

MINUTES
SENATE FINANCE COMMITTEE
April 29, 2003
9:01 AM

TAPES

SFC-03 # 67, Side A

CALL TO ORDER

Co-Chair Gary Wilken convened the meeting at approximately 9:01 AM.

PRESENT

Senator Lyda Green, Co-Chair
Senator Gary Wilken, Co-Chair
Senator Ben Stevens
Senator Lyman Hoffman
Senator Con Bunde
Senator Donny Olson
Senator Robin Taylor

Also Attending: REPRESENTATIVE JIM HOLM; SENATOR GRETCHEN GUESS; PAT DAVIDSON, Director, Division of Legislative Audit; LAURA ACHEE, staff to the Legislative Budget and Audit Committee; JOHN BARNETT, Executive Director, Board of Storage Tank Assistance, and private sector contractor;

Attending via Teleconference: From an offnet location: DWAYNE BANNOCK, Director, Division of Motor Vehicles, Department of Administration; From Mat-Su: GARY WEBER, Owner, Wasilla Chevron, and President, Underground Tank Owners Association of the State of Alaska

SUMMARY INFORMATION

HB 59-CLEANUP OF ILLEGAL DRUG SITES

The Committee heard from the sponsor and the bill moved from Committee.

SB 146-COMMEMORATIVE VETERANS LICENSE PLATE

The Committee heard from the sponsor and the Department of Administration. The bill was held in Committee.

HB 187-EXTEND BOARD OF STORAGE TANK ASSISTANCE

The Committee heard from the Division of Legislative Audit, the Legislative Budget and Audit Committee, the Board of Storage Tank Assistance and the Underground Tank Owners Association of the State of Alaska. The bill was reported from Committee.

SB 86-INTEREST ON DELINQUENT TAXES

This bill was scheduled but not heard.

#HB59

CS FOR HOUSE BILL NO. 59(FIN) am
"An Act relating to the evaluation and cleanup of sites where certain controlled substances may have been manufactured or stored; and providing for an effective date."

This was the second hearing for this bill in the Senate Finance Committee.

Co-Chair Wilken noted Amendment #1 was adopted at the previous hearing.

REPRESENTATIVE JIM HOLM, sponsor, testified to the multiple hearings this bill has received, as well as hearings on a similar bill during the previous legislative session. He commented that this legislation has "maintained its integrity" during the process. He furthered that it is a "good step help protect the children of Alaska from the potential damage of methamphetamine labs."

Co-Chair Green offered a motion to report HB 59, 23-LS0341\U, as amended, from Committee.

Without objection, SCS CS HB 59 (FIN) MOVED from Committee with individual recommendations and fiscal notes #1 from the Department of Public Safety and #3 from the Department of Environmental Conservation.

#SB146

SENATE BILL NO. 146
"An Act relating to a commemorative veterans' license plate; and providing for an effective date."

This was the first hearing for this bill in the Senate Finance Committee.

Co-Chair Wilken explained this bill "allows Alaskans to purchase a special request license plate commemorating veterans."

SENATOR GRETCHEN GUESS, Sponsor, testified that many Alaskans support veterans and some have requested a way to show that support as well as contribute to veterans' services. She stated this legislation would implement a special license plate program for veterans similar to the Children's Trust license plate program. She noted an exception would be a \$35 biannual fee to allow vehicle owners to continue to donate for veterans' services.

Senator Guess estimated the program would generate between \$20,000 and \$60,000, and reiterated this would allow motorists to demonstrate their support of veterans.

Senator Guess informed that many other states have similar license plates to commemorate veterans.

Senator Bunde noted discrepancies in the fiscal note between the \$2,900 operating expenditures and \$13,500 change in revenues.

Senator Guess explained that the Division of Motor Vehicles based these estimates on the Children's Trust license plate program and predicted the revenue generated from the veterans' plates would exceed the manufacturing costs.

Senator Bunde clarified the program would generate revenue.

Senator Guess affirmed revenue would be generated and that the Legislature would have the option of appropriating those funds for veterans' services. She clarified that the Legislature is restricted from dedicating funds.

Senator Bunde asked if the veterans' plates would generate approximately \$10,000 profit.

Senator Guess affirmed and qualified that the Children's Trust license plate program has generated more income.

Senator Bunde noted the current veterans' license plates contain military affiliated lettering and asked how the lettering on the proposed plates would relate.

Senator Guess replied that the current plates are only available to military veterans, whereby the proposed plates would be available

to the general public as well.

Senator Bunde established that this legislation implies no dedication of revenue funds for veterans programs.

Co-Chair Green commented that the revenue performance of other specialized license plates has been less than predicted. She surmised this is because of the numerous special plates programs.

Co-Chair Green asked about vehicle registration fee exemptions based on age.

DWAYNE BANNOCK, Director, Division of Motor Vehicles, Department of Administration, testified via teleconference from an offnet location. He noted senior citizens qualify for free vehicle registration but would not be exempted from the \$100 fee of these special license plates.

Co-Chair Wilken ordered the bill HELD in Committee.

#HB187

HOUSE BILL NO. 187

"An Act extending the termination date of the Board of Storage Tank Assistance; and providing for an effective date."

This was the first hearing for this bill in the Senate Finance Committee.

Co-Chair Wilken stated this legislation "extends the Board of Storage Tank Assistance until June 30, 2007, as recommended by LB&A."

AT EASE 9:11 AM / 9:12 AM

PAT DAVIDSON, Director, Division of Legislative Audit, stated that the Division performed an audit of the Board of Storage Tank Assistance resulting in a recommendation for an extension of the Board for four years.

LAURA ACHEE, staff to the Legislative Budget and Audit Committee, deferred to storage tank program staff.

JOHN BARNETT, Executive Director, Board of Storage Tank Assistance, and private sector contractor, spoke about the seven-member Board formed in 1990 with members appointed by the governor and who serve without compensation.

Mr. Barnett listed the three principle roles of the Board, all related to underground storage tanks, the first of which is to provide a certain level of regulatory oversight of the Department of Environmental Conservation to ensure that regulations imposed by the Department are practical and are not financially onerous or more stringent than the federal requirements. The second role, he stated is to resolve disputes, both formally and informally, in mediating between the Department and regulated tank owners and operators. He exemplified disputes including financial assistance disagreements related to eligibility for loans and grants; expedition of "no further action" letters on contaminated sites; disagreements related to cleanup plans; and ensuring communication between tank owners and the Department. He noted that prior to the Board's inception, disputes were handled through attorneys and the Department of Law, with legal expenditures significantly higher than actual cleanup expenditures. He concluded with the third role of the Board to allocate funds appropriated by the Department to projects based first on public health, then according to other priorities as established by the Board.

Senator Olson clarified this legislation only pertains to underground storage tanks.

Mr. Barnett informed that the financial assistance program addresses those tanks regulated under federal law established in 1988 and that the State underground storage tank program began in 1990. He stated that the "strict and onerous" requirements instituted by the federal Environmental Protection Agency to upgrade tanks and clean sites resulted in costs "extremely prohibitive" in Alaska. Therefore, he stated only underground storage tanks are included in the program.

Senator Olson asked about cleanup of a pipeline or above ground storage tank and whether the Board could become involved in resolving disputes relating to these facilities.

Mr. Barnett replied the Board has no authority, although it has served as a mediator in past instances involving above ground storage tanks.

Senator Taylor referenced a section on Page 8 of the audit titled, "Demand for cleanup loan program is still unknown" and asked the basis for the prediction that participation would increase in the loan program after June 30, 2004.

Mr. Barnett explained the cleanup program began as a 100 percent grant program and was amended in 1999 to award grants on a

financial need basis with a \$250,000 maximum amount. He added that in 2002, a termination date for the grant program was enacted through SB 153 and that in 13 months from this date no further grants would be issued. He noted that cleanup is underway at approximately 50 active sites and that the owners and operators of those sites would need to secure additional funding through the loan program, which would not terminate. He explained that because grants are currently available, there is no need for these owners and operators to utilize the loan program and subsequently accrue interest debt on loans. He predicted an increase in loan applications would occur the upcoming winter, as opportunity to utilize grant funds would conclude with the end of the summer 2003 construction season.

Senator Taylor anticipated the revolving loan program activity would increase with the termination of the grant program.

Mr. Barnett commented that "it took several years to... debug the grant program" to determine acceptable eligible costs. He stated that administering the loan program would be relatively new for the Board and shared with the Committee the argument that because these funds are the tank owners, additional allowances for eligible costs would be requested. Therefore, he foresaw an increase of disputes over eligible expenditures and subsequent increased workload for the Board.

Senator Taylor asked if all eligible parties are participating in the grant program.

Mr. Barnett agreed and noted the larger number of loan applicants than grant recipients because the financial needs criteria is less stringent for the loan program than for the grant program.

Senator Taylor commented he was concerned about the grant program and spoke to efforts to "kill" or modify the program "to the extent that it was rational". He was concerned that as the termination date nears, interested parties would attempt to continue the program.

Co-Chair Wilken expressed it "heartening" to see a solution to an issue that had been predicted as unworkable. He accredited this significantly to the former Senator Torgerson's efforts on this matter.

GARY WEBER, Owner, Wasilla Chevron, and President, Underground Tank Owners Association of the State of Alaska, testified via teleconference from Mat-Su to exalt success of the Board and the program, characterizing it as the best program in the nation. He

asserted this was the result of a "total partnership" between the Department, the Board, and the tank owners.

Mr. Weber told of the expectation that the cleanup program would be too expensive to operate, but noted that a tank fee procedure was implemented to pay the operating costs of the Board.

Mr. Weber expressed that the tank owners "desperately want to keep this Board" explaining the need for regulatory oversight and the ability to change regulations as necessary to "make them workable in both directions". He told of the benefits of the Board as a mediation function, which saves legal expenses. He urged the Committee to pass this bill.

Senator Taylor offered a motion to report HB 187 from Committee.

There was no objection and HB 187 MOVED from Committee with individual recommendations and fiscal note #1 from the Department of Community and Economic Development.

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ADJOURNMENT

Co-Chair Gary Wilken adjourned the meeting at 09:29 AM