

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**April 29, 2004**  
**9:05 AM**

**TAPES**

SFC-04 # 100, Side A  
SFC 04 # 100, Side B

**CALL TO ORDER**

Co-Chair Lyda Green convened the meeting at approximately 9:05 AM.

**PRESENT**

Senator Lyda Green, Co-Chair  
Senator Gary Wilken, Co-Chair  
Senator Con Bunde, Vice Chair  
Senator Fred Dyson  
Senator Donny Olson  
Senator Ben Stevens  
Senator Lyman Hoffman

**Also Attending:** SENATOR KIM ELTON; SENATOR GRETCHEN GUESS; GREG PEASE, Executive Director, Gastineau Human Services; JERRY BURNETT, Director, Administrative Services, Department of Corrections; MARC ANTRIM, Commissioner, Department of Corrections; MYRA PUGH, Staff to Senator Bettye Davis; RICHARD BENAVIDES, Staff to Senator Bettye Davis; NANCY WELCH, Special Assistant to Commissioner Tom Irwin, Department of Natural Resources; SHARON BARTON, Director, Permanent Fund Dividend Division, Department of Revenue

**Attending via Teleconference:** From Offnet Sites: FRANK SMITH, Independent Criminal Justice Researcher; DANA BROWN, Certified Direct Entry Midwife and Director, Alaska Family Health & Birth Clinic; ELISE HSIEH, Assistant Attorney General, Environmental Section, Civil Division (Anchorage), Department of Law; BOB LOEFFLER, Director, Division of Mining, Land and Water, Department of Natural Resources; From Anchorage: SHELBY LARSEN, Administrator, Certification & Licensing, Division of Public Health, Department of Health and Social Services

**SUMMARY INFORMATION**

SB 313-FIRST SUPPLEMENTAL APPROPRIATION

The Committee adopted one amendment and reported the bill from Committee.

SB 65-CORRECTIONAL FACILITY EXPANSION

The Committee heard from the bill's sponsor, the Department of Corrections, and took public testimony. One amendment was adopted and the bill reported from Committee.

SB 349-MIDWIFERY BIRTH CENTER LICENSING

The Committee heard from the bill's sponsor, the Department of Health and Social Services, and took public testimony. The bill reported from Committee.

SB 393-TAKE PERM FUND DIVIDEND FOR UNIV FEES

The Committee adopted a committee substitute and reported the bill from Committee.

SB 282-PREPARED FOOD: WILD/FARMED FISH DISCLOSURE

The Committee heard from the bill's sponsor and the Department of Law. The bill was held in Committee.

HB 486-MINING RECLAMATION ASSURANCES/FUND

The Committee heard from the Department of Natural Resources and reported the bill from Committee.

SB 284-PF DIVIDEND APPLICATION RECORDS PRIVATE

The Committee heard from the bill's sponsor and the Department of Revenue. A committee substitute was adopted and the bill was held in Committee.

SB 393-TAKE PERM FUND DIVIDEND FOR UNIV FEES

This bill was scheduled but not heard.

#sb313

SENATE BILL NO. 313

"An Act making supplemental and other appropriations; amending appropriations; making an appropriation to capitalize a fund; and providing for an effective date."

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

Co-Chair Green reminded the Committee that during the previous hearing on this bill, the discussion focused on the Department of Natural Resources' and the Department of Revenue's involvement in the endeavor to further a natural gas pipeline.

Amendment #5: This amendment inserts a new subsection into Section 14. DEPARTMENT OF NATURAL RESOURCES, page 20, line 11 as follows.

( ) The sum of \$1,580,000 is appropriated from the general fund to the Department of Natural Resources for risk analysis related to the state gas pipeline and to bringing North Slope natural gas to market.

( ) The sum of \$3,900,000 is appropriated from the general fund to the Department of Natural Resources for permitting and application processing related to the state gas pipeline right-of-way work related to bringing North Slope natural gas to market.

In addition a new subsection is added to Sec. 16. DEPARTMENT OF REVENUE, page 21, line 11 as follows.

( ) The sum of \$3,400,000 is appropriated to the Department of Revenue for work related to bringing North Slope natural gas to market from the following sources:

General fund	\$2,400,000
Statutory designated	
Program receipts	1,000,000

( ) The sum of \$1,700,000 is appropriated to the Department of Revenue for work related to bringing North Slope natural gas to market from the following sources:

General fund	\$1,200,000
Statutory designated	
Program receipts	500,000

For further clarification, the following language is included in the amendment.

All the subsections added by this amendment are for capital projects and lapse under AS 37.25.020.

The second subsection for the Department of Natural Resources, totaling \$3,900,000, is effective July 1, 2004.

The second subsection for the Department of Natural Resources,

totaling \$1,700,000, is effective July 1, 2004.

Co-Chair Green moved to adopt Amendment #5.

Co-Chair Wilken objected for explanation.

Co-Chair Green explained that these funds would support the Departments' involvement in the gas line endeavor. Adoption of the amendment would oblige Governor Frank Murkowski's request "to move forward" in furthering the gas pipeline project.

Co-Chair Wilken removed his objection.

There being no further objection, Amendment #5 was ADOPTED.

Co-Chair Wilken asked that the Legislative Legal and Research Services Division be allowed to make technical changes to SB 313 as deemed necessary.

There being no objection, the request was approved.

Co-Chair Green explained that, to date, \$13 million of a total \$15 million General Fund (GF) supplemental budget allowance that was included in the FY 2004 budget, has been allocated. In prior years, the supplemental appropriation request has been as much as \$71 million. Tremendous effort has been undertaken regarding "what truly needs to be included and what truly is important" in determining the supplemental request amount that should be included in the appropriation budget. She voiced appreciation to State departments for the consideration given to the budgeting process, the amendments to the supplemental budget, and the supplemental requests that have been submitted.

Co-Chair Green reviewed the projects that have been added to the bill thought the adoptions of Amendments #1 through #5.

Senator Bunde commented that, even though he did not object to Amendment #5, he has concerns regarding the \$10.5 million expenditure. He acknowledged that the excitement of developing a gas pipeline is a factor in the allowance of this request. However, he declared that were other departments to submit "generalities" as the Department of Natural Resources has, the Committee "would have been very critical" and would have demanded more detail. While other Departments "have been asked to be lean and mean and to do more with less," the Committee has been incredibly flexible and generous due to the nature of the request. In conclusion, he voiced the "hope that our hopes are not misguided."

Co-Chair Green, noting that Senator Bunde had chaired the Department of Natural Resources budget subcommittee, commented that the overall Department budget is "lean and mean." It could be argued that the State could never do enough in its endeavor to develop its natural resources; and in that regard, the Department's budget has been "on the shy side" in recent years. The Department has stressed that it would attempt to generate revenue, would seek matching funds, and would use these funds in the best manner possible. She wished the Department success in its efforts to further the gas pipeline project.

Senator Bunde agreed that the rest of Department's budget is lean and mean; however, he argued that the addition of the gas pipeline project funding would "dissipate" that leanness. He quoted that "bureaucracies' first goal is to maintain and expand itself." The Department would find a manner through which to expend every dollar that is provided to them.

Co-Chair Wilken expressed confidence that the funds provided to support the gas pipeline endeavor would be fruitful; particularly as he respects the ability of Steve Porter, Deputy Commissioner, Department of Revenue, to utilize his private sector experience to further this endeavor.

Senator Olson voiced that it might be unrealistic for the Departments to expend in excess of five million dollars on this project before the end of the FY 04 fiscal year in approximately 60 days.

Co-Chair Green reminded the Committee of the Departments' testimony regarding the "time-sensitive" nature of the work relating to this request.

Senator Olson voiced surprise that the Departments could spend approximately three million dollars a month in this endeavor.

Senator Dyson shared Co-Chair Wilken's confidence that the Departments' project management team would be very "responsible in their stewardship" of this endeavor. He compared the endeavor of negotiating with the oil industry on this project to being a player "in the world's biggest poker game," in that it requires a tremendous amount of funds to play and that the rewards, while not guaranteed, "are worth the risk." He expressed that the State has reached a "critical juncture, and that opportunities such as this are rare and should not be missed.

Senator Hoffman pointed out that the backup material specifies that several of the natural gas pipeline projects must be funded beyond

the end of the FY 04 fiscal year.

Co-Chair Green pointed out that the explanatory comments attached to Amendment #5 specify that \$1.7 million of the Department of Revenue and \$3.9 million of the Department of Natural Resources total requests would become available on July 1, 2004.

Senator Hoffman observed that similar differential funding explanatory language is included in Amendment #4 for the Department of Law.

Co-Chair Green concurred

Senator Dyson reminded that the Senate Resources Committee has on contract, an internationally renowned resource professional who has independently endorsed the Legislature's actions in this endeavor.

Senator Hoffman asked the total amount of general funds, federal funds, and other funds, including funds provided by Amendments #1 through #5 that would be appropriated in this supplemental bill.

Co-Chair Green stated that this information would be provided.

AT EASE: 9:20 AM / 9:21 AM

Co-Chair Wilken moved to report SB 313, as amended, from Committee with individual recommendations and accompanying fiscal note.

[NOTE: Due to technical difficulties, the following exchange was not recorded.]

Senator Hoffman commented that this bill is an appropriation bill and as such has no accompanying fiscal note.

Co-Chair Wilken acknowledged, and corrected his motion.

AT EASE 9:21 AM / 9:22 AM

[NOTE: Recording resumes.]

Co-Chair Green commented, for the record, that there has been concern regarding payments for current and forthcoming long-term health care. The Department of Health and Social Services is attempting to rectify the situation in a manner that would incur the least negative impact on individuals. This bill contains authorization language that is required in order to release federal funds that are available. This concern is the result of "a delay in the payment" to certain vendors as opposed to "a non-payment"

scenario.

Senator Hoffman stated that a recent Anchorage Daily News newspaper article alluded that these funds were being withheld by the Legislative minority, as a negotiation tool. He declared, for the record, that he has not been involved in any such tactics in this regard.

Co-Chair Green furthered declared that none of the Committee's members have participated in efforts in this regard.

There being no objection to the motion, CS SB 313(FIN) was REPORTED from Committee.

[NOTE: Co-Chair Wilken chaired the remainder of the meeting.]

Co-Chair Wilken informed the Committee that the Constitutional Budget Reserve (CBR) fund balance at the beginning of the FY 04 fiscal year was \$2.07 billion, and, according to a recent Legislative Finance Division projection, the balance on June 30, 2004 should be \$2.4 billion. The increase is due to such things as a recovering stock market.

#sb65

SENATE BILL NO. 65

"An Act authorizing the Department of Corrections to enter into agreements with municipalities for new or expanded public correctional facilities in the Fairbanks North Star Borough, the Matanuska-Susitna Borough, Bethel, and the Municipality of Anchorage."

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

Amendment #7: This amendment replaces the words "a minimum of 25-years" with "a term not to exceed 25-years" in Section 5, page four, line three, of the Version 23-LS0392\E committee substitute.

Co-Chair Green moved to adopt Amendment #7. This "technical" amendment would address the leasing of correctional facility space.

There being no objection, Amendment #7 was ADOPTED.

Co-Chair Wilken noted that Co-Chair Green has provided a sectional analysis [copy on file] for the Version "E" committee substitute that was previously adopted by the Committee.

GREG PEASE, Executive Director, Gastineau Human Services and Board Member representing the States of Washington, Oregon, Idaho, Alaska, and Montana on the American Probation and Parole Association, shared with the Committee "the importance of programs that assist offenders, victims and communities, and community assets" treatment and support groups; specifically faith-based community initiatives that assist in re-entering violent offenders back into the community. He noted that when contemplating legislation such as this bill that addresses the expansion of correctional facilities, it should be noted that current State Statutes require that six months prior to an inmate's release date, that individual should attend a community residential center that would assist them in reentering a community. He urged that this requirement be continued "if not expanded." He supported incarcerating people in the State as opposed to outside of the State facilities as it would allow them to be closer to their families and support groups. Therefore, he urged the Committee to be aware that, in addition to housing needs, program needs must be provided for.

Mr. Pease also asked members to question the reason why so many individuals are being incarcerated "to begin with." He noted that, in this State, the majority of those incarcerated are Alaska Natives. More importantly, he urged the Members to consider what happens to inmates upon their release from jail. He expressed that the United States has experienced "a prison/jail building boon" which, he stated must be recognized as providing "short-term, temporary low-income housing for, primarily, mental health beneficiaries in this State." He pointed out that the majority of the individuals serving time in State prisons and jails are probation and parole violators.

Senator Dyson questioned the relevance of Mr. Pease's comments to this bill.

Mr. Pease expressed that while this bill would provide more jail facilities, it does not address the aftermath faced by those incarcerated once they are released from prison. Other than providing a big building, this legislation does not provide a support system to assist individuals re-entering society. Absent this focus, he attested, a cycle of re-offending would evolve. This in turn would require more facilities to be available.

Senator Dyson ascertained; therefore, that the testifier is not speaking in opposition to the bill, but is rather speaking to the fact that this legislation only addresses a portion of the problem.

Mr. Pease commented that the number of incarcerated parole and probation re-offenders is a testament that the State does not have a proven success rate in keeping people from re-offending. In addition to the money being expended to construct a prison facility, funding must be included to support the Therapeutic Court and other mandatory programs.

Senator Dyson understood therefore, that the testifier is not against the bill.

Senator Bunde asked for clarification that the testifier is not implying that people have been incarcerated without committing a crime.

Mr. Pease responded no, the intent of his testimony is to highlight the need to provide assistance to people while they are incarcerated that would assist them upon their release.

Co-Chair Green, the bill's sponsor, informed the Committee that, at her request, the Department of Corrections would be testifying to provide expertise regarding the technical aspects of the bill. The testimony would be provided in a neutral manner.

Co-Chair Wilken acknowledged Co-Chair Green's comments and specified that, were the Department uncomfortable with a question, Co-Chair Green would address it.

JERRY BURNETT, Director, Administrative Services, Department of Corrections, read information from the aforementioned Sectional Analysis of the Version "E" committee substitute as follows.

Sections 1, Section 2, and Section 3. Requires correctional officers, parole officers, and probation officers working in all correctional facilities in the State of Alaska to have a valid certificate issued by the Alaska Police Standards Council.

Section 4. Authorizes the Department of Corrections (not later than July 1, 2009) to enter into agreements with the Fairbanks North Star Borough, the Matanuska-Susitna Borough, Bethel, Municipality of Anchorage and city of Seward for new or expanded correctional facilities. The authorization is subject to 5 conditions.

- (1) Average capital cost per bed may not exceed \$135,000 in the Fairbanks North Star Borough (up to 80 beds), Matanuska-Susitna Borough (1,200 to 2,251 beds), Municipality of Anchorage (up to 200 beds) and City of Seward (up to 144 beds); and must not exceed \$155,000 a

- bed for Bethel. These costs are adjusted for inflation.
- (2) For new facility construction, the municipality will own the facility and the state will operated the facility. The state will lease the facility for a term of not more than 25 years with annual lease payment not exceeding \$11,600 a bed. (Similar to Anchorage Jail and Spring Creek Correctional Center in Seward)
  - (3) For expansion of existing facilities, there will be a joint ownership agreement between the municipality and the state and the state will operate the facility. The state will lease for not more than 25 years and payments may not exceed \$16,700 a bed for the Bethel facility and \$14,600 a bed fro the Fairbanks, Anchorage and Seward facilities. The state will own these facilities, so will own the newly expanded parts as well).
  - (4) Lease agreements must allow the Commissioner of Corrections to terminate the contract for cause.
  - (5) The Commissioner may not enter into an agreement if bonds issued for the new or expanded facilities are below investment grade. (Investment grade is a term of art that means single A or better - see Alaska Permanent Fund Statute: Investment responsibilities of the board AS 37.13.120(g)(7))

Further, expansion of the Anchorage jail may only occur if it is funded by up to \$30,000,000 in federal receipts.

Co-Chair Wilken asked for further information regarding the single "A" bonding requirement.

Mr. Burnett stated that the language in Section 4, subsection (5) indicates that a test regarding the bonding capacity of the bonding community and the State must be considered, as the bonds would be State debt under the aforementioned definition.

MARC ANTRIM, Commissioner, Department of Corrections, noted that this language addresses one area of concern raised by the Department of Corrections.

Mr. Burnett referred the Committee to the "CSSB 65 Version E Cost Comparison" chart attached to the aforementioned Sectional Analysis, that specifies that the total cost of expanding the Fairbanks Correctional Facility by 80-beds would amount to \$10,800,000. To provide two additional security guards per shift, 11 new positions would be required. The City of Fairbanks' annual lease debt service would equate to \$1,076,000, the annual operating expenses would be \$1,329,200. Thus, the total annual cost would amount to \$2,405,200.

Co-Chair Wilken understood therefore that the total bond package required to expand the Fairbanks correctional facility by up to 80-beds would be \$10,800,000, based on a per bed maximum expense of \$135,000. The State could not enter into a lease agreement exceeding 25 years nor exceed an inflation adjusted amount of \$1,076,000 per year. Operating costs of \$1,329,200 per year would be borne by the State, and, at the end of those 25 years, the State would own the expanded facility.

Mr. Burnett clarified that the aforementioned expansion expenses would be in affect were a 15-year lease in place. Annual costs would be lower were a 25-year lease in place.

Co-Chair Wilken understood therefore that an annual revenue stream of \$1,076,000 would be required to support bonds based on a 15-year lease.

Mr. Burnett agreed that this would be the amount required to support "the pass through lease cost net."

Senator Hoffman asked for confirmation that the "Annual Capital Costs (lease debt service)" column on the chart depicts a 15-year lease amount.

Mr. Burnett affirmed.

Mr. Burnett stated that the Department's fiscal note was calculated based upon this Cost Comparison chart.

Mr. Burnett read the City of Whittier correctional facility information, as depicted in Section 5 of the Sectional Analysis, as follows.

Section 5. Authorizes the Department of Corrections (not later than July 1, 2006) to enter into an agreement with the City of Whittier to acquire correctional facility space for at least 25 years and facility operational services for not more than five years. Before entering into a contract, Department of Corrections and Administration must conduct a feasibility study to determine whether the state can provide these services for the same or less cost than a third-party operator. An agreement with the City of Whittier cannot be made unless the state cannot provide these services for the same or less cost.

Further, an agreement between the state and the City of Whittier requires an agreement between the City of Whittier and a 3rd party contractor to construct and operate the

facility. The agreement between the City of Whittier and the 3rd party contractor must be based on a competitive bid process. The City of Whittier must follow state procurement procedures. The Commissioner of correction also must approve the facility design before the agreement.

Authorization for the agreement is subject to 5 further conditions:

- (1) Must be a minimum of 1200 beds and a maximum of 2251 beds and payments by DOC must be sufficient to cover all capital and operating costs, not including inmate transportation.
- (2) The obligation of DOC to make payments is subject to annual appropriation of funds by the legislature.
- (3) The Commissioner of corrections retains the authority to terminate the contract with the third party.
- (4) The contract between the City of Whittier and the third party must require culturally relevant reformation services to incarcerated Alaska Native offenders.
- (5) No agreement can be made if the bonds issue are rated below investment grade (Single A or lower)

The City of Whittier may issue bonds to finance construction of the facility.

Mr. Burnett reminded the Committee that the adoption of Amendment #7 changed the lease agreement with Whittier to a term not to exceed 25 years.

Co-Chair Wilken inquired the reason this agreement is specific to the City of Whittier.

Co-Chair Green explained that this bill evolved as several different pieces of legislation regarding prison issues were consolidated.

Co-Chair Wilken asked that further discussion be held until after Mr. Burnett concludes his review of the sectional analysis.

Mr. Burnett read the sectional analysis pertaining to Sections 6 and 7 as follows.

Section 6. Authorizes the state bond committee to issue certificates of participation to provide state matching funds to assist with the cost of construction of community jail facilities in Kodiak and Dillingham (\$4 million for both). The annual rental obligations for the certificates (\$400,000) will be paid by the state on an annual basis. The total estimated

cost to the state to pay off the certificates is \$6 million (the estimate includes total payments, credit enhancement and underwriting expenses, rating agency fees, bond counsel fees, financial advisor fees, printing fees, trustee fees, advertising fees, capitalized interest, interest earnings, and other costs of issuance and required reserves). The state bond committee may not authorize the issuance of certificates of participation if the issuance lowers the state's credit and the certificates are rated below investment grade.

Section 7. Approves community jail facilities to receive proceeds of the certificates of participation authorized under sec. 6 if the community is able to provide their share of the matching funds (\$1.5 million each) to be used for the upgrade, expansion, or replacement of the jail facilities at Dillingham Community Jail and Kodiak Community Jail. Subject to appropriation, the Department of Corrections is authorized to pay the annual operating costs associated with the addition of new beds at those two facilities.

Mr. Burnett noted that the aforementioned chart depicts the projected State debt service and increased operational costs associated with expanding the Kodiak Jail by six beds and the Dillingham Jail by 17 beds.

Mr. Burnett read the final portions of the sectional analysis.

Section 8. Provides notice and approval of the projects described in sec. 6.

Section 9. Repeals existing statute.

Section 10. Provides an effective date of July 1, 2004.

Co-Chair Wilken ordered the bill HELD in Committee.

[NOTE: This bill was readdressed immediately following the 9:53 AM recess.]

RECESS 9:53 AM / 2:59 PM

SENATE BILL NO. 65

"An Act authorizing the Department of Corrections to enter into agreements with municipalities for new or expanded public correctional facilities in the Fairbanks North Star Borough, the Matanuska-Susitna Borough, Bethel, and the Municipality of Anchorage."

Co-Chair Wilken announced that the bill is again before the Committee. The sectional analysis review was completed during the earlier hearing on the bill.

SFC 04 # 100, Side B 03:00 PM

FRANK SMITH, Independent Criminal Justice Researcher, testified via teleconference from an offnet site to share comments based upon his 33-year experience in pre-and-post-prison releases and research pertaining to the development of alternative programs in this regard. For the past eight years, an area of focus has been the development of private prisons. He voiced being pleased with some of the inclusions in the committee substitute, specifically those that would require guards and other employees to meet standards. Several states are addressing similar issues. Continuing, he stressed the importance of conducting an economic feasibility study prior to furthering the construction of the Whittier prison, as when a similarly remote site in Kansas was being considered for a prison, a study was conducted. The study determined that the facility would have been "impossible to staff." He anticipated that a prison in Whittier would also have staffing issues. He recalled that a study [copy not provided] that was conducted regarding the construction of a prison in the Delta Junction area determined that it would be impossible to make a profit at that location.

There being no further testifiers, Co-Chair Wilken announced that public testimony on the bill was concluded.

Co-Chair Wilken stated, for the record, that he could not support establishing a prison in Whittier, as it would place a strain on the community, its schools and its utilities system. Furthermore, as the City of Whittier's school system is a Rural Education Attendance Area (REAA), it receives no local funding. Therefore, he could not support construction of a prison facility in the community until the City could absorb its school responsibility, as other communities are required to do.

Co-Chair Green moved to report the bill, as amended, from Committee with individual recommendations and accompanying fiscal notes.

There being no objection, CS SB 65 (FIN) was REPORTED from Committee with a new \$260,000 fiscal note, dated April 29, 2004 from the Department of Corrections.

#sb349

SENATE BILL NO. 349

"An Act requiring licensure of midwifery birth centers; and providing for an effective date."

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

Co-Chair Wilken stated that this bill would establish a single licensing standard for birthing centers in the State. He noted that of the six birthing centers in the State, five are registered and one is licensed.

MYRA PUGH, Staff to Senator Bettye Davis, the sponsor of the bill, stated that the owners of the six birthing centers in the State support the implementation of a single State licensing standard for birthing centers as it would result in a single set of regulations and annual facility inspections are in place. She noted that through a collaborative effort, birth center owners reworked the State's existing licensed birth center regulations that have been in place since 1983 and submitted their recommendations to the rewriting regulation process. Midwives of Alaska support this legislation and urge the Committee to do likewise.

RICHARD BENAVIDES, Staff to Senator Bettye Davis, referred the Committee to the letter [copy on file] to Legislators, dated March 12, 2004, from Kay Kanne, Director of the Juneau Family Birth Center. It explains the legislative history pertaining to registered and licensed birth centers in the State.

DANA BROWN, Certified Direct Entry Midwife and Director, Alaska Family Health & Birth Clinic, testified via teleconference from an offnet site in Fairbanks in support of the bill, as it would establish a single standard and licensing process for birth centers in the State.

SHELBY LARSEN, Administrator, Certification & Licensing, Division of Public Health, Department of Health and Social Services, testified via teleconference from Anchorage and stated that the Department supports the bill as the consensus is that licensing standards for this industry should be established.

Co-Chair Green moved to report the bill from Committee with individual recommendations and accompanying fiscal notes.

There being no objection, SB 349 was REPORTED from Committee with

\$19,400 fiscal note #1, dated February 24, 2004, from the Department of Health and Social Services.

#sb393

SENATE BILL NO. 393

"An Act relating to default on tuition, fees, and other charges of the University of Alaska and to claims on permanent fund dividends for tuition, fees, and other charges of the University of Alaska that are in default."

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

Co-Chair Wilken stated that this bill would allow the University to garnish an individual's Permanent Fund Dividend (PFD) for tuition and other University of Alaska debts owed by an individual. A new committee substitute has been developed to address concerns regarding the ranking of the University's claims in regards to other claims against one's PFD.

Co-Chair Green moved to adopt the Version 23-LS1945\D committee substitute as the working document.

There being no objection, the Version "D" committee substitute was adopted as the working document.

Co-Chair Wilken explained that the ranking concern is addressed in Section 2, on page two beginning on line ten of the committee substitute. The University is now ranked in sixth place rather than in fourth place as originally presented. Both the University and the Alaska Permanent Fund Corporation are agreeable to this change.

Co-Chair Green moved to report the bill from Committee with individual recommendations and accompanying fiscal notes.

There being no objection, CS SB 393 (FIN) was REPORTED from Committee a new \$100,000 fiscal note, dated April 28, 2004 from the University of Alaska and a new \$15,000 fiscal note, dated April 25, 2004 from the Department of Revenue.

AT EASE: 3:12 PM / 3:13 PM

#sb282

CS FOR SENATE BILL NO. 282(RES)

"An Act relating to the identification of finfish in food

products and to the misbranding of food products consisting of or containing finfish."

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

Co-Chair Wilken noted that this bill would require retail restaurants to specify on their menus whether the finfish being offered for consumption were farmed or wild fish. He pointed out that the Senate Resources version of the bill, Version 23-LS1213\Q, is before the Committee for consideration.

SENATOR KIM ELTON, the bill's sponsor, stated that he is carrying the legislation on behalf of the Joint Legislative Salmon Task Force, which unanimously approved it. This bill would require restaurant menus to specify whether the fish being served are wild or farmed. Currently, grocery store labeling must include this information. This bill would simply extend that concept to restaurants. Consumer awareness and consumer choice are important issues, especially given the fact that toxicity levels being found in fish are being discussed in the scientific and popular arena. Many people prefer to eat fish at restaurants as opposed to preparing it at home, as they feel that a restaurant has more expertise than they do in this regard.

Senator Elton stated that the Joint Legislative Salmon Task Force is comprised of processors, Legislators, and public members. One question that arose during the bill's Senate Resources Committee hearing was in regards to the restaurant industry's reaction to the legislation. Only one restaurant has voiced the concern that this labeling would incur additional costs; however, he opined that because most fish is served fresh in restaurants, the information would be on the daily or fresh menu as opposed to a printed menu.

Co-Chair Green asked regarding definition language in Section 2, subsection (b)(1) and (2) on page three, following line 23, in that while the definition of farmed fish is detailed, the definition of fish is limited. The language in question, reads as follows.

(1) "farmed fish" means fish that is propagated, farmed, or cultivated in a facility that grows, farms, or cultivates the fish in captivity or under positive control but that is not a salmon hatchery that is owned by the state or that holds a salmon hatchery permit under AS 16.10.400; in this paragraph, "positive control" has the meaning given in AS 16.40.199;

(2) "fish" means finfish;

Senator Elton understood that finfish is defined elsewhere in State Statute. Continuing, he communicated that one definition of "finfish" are those fish that are not shellfish.

Co-Chair Green asked for further clarification.

Senator Elton noted that, "for the purposes of this legislation, fish is finfish and not shellfish."

Co-Chair Green asked whether the fish being referenced in Section 2, subsection (b)(2), on page three, line 30 is defined in current State Statute or is specific to language in this legislation.

Senator Elton responded that the definition of fish is defined elsewhere in State Statute.

ELISE HSIEH, Assistant Attorney General, Environmental Section, Civil Division (Anchorage), Department of Law, testified via teleconference from an offnet site and explained that "finfish," is a commonly used term, which is included in the Department of Fish and Game Chapter Title 16. She stated that finfish, shellfish, and fish by-products are included in "the broader term, seafood." Therefore, she supported Senator Elton's position "that finfish is different than shellfish."

Co-Chair Green questioned the need to include the Section 2 definition language in the legislation, as the intent of the bill is to address the difference between wild fish or farmed fish and not to define "fish" as opposed to shellfish.

Senator Elton expressed that the inclusion of the "fish" definition is the result of being "overly cautious" in its attempt to clarify what finfish is in regards to the intent of this bill.

Co-Chair Wilken understood that the intent of the fish definition would be to distinguish that the bill would not affect things such as oysters.

Senator Elton concurred, and noted that "a more common" example would be shrimp, as the majority of the shrimp that is imported into the United States is farmed.

Co-Chair Wilken asked regarding the reason that schools and correctional facilities are excluded from the disclosure requirement denoted in Section 2, subsection (4) (B) and (C) on page four, lines nine and eleven respectfully.

Senator Elton responded that the intent of this legislation is to focus on businesses serving the open public rather than on those that do not. While he would not be opposed to the inclusion of those entities exempted in Section 2, subsection (4), it might prove awkward were, for instance, British Petroleum (BP) required to provide signage in its North Slope employee cafeteria.

Co-Chair Wilken acknowledged the explanation.

Co-Chair Wilken ordered the bill HELD in Committee.

#hb486

CS FOR HOUSE BILL NO. 486(FIN)

"An Act relating to reclamation bonding and financial assurance for certain mines; relating to financial assurance limits for lode mines; establishing the mine reclamation trust fund; and providing for an effective date."

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

Co-Chair Wilken stated that the Senate Rules Committee by Request of the Governor sponsors this bill, Version 23-GH2106\D. It would remove the \$750 per acre limitation currently in place on hard rock or "lode mines" and would instead require "companies to bond for reasonable and probable cost of reclamation." The bill is accompanied by a zero fiscal note from the Department of Natural Resources."

NANCY WELCH, Special Assistant to Commissioner Tom Irwin, Department of Natural Resources, informed the Committee that the Alaska Miners Association and the Council of Alaska Producers support this bill. She was unaware of any opposition to the bill.

BOB LOEFFLER, Director, Division of Mining, Land and Water, Department of Natural Resources, testified via teleconference from an offnet site to comment that the State's current reclamation law was established at a time when only placer mines were operating in the State. This legislation would take into consideration bonding requirements that better align with the State's current situation that includes large mines such as the Fort Knox, Pogo, Red Dog, and True North mines. The changes include the elimination of the bond reclamation amount that could be charged as it was more appropriate to placer mines and not to large mines; providing companies a variety of options through which to adhere to State bonding requirements, and providing the opportunity for mines to contribute

to a voluntary mine reclamation trust fund which the State would manage until the funds were required. He voiced pleasure that the bill has garnered support from the industry and reiterated that there is no known opposition to the bill.

Senator Hoffman asked whether the bill would be limited to new mines or would be retroactive.

Mr. Loeffler clarified that the reclamation bonding language would remain unchanged in regards to placer mines. Were this legislation adopted, the entirety of the large mines have agreed to waive the required \$750 per acre limitation and replace that requirement with one of a variety of reclamation bonding options.

Senator B. Stevens moved to report the bill from Committee with individual recommendations and accompanying fiscal notes.

There being no objection, CS HB 486 (FIN) was REPORTED from Committee with zero fiscal note #1, dated January 21, 2004 from the Department of Natural Resources and a new \$21,000 fiscal note, dated April 26, 2004 from the Department of Revenue.

#sb284

CS FOR SENATE BILL NO. 284(STA)

"An Act relating to an optional election to prevent the name and address of a permanent fund dividend applicant from being disclosed, except to a local, state, or federal government agency, or in compliance with a court order."

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

Co-Chair Wilken stated that this legislation would allow the Permanent Fund Dividend Division in the Department of Revenue to keep applicant information private, except in those situations in which the disclosure of the information is required by federal or State government.

Co-Chair Green moved to adopt the Version 23-LS1596\I committee substitute as the working document.

Co-Chair Wilken, hearing no objection, announced that the Version "I" committee substitute would be the working document.

SENATOR GRETCHEN GUESS, the bill's sponsor, stated that this legislation would mandate that, with the exception of a person's

name, all Permanent Fund Dividend (PFD) application information would be confidential. In addition to providing a degree of privacy to individuals, keeping things such as a person's residential address confidential is especially important for those threatened by domestic violence. This would include keeping Post Office Box addresses private, as someone could locate a person were that a known element. Federal and State access to some of the dividend application information would apply in such cases as child support and jury duty communications.

Senator Guess noted that currently, a person could access the Permanent Fund Dividend registry via the Internet and download it in its entirety. The adoption of the Version "I" committee substitute would reduce the original \$15,000 Department of Revenue fiscal note #1, dated February 24, 2004.

SHARON BARTON, Director, Permanent Fund Dividend Division, Department of Revenue, confirmed that the Department's fiscal expense associated with the Version "I" committee substitute would be reduced to zero, as no cost would be incurred by only publishing individuals' names on the registry.

Co-Chair Wilken asked for further information regarding the Department's \$15,000 fiscal note #1, dated February 24, 2004.

Ms. Barton responded that limiting the Permanent Fund registry to only applicants' names, as specified in the Version "I" committee substitute, would incur no expense to the Department, as it would be accomplished by a small programming change. The previous version of the bill would have allowed people to choose whether or not to include their name and address on the Permanent Fund Dividend registry. That ability to choose, she informed, would have resulted in an expense to the Department.

Co-Chair Wilken understood therefore, that a new zero fiscal note from the Department of Revenue would be forthcoming.

Ms. Barton concurred.

Co-Chair Green informed the Committee that she had been contacted by a constituent who told her that, as a result of being on some State registry, her name had been accessed by a mailing list and, as a result, she had received a volume of unsolicited mail. Therefore, Co-Chair Green suggested that this legislation be expanded to provide privacy coverage to a multitude of State registries. She noted that currently, each agency has its own Statutes in this regard. The issue regarding privacy of information should be further expanded to encompass all State agencies. She

stated that she would conduct further research in this regard.

Co-Chair Wilken noted that amending this legislation to address those concerns could be an option. Therefore, he asked Co-Chair Green to further her efforts.

Co-Chair Green concurred that the privacy issue is important.

Co-Chair Wilken commented that were the PFD database information curtailed, the next commonly used database would be voter registration lists.

Co-Chair Green responded that she would further efforts to address these concerns.

Co-Chair Wilken commented that public officials access voter registration lists to obtain constituency contacts.

Senator Guess voiced willingness to amend the legislation to include other areas of concern. She understood that the PFD database is the most commonly used database as it is the largest, most accurate address registry available.

Co-Chair Wilken ordered the bill HELD in Committee in order to address additional privacy concerns.

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#### **ADJOURNMENT**

Co-Chair Gary Wilken adjourned the meeting at 03:37 PM