL objected.

CHAIR ROKEBERG explained that Amendment 1 places a cap on the total amount of any sales type taxes or specific rental vehicle tax at 10 percent on the passenger vehicles and 3 percent on the recreational vehicles. He mentioned former Representative Andrew Halcro's letter, which is included in the committee packet. Chair Rokeberg informed the committee that this amendment was discussed in the House Finance Committee. However, at that time it didn't include the January 1, 2003, effective date to disallow any new municipal taxes. There was a belief that all of the municipalities would have a retrospective date.

REPRESENTATIVE KOTT acknowledged that this amendment was offered and rejected in the House Finance Committee. Representative Kott highlighted that the intent of HB 271 is to provide revenue to the state. However, [Amendment 1 would] encourage municipalities to increase their tax base so that the municipality would receive the maximum amount while the state would receive zero revenue. Therefore, Representative Kott opposed Amendment 1.

CHAIR ROKEBERG clarified that [under Amendment 1] unless there is a tax in effect on January 1, 2003, the municipality wouldn't be able to [increase its tax base]. Chair Rokeberg said [Amendment 1] is similar to the shock absorber transition tax that has been discussed [in relation to] the statewide sales tax.

Number 147

REPRESENTATIVE MCGUIRE noted her support of the amendment. She highlighted the importance of recognizing that tourism is a valuable industry to the state. She related her belief that HB 271 is fair, but the amendment makes it better legislation.

CHAIR ROKEBERG announced that there was objection to Amendment 1.

A roll call vote was taken. Representatives Berkowitz, McGuire, and Rokeberg voted in favor of Amendment 1. Representatives Morgan, Kott, and Coghill voted against it. Therefore, Amendment 1 failed by a vote of 3-3.

REPRESENTATIVE BERKOWITZ inquired as to why there is a differential tax rate between [the passenger vehicles and RVs].

REPRESENTATIVE KOTT answered that there was an overall goal that would create parity between passenger vehicles and RVs. He informed the committee that the average passenger vehicle in Anchorage rents for \$49.95 and thus the 10 percent [tax] would generate \$5. The average RV rents for \$175 in Anchorage and [the tax] would generate approximately \$5. He explained that he didn't want to establish a 10 percent tax on a "vehicle" that would rent for \$175, which could potentially push [the total rental charge] over \$200 because some studies have indicated that there is a [rental charge] at which people choose not to [rent].

REPRESENTATIVE BERKOWITZ surmised then that there are elasticity studies regarding an increase of 10 percent on RVs.

REPRESENTATIVE KOTT clarified that its not a percentage rather there seems to be a reduced level of rentals when the rental charges reach \$200.

REPRESENTATIVE BERKOWITZ inquired as to who rents the RVs.

REPRESENTATIVE KOTT estimated that tourists would primarily rent RVs, although he was sure that Alaskans do as well.

CHAIR ROKEBERG, upon determining there was no further discussion on the legislation, inquired as to the will of the committee.

Number 094

REPRESENTATIVE KOTT moved to report CSHB 271(FIN) out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE BERKOWITZ objected.

A roll call vote was taken. Representatives Coghill, McGuire, Morgan, and Kott voted in favor of reporting CSHB 271(FIN) out of committee. Representatives Berkowitz and Rokeberg voted

against it. Therefore, CSHB 271(FIN) was reported out of the House Rules Standing Committee by a vote of 4-2.

ADJOURNMENT

There being no further business before the committee, the House Rules Standing Committee meeting was adjourned at 11:20 a.m.