

MINUTES
SENATE FINANCE COMMITTEE
May 03, 2004
9:06 AM

TAPES

SFC-04 # 104, Side A
SFC 04 # 104, Side B

CALL TO ORDER

Co-Chair Gary Wilken convened the meeting at approximately 9:06 AM.

PRESENT

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

Also Attending: REPRESENTATIVE BILL WILLIAMS; REPRESENTATIVE PEGGY WILSON; REPRESENTATIVE CHERYL HEINZE; ERNESTA BALLARD, Commissioner, Department of Environmental Conservation; KRISTIN RYAN, Director, Division of Environmental Health, Department of Environmental Conservation; PAULA CADIENTE, Staff to Senator Elton; JON BITTNER, Staff to Representative Cheryl Heinze; JON TILLINGHAS, Sealaska Corporation; DOUG WOOLIVER, Administrative Attorney, Office of the Administrative Director, Alaska Court System; PAT DAVIDSON, Division of Legislative Audit; TIM BARRY, Staff to Representative Bill Williams; HEATH HILYARD, Staff to Representative Lesil McGuire;

Attending via Teleconference: From offnet locations: ROBIN NORTHSEYER, owner and operator, Northern Hospitality Training and Consulting; ERIN HALL-MEADE, Life Alaska Donor Services; DWAYNE BANNOCK, Director, Division of Motor Vehicles, Department of Administration

SUMMARY INFORMATION

HB 378-FOOD, DRUGS, COSMETICS, CERTAIN DEVICES

The Committee heard from the sponsor, the Department of Environmental Conservation and a safe food handling training company. The bill was reported from Committee.

HB 233-INCREASE EDUCATION FUNDING

The Committee heard from the sponsor. A committee substitute was adopted and the bill was reported from Committee.

SB 282-RESTAURANTS ETC DISCLOSE WILD/FARMED FISH

The Committee heard from the Department of Environmental Conservation. The bill was reported from Committee.

HB 10-GROUP HEALTH INS: PRIVATE GROUPS/PERSONS

The Committee heard from the sponsor. An amendment was adopted and the bill was held in Committee.

HB 546-POLLUTION DISCHARGE & WASTE TRMT/DISPOSAL

The Committee heard from the Department of Environmental Conservation and a Native Corporation. The bill was reported from Committee.

HB 451-THERAPEUTIC COURTS

The Committee heard from the Alaska Court System. The bill was reported from Committee.

HB 464-EXTEND BOARD OF REAL ESTATE APPRAISERS

The Committee heard from the Division of Legislative Audit and the Legislative Budget and Audit Committee. An amendment was adopted and the bill was reported from Committee.

HJR 5-CONST AM: INITIATIVE/REFERENDUM PETITIONS

The Committee heard from the sponsor. The bill was reported from Committee.

HB 31-INITIATIVE/REFERENDUM PETITIONS

The bill was reported from Committee.

HB 337-ANATOMICAL GIFTS REGISTRY/AWARENESS FUND

The Committee heard from the sponsor, the Department of

Administration, and an organ harvesting organization. The bill was reported from Committee.

SB 254-TOURISM MARKETING CONTRACTS

This bill was scheduled but not heard.

SB 395-EXTEND AK RAILROAD TO GREELY/ TASK FORCE

This bill was scheduled but not heard.

#HB378

HOUSE BILL NO. 378

"An Act relating to the Alaska Food, Drug, and Cosmetic Act, including sales, advertising, certain devices, food donors, and food banks; making certain violations of organic food provisions and of the Alaska Food, Drug, and Cosmetic Act unfair methods of competition and unfair or deceptive acts or practices under certain of the state's unfair trade practices and consumer protection laws; and providing for an effective date."

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

Co-Chair Wilken stated this bill, sponsored by the House Finance Committee, "Authorizes the Department of Environmental Conservation to implement key elements of the new food safety program, which are called Active Managerial Control."

REPRESENTATIVE BILL WILLIAMS noted the fees for food inspections have increased from \$50 to approximately \$450 per business. He spoke of subsequent comments from businesses about these increased fees given the infrequency of inspections. He therefore had asked the previous and current gubernatorial administrations to eliminate the fees, as businesses and consumers garner no benefit from these fees.

ERNESTA BALLARD, Commissioner, Department of Environmental Conservation, testified that cases of food borne illness are not accidents but rather incidents: the failure of those handling the food to observe well understood proper procedures. She continued as follows.

Our program that Representative Williams has correctly described as under funded and failing, is based on a 1950s

style, really a pre-WWII style, of restaurant inspections that was designed in an era in which there were twenty million meals served a day in restaurants. In the 50s and 60s with the suburban boom that number jumped to 60 million meals a day served in restaurants, and yet the same method of periodic restaurant inspections was considered an adequate regulatory program.

In 2004 the National Restaurant Association, the other NRA, estimates that there will be 70 billion meals, a jump from 60 million fifteen years ago to 70 billion meals served in restaurants. The inspection program of the 50s is not adequate to restaurant safety, food safety today. With the urging of the House Finance Committee and its Chair, we completely redesigned. We looked at successful models of food safety in particularly the three areas that are known to cause incidences of illness: poor personal hygiene, which means hand washing and attention to employee grooming and hygiene habits and being sure that sick employees are being sent home. That's one. The second is inadequate attention to temperature and cooking procedures, which can be addressed with standard operating procedures. And the third element is inadequate training, which is being addressed by the restaurant association and most of the large chains and by many states and health departments in voluntary programs. Inadequate training is being addressed by certification and training programs. The National Restaurant Association recently graduated their one millionth certified food handler from their program.

We looked at those three areas. We looked at the very successful regulatory programs that we run in air and soil and water protection in which standard operating procedures and self-certification with written records which are then audited by the Department and a very heavy field presence in compliance and enforcement. That is the method and model that we use elsewhere in the DEC [Department of Environmental Conservation] that is the method and model that we propose to use in our Active Managerial Control.

We are actually excited about this. If you are not a regulator you may not get excited about a new regulatory method, but we're proud of what we have done. We have been in contact with states around the country who are very interested to see any state have the courage to walk away from the old, under funded, and failed consultative program that we've all been clinging to, and moving to a new, modern era of regulatory control.

I want to close by pointing out the success that prevention can have and protection against exposure. You are probably aware of the outbreak of a Norwalk virus that occurred on the Iditarod Trail in March. It began in McGrath. It was well documented. Epidemiology and Kristin's staff together went out. There were twenty cases in McGrath. The State employee team followed the Trail, picked up evidence of cases all along the Trail, and were very worried about what would happen in Nome when the entire race and the entire army of followers and supporters arrived in Nome. Kristin's staff, who are nothing if they are not determined, talked to all of the restaurants in Nome, the entire community smelled of Clorox, got all the restaurants cleaned up, and then went and worked with the Millennium Hotel, in the gymnasium where the banquet was held, and got a thousand rubber gloves and got every person who went to the Musher's Banquet to go through the food line with their serving hand gloved. We have wonderful photographs of this. There was not a single outbreak of Norwalk virus in Nome. The Musher's Banquet was not spoiled. Those that had made it successfully to Nome then did not have to take Montezuma's Revenge home with them when they left.

Prevention works. Our Active Managerial Control program is designed to put the responsibility where it appropriately lies, and that is in the regulated community. It is adequate to cover the entire state without regard to where our inspectors may be at the time. We're very proud of it. I hope you will consider it favorably today.

Senator Bunde referenced media reports of a viral outbreak in Fairbanks and asked whether this outbreak is food borne as well.

KRISTIN RYAN, Director, Division of Environmental Health, Department of Environmental Conservation stated that the Norwalk virus is difficult to trace, although it is transmittable by air, water, food, and hand-to-hand contact. She reported that the Division is attempting to identify the origins and transmission patterns of this outbreak.

Senator Bunde understood that the outbreak originated at two establishments in Fairbanks.

Ms. Ryan affirmed that food is the carrier, although she was unsure whether food was the original source.

ROBIN NORTHSEYER, owner and operator, Northern Hospitality Training and Consulting, testified via teleconference from an offnet

location that she has been conducting food safety training. She has found that the issue is not a lack of will in keeping people from getting sick, but rather the lack of knowledge of how easily illness could be transmitted through food. She emphasized that training is "key" to public safety in Alaska given the number of visitors. She expressed that spreading food borne illnesses to tourists would be detrimental to the industry.

Senator Olson asked if the witness supports the bill and whether her opinion represents the industry.

Ms. Northseyer affirmed both.

Senator Olson asked how this legislation would apply to small restaurants located in small communities.

Ms. Ballard expressed the intention that all who handle raw food would receive training in safe handling procedures. She stated that the Department would ensure that training and testing activities would not inconvenience owners and employees of businesses in small communities.

Senator Dyson offered a motion to report the bill from Committee with individual recommendations and accompanying fiscal notes.

There was no objection and HB 378 MOVED from Committee with zero fiscal note #1 from the Department of Law and fiscal note #2 of \$210,700 from the Department of Environmental Conservation.

#HB233

CS FOR HOUSE BILL NO. 233(EDU) am

"An Act increasing the base student allocation used in the formula for state funding of public education; and providing for an effective date."

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

Co-Chair Wilken stated this bill, sponsored by Representative Wilson, "increases the student dollar by \$419." He directed attention to a proposed committee substitute, which increases the total student dollar to \$4,576.

Co-Chair Green moved for adoption of CS HB 233, 23-LS0911\I as a working document.

Senator Hoffman objected and stated that the original version of the bill would have increased funding for education by \$84.5 million, which is a higher amount than this committee substitute would provide.

Co-Chair Wilken commented on arguments that the proposed increase funding for education is from a one-time funding source. He contended that this legislation expresses the Committee's intent that the increase would be \$82,053,300 for K-12 education, and that the funding be ongoing.

Senator Hoffman removed his objection and the committee substitute, Version "I" was ADOPTED as a working document.

REPRESENTATIVE PEGGY WILSON, sponsor of the bill, testified to her support of reinstating the original appropriation amount.

Co-Chair Green offered a motion to report CS HB 233, 23-LS0911\I from Committee with individual recommendations, new and forthcoming fiscal notes.

Without objection CS HB 233 (FIN) MOVED from Committee with a fiscal note dated 3/16/04 for \$535,400 from the Department of Military and Veterans Affairs, a fiscal note dated 5/3/04 for 520,100 from the Department of Education and Early Development, Special Schools Component, and a fiscal note dated 5/10/04 for \$82,053,200 from the Department of Education and Early Development, Foundation Program component.

#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 second hearing for this bill in the Senate Finance Committee.

Co-Chair Wilken stated this bill, sponsored by Senator Elton, "requires restaurants to state on its menu whether the fish it is serving is wild or farmed fish."

Co-Chair Green asked if restaurants would always know fish origination information.

PAULA CADIENTE, Staff to Senator Elton, replied that she was

unsure.

KRISTIN RYAN, Director, Division of Environmental Health, Department of Environmental Conservation, testified that of the 665 establishments the Division regulates, approximately 33 percent would not have that information readily available. She estimated that 10 percent would require enforcement actions due to unwillingness to comply.

Senator Dyson offered a motion to report CS 282 (RES) from Committee with individual recommendations and accompanying fiscal notes.

There was no objection and SB 282 MOVED from Committee with zero fiscal note #1 from the Department of Law, and \$77,200 fiscal note #2 from the Department of Environmental Conservation.

#HB10

CS FOR HOUSE BILL NO. 10(HES)

"An Act relating to pooling by employers and self-employed individuals for purposes of group health insurance; and providing for an effective date."

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

Co-Chair Wilken stated this bill, sponsored by Representative Heinze, "allows small and large employers and self-employed individuals to form an association for the purpose of obtaining health insurance."

JON BITTNER, Staff to Representative Cheryl Heinze, communicated that small businesses could not afford the rising costs of health insurance independently. The rates could be reduced if these businesses joined together in acquiring insurance.

Mr. Bittner added that the committee substitute would provide exceptions to allow insurers to refuse self-employed individuals on the basis of certain criteria. The exceptions would prevent the healthy employees of insured small businesses from paying inflated rates to compensate for those who would require higher levels of medical care.

Co-Chair Green inquired about this bill's ability to ensure lower insurance rates.

Mr. Bittner responded that though it is less expensive for insurance companies to insure business groups versus individual businesses, this legislation could not guarantee lower insurance rates.

Co-Chair Green suggested that the intent of this bill is primarily to provide small businesses and the self-employed increased access to insurance, as opposed to securing lower insurance rates.

Mr. Bittner confirmed that the bill could not guarantee lower rates.

Senator Olson inquired about any restrictions in this bill that would hinder a small business from acquiring insurance.

Mr. Bittner replied that the bill contains no such restrictions.

Amendment #1: This amendment changes the effective date of this Act from July 1, 2003 to July 1, 2004.

Senator B. Stevens moved for adoption.

The amendment was ADOPTED without objection.

Senator Dyson referenced Section 4 on page 4, lines 17 through 23, which reads as follows.

Sec. 4. AS 21.56.120 is amended by adding a new subsection to read:

(e) In determining the premium rates for a small employer covered under an association health insurance policy authorized under AS 21.54.060(7), a small employer insurer may not use the claims experience of the small employer while the employer was covered under another health insurance policy and may use only that underwriting information obtained through the insurer's normal application process for new small employer groups that are not written under the association plan.

Senator Dyson questioned the necessity of the following lines: "a small employer insurer may not use the claims experience of the small employer while the employer was covered under another health insurance policy."

Mr. Bittner responded that the language would ensure that the small employer groups would experience the same application process as any other organization when applying for health insurance.

Senator Dyson asked if federal law prohibits an insurer from obtaining the past insurance claim information of a prospective client.

Mr. Bittner responded that he was unsure.

Co-Chair Green suggested that Senator Dyson's question might be related to the portability provision, which refers to an employee's claim confidentiality in the transfer of coverage from one employer, and insurance carrier, to another.

Representative Heinze agreed with Co-Chair Green. Representative Heinze qualified that she would need to confirm the details of the portability provision.

Senator B. Stevens agreed with Co-Chair Green's position on portability. He referenced the aforementioned language in pointing out that an insurer, in determining that organization's premium rate, could not use the insurance claim history of an organization.

Co-Chair Green commented on the diversity of products that private insurers offer. She also emphasized that insurance rates for business pools would vary depending on the private insurer.

Co-Chair Wilken announced this bill would not report from Committee at this hearing and that the Division of Insurance would be contacted for input.

Co-Chair Green referenced a letter from the Division of Insurance dated April 22, 2004 [copy on file] in emphasizing the need for this legislation.

Representative Heinze reminded of President George Bush's State of the Union address in which he expressed intent to "let the people pool".

Senator Olson asked if a prohibition currently exists preventing businesses from pooling together for health insurance purposes.

Representative Heinze replied this would be first time individuals would be allowed to pool.

Co-Chair Wilken referenced the letter from the Division of Insurance dated April 22, 2004 [copy on file] as well as Representative Heinze's Sponsor Statement [copy on file] and their mention of the Alaska Mental Health Trust Authority and its partnership with the Foraker Group. He inquired about the purpose and beneficial advances of the Foraker Group.

Mr. Bittner explained that the Foraker Group is a membership organization for non-profit organizations. The Group has recently formed an insurance pool exclusively for non-profit organizations, which is expected to officially commence in the coming months.

Co-Chair Wilken asked if the Foraker Group's insurance pool is strictly for non-profit organizations.

Mr. Bittner responded that yes, the Foraker Group only serves non-profit organizations.

Co-Chair Wilken asked if this bill would only allow small businesses to pool together for insurance purposes.

Mr. Bittner replied that this bill would include small businesses; however, non-profit organizations could also pool under the provisions of this bill. The Foraker Group's insurance pool is just one option for non-profit organizations.

Co-Chair Wilken commented that he would be seeking the guidance of those with experience in the insurance industry in considering the issues addressed in this bill.

Representative Heinze stated that the Foraker Group is in support of this bill, as its formation of an insurance pool for non-profit organizations would not have been necessary had this legislation been in effect.

Co-Chair Green recalled that the Foraker group requires membership and an associated fee. She asked if a membership fee would be prohibited among business pools under the provisions of this legislation.

Mr. Bittner responded that a fee would not be prohibited.

Senator Olson remarked that the legislature should undertake every possible effort to assist small businesses. He added, "If they [small businesses] are in favor of this [bill] I am in favor of it as well."

Representative Heinze relayed that "the whole State" is in favor of this bill.

Senator Dyson remarked that an individual without health insurance coverage must pay 30-40-percent more for services, which he stressed, is "wrong".

Representative Heinze informed that it is "becoming prohibitive" for small businesses to carry insurance and that many employers are eliminating insurance coverage.

Co-Chair Wilken stated that he agrees with the intent of this bill, but expressed interest in the testimony of other insurance industry experts.

Senator Olson shared this interest.

Representative Heinze responded that this legislation has the "total support" of the insurance industry.

Co-Chair Wilken requested a list of those who have spoken last year and this year in support of the bill.

Co-Chair Green requested the letters written in support of this legislation.

Co-Chair Green recommended further discussion on the methods insurers utilize to establish group rates and the factors that impact membership within these groups. She also urged review of "adverse selection", which occurs in the insurance industry when the insured opt out of their current coverage as a result of increased rates, resulting in further rate increases for those remaining under that coverage. She commented that while the intent of this legislation is worthwhile, she was unsure whether it would be successful in lowering insurance rates.

Co-Chair Wilken stated that Linda Hall, Director, Division of Insurance, Department of Revenue, could assist in providing information necessary to making these determinations.

Co-Chair Green agreed.

Co-Chair Wilken ordered the bill HELD in Committee.

#HB546

CS FOR HOUSE BILL NO. 546(JUD)

"An Act relating to regulation of the discharge of pollutants from timber-related activities under the National Pollutant Discharge Elimination System; relating to waste treatment and disposal permits; making conforming amendments; and providing for an effective date."

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

Committee.

Co-Chair Wilken stated this bill, introduced by the House Rules Committee at the request of the Governor, "authorizes the Department of Environmental Conservation to administer the National Pollutant Discharge Elimination System permits for the timber industry."

ERNESTA BALLARD, Commissioner, Department of Environmental Conservation, stated that a change was adopted by the House of Representatives in Section 5 of this bill, relating to the public notices required in the proposed area of waste material disposal. The number of public notices required was increased from one notice to "at least two" publications of notice. Ms. Ballard summarized that this bill is part of the Governor's objective to "streamline" the permit process. This bill would not change permit requirements or standards of protecting water quality, but rather would eliminate one stop for the permit applicant. Currently applicants must obtain permits from the federal Environmental Protection Agency (EPA) and certify those permits with the Department of Environmental Conservation as required by the Clean Water Act. Permits required by the Clean Water Act cannot be eliminated; therefore, the only action, which could be taken to simplify the permit process is that provided for in this legislation: enabling the State to assume primacy from the EPA in obtaining permits.

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Ms. Ballard stated that she was optimistic that the success of this bill would demonstrate the "reasonableness" of the permit approach it embodies, thus serving as a basis for proposing similar legislation in other industries.

Senator Bunde referred to fiscal note #1 for \$412,600 from the Department of Environmental Conservation. He noted that the federal receipts reflected in years 2005 and 2006 would no longer be available after 2006. He questioned the effect of the loss in funding.

Ms. Ballard responded that the federal receipts reflect a grant, received from the EPA, which the Department of Environmental Conservation would expend over two years: 2005 and 2006. This grant is intended to assist the Department of Environmental Conservation with the cost of the rulemaking required if this legislation is implemented. The remaining expense detailed in the fiscal note reflects the general fund cost of operating the permit program

after the federal grant is exhausted.

Senator Bunde asked if the cost of rulemaking would be eliminated in conjunction with the federal grant.

Ms. Ballard replied that yes, all necessary rulemaking would be completed in 2005 and 2006.

JON TILLINGHAS, Sealaska Corporation, testified in support of this bill.

Co-Chair Green offered a motion to report the bill from Committee with individual recommendations and accompanying fiscal note.

There was no objection and CS HB 546 (JUD) MOVED from Committee with fiscal note #1 for \$412,600 from the Department of Environmental Conservation.

#HB451

HOUSE BILL NO. 451

"An Act relating to therapeutic courts; and providing for an effective date."

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

Co-Chair Wilken stated this bill, sponsored by the House Rules Committee at the request of the Governor, "extends the pilot program for therapeutic courts established in Anchorage and Bethel for alcohol and drug addicted offenders out to June 30, 2006. In addition, it repeals the sunset clause that will terminate an Anchorage Superior Court Judge position."

DOUG WOOLIVER, Administrative Attorney, Office of the Administrative Director, Alaska Court System, reiterated Co-Chair Wilken's bill summary. Mr. Wooliver continued to testify the following.

Just to give you a very brief history of this bill. In 2001 then Speaker of the House, Bryan Porter, introduced and the legislature passed House Bill 172. And the purpose of that bill was to create two pilot therapeutic court programs to deal with felony DWI offenders.

The pilot programs were modeled in large part after the pioneering work that was done by Judge Wanamaker in Anchorage.

Judge Wanamaker is a District Court Judge and established the wellness court there [in Anchorage] where he deals with misdemeanor offenders with significant alcohol abuse problems.

Judge Wanamaker has had great success with that program, and Speaker Porter and the court system wanted to know if we could replicate that success with felony level offenders; thus House Bill 172.

In order to determine the effectiveness of these two pilot programs, the bill required the judicial council to conduct a study of those programs to determine their effectiveness. And this study is important not only for your determinations in the future as to whether or not to continue and/or expand these types of programs, but it is important for the court as well because they are very resource-intensive for the court, and we want to make sure that they work. So the evaluation is critically important. Unfortunately both the Anchorage and Bethel programs terminate long before the evaluation has been completed. So if you get the evaluation from the judicial council and decide that these programs are worthwhile and would like to continue them, both programs would have ended over a year earlier. Attorneys are reassigned to other work; the treatment programs are taking other participants. So all this bill does in that regard is just extend the termination of those two pilot programs until after the planned study is completed and you have had the opportunity to review their effectiveness. To our way of thinking it doesn't make a lot of sense to terminate the programs before you have had an opportunity to decide whether they should be terminated.

The second very important thing that this bill does is it deletes a sunset clause that was put on a Superior Court Judge that was added by House Bill 172. If that judge sunsets, Anchorage basically loses a Superior Court Judge if that sunset clause isn't deleted. That will mean not only the end of the felony therapeutic court program, but because that judge still spends most of her time on work not related to therapeutic court it will have a significant impact on the Superior Court caseload for all cases that come through the Anchorage Superior Court.

The last time a judge was added to the Anchorage bench of Superior Court Judge was in 1984, and since that time our felony caseload has doubled, our children's caseload has doubled, and other caseloads have risen dramatically. We simply can't afford to return to a level of judicial coverage that was established, literally, twenty years ago.

So in the end what this bill does is extends our two therapeutic courts until after you and the court had the opportunity to evaluate them, and it keeps a much-needed Superior Court Judge seat in Anchorage.

Senator B. Stevens questioned fiscal note #6 for \$257,200 from the Alaska Court System. He asked whether the expenses detailed in the fiscal note were already provided for in the FY 05 budget request.

Co-Chair Wilken referenced a memorandum he received from Mr. Wooliver dated May 2, 2004 [copy on file], which stated that the costs associated with the position are included in the FY 05 budget request.

Mr. Wooliver acknowledged the apparent discrepancy. He explained that zero fiscal notes typically detail in the analysis statement whether existing funds would be utilized to implement the legislation; however, the House Finance Committee directed this fiscal note to include the existing costs. This bill would not require any new expenses.

Senator B. Stevens clarified that this legislation would not incur additional expense.

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

Without objection HB 451 MOVED from Committee with zero fiscal notes: #1 from the Department of Administration, #2 from the Department of Corrections, #3 from the Department of Health and Social Services, and #4 from the Department of Law, and fiscal note #6 for \$257,200 from the Alaska Court System.

#HB464

HOUSE BILL NO. 464

"An Act extending the termination date of the Board of Certified Real Estate Appraisers."

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

Co-Chair Wilken stated this bill, sponsored by the House Rules Committee at the request of the Legislative Budget and Audit Committee, "extends the termination date of the Board of Certified Real Estate Appraisers to 2008."

PAT DAVIDSON, Division of Legislative Audit, testified that this bill is consistent with the recommendations in the document titled "Board of Certified Real Estate Appraiser's Sunset Review" [copy on file]. The report did not suggest either operational or statutory changes.

Ms. Davidson added that the audit includes an assessment of the Board of Certified Real Estate Appraisers' financial self-sufficiency. The Board had accumulated a deficit at the end of FY 02; however, according to the sunset review the Board was moving toward financial self-sufficiency at the end of FY 03.

Senator B. Stevens asked the Board of Certified Real Estate Appraisers' annual revenues.

Ms. Davidson replied that the Board's annual revenue in FY 02 was \$18,676.

Senator B. Stevens understood that the Board is funded with fees collected from licenses issued to real estate appraisers every two years, thus operating on a two-year revenue cycle.

Ms. Davidson affirmed.

Senator B. Stevens asked the number of times the termination date of the Board has been extended.

Ms. Davidson replied that this Board has not undergone as many sunset reviews as other boards because the licensing of real estate appraisers was implemented through federal legislation adopted in 1986: the Financial Institutions Reform, Recovery and Enforcement Act of 1989. She estimated this is the third review conducted by the Division of Legislative Audit of the Board of Real Estate Appraisers.

Senator B. Stevens suggested that the termination date of the Board of Real Estate Appraisers could be extended beyond four years.

Amendment #1: This amendment would extend the termination date of the Board of Real Estate Appraisers from the proposed July 1, 2008, to July 1, 2010.

Senator B. Stevens moved for adoption.

Ms. Davidson informed that the Division of Legislative Audit has approved an overall review of the sunset process. The statutorily suggested sunset extension for boards and commissions is currently four years; however, in the Division's upcoming audit the four-year

extension would be reevaluated.

Co-Chair Wilken objected to the adoption of the amendment for an explanation.

Senator Dyson commented on the general intent of the sunset provisions to allow the elimination of a board or commission. Although extending the review date could hamper this, he did not anticipate that this Board would be terminated. He did not object to the amendment.

HENRY WEBB, Committee Aide, Legislative Budget and Audit Committee Aide and Staff to Representative Ralph Samuels, testified that the sponsor of the bill would not object to the adoption of this amendment.

Co-Chair Wilken removed his objection.

The amendment was ADOPTED without objection.

Co-Chair Green asked if the Board of Certified Real Estate Appraisers was the board that experienced rate changes and licensing issues approximately six to seven years ago.

Ms. Davidson was unsure and noted that a review of the Real Estate Commission is due this year.

Co-Chair Green asked if the cause of the cyclical nature of the Board of Real Estate Appraisers' revenue balance was a result of operating on a biennial revenue cycle.

Ms. Davidson answered yes, and explained that the real estate appraiser licenses issued by the Board are renewed for a two-year period, resulting in cyclical revenues.

Co-Chair Wilken referred to the "Board of Certified Real Estate Appraisers' Sunset Review", specifically a letter written by Edgar Blatchford, Commissioner, Division of Legislative Audit. Co-Chair Wilken offered for consideration Commissioner Blatchford's recommendation to eliminate the Board, but continue licensing real estate appraisers under the Division of Occupational Licensing. Co-Chair Wilken understood this option was discussed in a House of Representatives' hearing of this bill at which time real estate appraisers opposed such action and requested that their current licensing structure remain in place. He asked for a qualification of this information.

Ms. Davidson did not recall the real estate appraisers' position.

She pointed out that legislation extending termination dates of boards does not affect licensing functions. She emphasized that the existence of a board typically ensures that regulations and industry awareness are maintained.

Co-Chair Green offered a motion to report the bill as amended from Committee with individual recommendations and accompanying fiscal note.

Without objection, CS HB 464 (FIN) MOVED from Committee with fiscal note #1 of \$28,300 from the Department of Community and Economic Development.

#HJR5

HOUSE JOINT RESOLUTION NO. 5

Proposing an amendment to the Constitution of the State of Alaska relating to initiative and referendum petitions.

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

Co-Chair Wilken stated this bill, sponsored by Representative Williams, "places before the voters a constitutional amendment that changes the signature requirements for initiative and referendum petitions."

TIM BARRY, Staff to Representative Bill Williams, testified that currently, to place an initiative on the ballot, the Alaska State Constitution requires signatures equal to ten-percent of voters who voted in the most recent statewide general election from at least 27 of the 40 House districts. The amendment in this resolution would change the requirement for placing an initiative on the ballot. This resolution would require approval by a two-thirds plus one vote of both bodies of the Alaska State Legislature and a majority of the popular vote to bring the proposed amendment into law.

Mr. Barry stated that this legislation is consistent with the intent of the authors of the Alaska State Constitution, referencing a document titled, "Additional Information for the Sponsor Statement for HB 31/HJR 5: Initiative and Referendum Petitions" [copy on file]. He stated that the authors of the Constitution wanted to ensure that initiatives received "a measure of support" throughout the State before being placed on the ballot. This legislation would fulfill that goal by amending the Constitution to reflect the current geographical distribution of the State of

Alaska.

Mr. Barry continued by referring to a report written by the National Conference of State Legislatures titled "Constitution of the State of Alaska"[copy on file], urging states to adopt geographical distribution requirements for initiative petition signatures such as that proposed by this resolution. He referred to statistical data on signature petitions, included in the "Initiative and Referendum Petitions" document. He proceeded to testify as follows.

Of the ten initiatives that have been on the ballot since 1998, sponsors would have had to gather an average of 935 additional valid signatures to comply with this law. On these ten petitions sponsors gathered an average of 40,148 total signatures [when], in fact, the proposed legislation only requires signature gatherers to get signatures from as few as 2.4 percent, and at the most, 6.4 percent of registered voters in each district.

Senator Bunde asked if the proposed resolution would reduce the overall number of signatures required to put an initiative on the ballot.

Mr. Barry replied that this legislation would not change the total number of signatures required statewide for an initiative, but rather would require a greater number of signatures in each of the districts.

Senator Bunde commented that although the election district he represents is one with a high population concentration and increasing growth, he supports this legislation. This resolution would increase public confidence in government by giving Alaskans assurance against paid petition gatherers soliciting signatures in heavily populated areas of the State.

Co-Chair Wilken asked for a more thorough explanation of the initiative requirements. He requested that Mr. Barry go over a document titled "1997 Term Limits Pledge"[copy on file].

Mr. Barry explained, using the "1997 Term Limits Pledge" chart, the current requirements to place an initiative on the ballot versus the requirements of this resolution.

Senator Olson asked whether this legislation has received any testimony in opposition or support from residents of rural Alaska.

Mr. Barry replied that a significant amount of testimony from rural

residents has been received in support of this bill. He could not recall any opposition voiced from rural residents.

Senator Dyson spoke to the "unfortunate gradual shift" of political power to urban areas. He expressed regret that the State Senate districts were divided into geographical areas. He opposed the use of professional petition signature gatherers for ballot propositions. He supported this bill, particularly in relation to issues affecting rural residents, as it would return some power to rural areas.

Senator Dyson offered a motion to report the bill from Committee with individual recommendations and accompanying fiscal note.

There was no objection and HJR 5 MOVED from Committee with fiscal note #1 for \$1,500 from the Office of the Governor.

#HB31

HOUSE BILL NO. 31

"An Act relating to initiative and referendum petitions; and providing for an effective date."

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

Co-Chair Wilken stated this bill, sponsored by Representative Williams, "makes the necessary statutory changes to reflect the intent of HJR 5, and this takes effect only if the constitutional amendment passes."

Senator Bunde offered a motion to report the bill from Committee with individual recommendations and accompanying fiscal note.

Without objection HB 31 MOVED from Committee with zero fiscal note #2 from the Office of the Governor.

#HB337

CS FOR HOUSE BILL NO. 337(FIN)

"An Act relating to anatomical donor registries, to an anatomical gift awareness fund, to an anatomical gift awareness program, to motor vehicle licenses and registrations, and to state identification cards."

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

Committee.

Co-Chair Wilken stated this bill, sponsored by Representative McGuire, "creates an organ donor registry program in which the information obtained by DMV [Department of Motor Vehicles] can be transferred to Life Alaska Donor Services. [It] allows motor vehicle applicants to donate a dollar or more to the Organ and Tissue [Donation] Awareness Fund."

HEATH HILYARD, Staff to Representative Lesil McGuire, testified that currently, when applying for an operator's license or vehicle registry, an individual would decide to become an organ donor through the Division of Motor Vehicles. This process does not allow for donor information to be disseminated beyond the Division. The proposed legislation would establish an organ donor registry, which would allow for a transfer of information between the Division and Life Alaska Donor Services, the State's organ and tissue donor program. Participation in the registry would be voluntary, and a donor could be removed from the registry at his or her will.

ERIN HALL-MEADE, Life Alaska Donor Services, testified via teleconference from an offnet location that she was available for questions.

DWAYNE BANNOCK, Director, Division of Motor Vehicles, Department of Administration, testified via teleconference from an offnet location that the Division is "proud to support this bill".

Senator Olson asked if this legislation would result in slowing down the surgical procedure of harvesting organs.

Mr. Hilyard replied this legislation would expedite the process.

Ms. Hall-Meade affirmed.

Senator Bunde offered a motion to report this bill from Committee with individual recommendations and accompanying fiscal notes.

Without objection CS HB 337 (FIN) MOVED from Committee with zero fiscal note #1 from the Department of Health and Social Services and fiscal note #2 for \$7,000 from the Department of Administration.

AT EASE 10:32 AM / 3:09 PM

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ADJOURNMENT

Co-Chair Gary Wilken adjourned the meeting at 03:09 PM