

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

February 27, 2003

1:35 p.m.

**TAPE(S) 03-7**

**MEMBERS PRESENT**

Senator Con Bunde, Chair  
Senator Ralph Seekins, Vice Chair  
Senator Gary Stevens  
Senator Bettye Davis  
Senator Hollis French

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 73

"An Act relating to the authority of the Alaska Industrial Development and Export Authority to issue bonds; and providing for an effective date."

MOVED SB 73 OUT OF COMMITTEE

SENATE BILL NO. 43

"An Act extending the termination date of the State Medical Board."

MOVED SB 43 OUT OF COMMITTEE

SENATE BILL NO. 54

"An Act exempting flight crew members of certain air carriers from overtime pay requirements."

MOVED SB 54 OUT OF COMMITTEE

**PREVIOUS ACTION**

SB 73 - No previous action to consider.

SB 43 - No previous action to consider.

SB 54 - No previous action to consider.

**WITNESS REGISTER**

Mr. Ron Miller, Executive Director

Alaska Industrial Development and  
Export Authority and Alaska Energy  
Authority

813 W Northern Lights Blvd.  
Anchorage, AK 99503

**POSITION STATEMENT:** Commented on SB 73.

Ms. Sara Fisher-Good, Financial Analyst  
Alaska Industrial Development and  
Export Authority and Alaska Energy  
Authority

813 W Northern Lights Blvd.  
Anchorage, AK 99503

**POSITION STATEMENT:** Commented on SB 73.

Senator Donny Olson  
Alaska State Capitol  
Juneau, AK 99801-1182

**POSITION STATEMENT:** Sponsor of SB 43.

#### **ACTION NARRATIVE**

#### **TAPE 03-7, SIDE A**

**CHAIR CON BUNDE** called the Senate Labor and Commerce Standing Committee meeting to order at 1:35 p.m. Present at the call of the Chair were Senators Ralph Seekins, Gary Stevens, Bettye Davis, Hollis French and Chair Con Bunde.

#### **SB 73-AIDEA AUTHORITY TO ISSUE BONDS**

CHAIR CON BUNDE announced SB 73 to be up for consideration.

MR. RON MILLER, Executive Director, Alaska Industrial Export Development Authority (AIDEA), said SB 73 would extend AIDEA's general bonding authority until July 1, 2007. Without this extension, they would need legislative authorization to issue bonds for development projects under \$10 million and would be restricted from issuing any bonds to finance the purchase of loan participations without legislative authorization. Examples of bond issues that would require legislative authorization after July 1, 2003 are in the handout he provided. He noted:

The first was a series 1995 A revolving fund bond for just over \$8 million that provided tax exempt funds for loan participation for Kodiak Fish Meal Company

for a fish by-product processing plant. The other is a series 1991 A revolving fund bond for \$7 million that provided tax exempt bonds for expansion improvement of the Unalaska Marine Center. That project also had legislative authorization.

The following requirements are not affected by SB 73 - all development projects over \$10 million for which bonds are to be issued do now require and still require legislative authorization prior to issuing the bonds. Prior to issuing bonds over \$6 million, AIDEA is required to receive approval from the local government in which the project is to be located. All development projects for which bonds are to be issued require AIDEA to make findings that the project is economically and financially feasible. This legislation affects none of those requirements.

Recently, we've only issued refunded and conduit revenue bonds, which are not affected by SB 73. If this bill doesn't pass, we'll continue to have the ability to issue refunding bonds and conduit revenue bonds. However, the sunset extension provides AIDEA the flexibility to assist in financing of key development projects. If the sunset is allowed to go forward, and depending on the timing of any potential project, AIDEA would have to wait for legislative authorization to issue bonds. Allowing this bond authority to sunset would eliminate a tool for AIDEA to use in economic development projects.

SENATOR SEEKINS questioned whether the due diligence requirement of economic and financial feasibility would be affected.

MR. MILLER replied that SB 73 wouldn't affect that.

SENATOR SEEKINS asked if the benefit is that AIDEA could offer it on a tax-exempt basis and thereby make a project even more economically feasible by potentially reducing the interest rate.

MR. MILLER replied that AIDEA has that authority now. He explained that SB 73 would allow AIDEA to go forward with a project that it would otherwise have to hold in abeyance until the Legislature convenes.

SENATOR HOLLIS FRENCH asked how many bonding projects AIDEA would take up in the next 12 months that are under \$10-million.

MS. SARAH FISHER-GOOD, financial analyst for AIDEA and AEA, explained that currently nothing is on AIDEA's docket that would require issuing bonds for under \$10-million.

SENATOR FRENCH asked the status of the two examples - the \$8 million and \$7 million bonding projects.

MR. MILLER replied that, in the past, those projects were funded using this authorization.

SENATOR FRENCH asked how much bonding AIDEA does each year.

MS. FISHER-GOOD replied that the only bond AIDEA has issued recently was a Federal Express refunding bond. The other issues that are done are conduit revenue bonds.

CHAIR BUNDE closed the committee discussion on SB 73.

SENATOR RALPH SEEKINS moved to pass SB 73 from committee with individual recommendations. There were no objections and the roll was called. Senators Davis, French, Gary Stevens, Seekins and Bunde voted in favor and SB 73 moved from committee.

#### **SB 43-EXTEND STATE MEDICAL BOARD**

CHAIR CON BUNDE announced SB 43 to be up for consideration.

SENATOR DONNY OLSON, sponsor of SB 43, read his sponsor statement as follows:

This is the year for the legislative sunset review of the Alaska State Medical Board's operations and activities. I introduced SB 43 to extend the life and function of the board based on a satisfactory performance audit and my own experience, having served on the medical board from 1994-2000.

The Legislative Budget and Audit Report (08-20017-02) concludes that the board 'has carried out its responsibilities in a manner consistent with statutes, good administrative practice and the public interest.' The report further recommends that the board's termination date be extended for another eight years.

In my own view, I expect there will be a greater necessity for the board's licensing function in the

near future to serve both the medical community's expansion needs and the substantial replacement anticipated from the retirement of many senior professionals. Indeed, last year the Legislature modified the state's locum tenens law specifically to better recruit and retain medical personnel essential for the future health care of the Alaskan population.

I respectfully urge your favorable consideration of SB 43.

CHAIR BUNDE asked if the questions about the verification of paramedics, particularly from other jurisdictions, had been addressed.

SENATOR OLSON replied that the State Medical Board doesn't license just medical doctors; it also licenses physician assistants, paramedics and those people who have medical training who haven't gone to medical school. He wasn't sure that there was a conclusive resolution as yet, but he thought there would be one before the bill passes out of the Senate.

CHAIR BUNDE asked if Senator Olson had any concerns about the length of the extension.

SENATOR OLSON said there was a concern about it, but eight years is the length of time appointees have served because they are appointed by governors and typically serve for their term.

CHAIR BUNDE said some medical doctors have expressed concern about the effectiveness of the board in carrying out its mission.

SENATOR OLSON responded saying he has heard both good and critical comments about the medical board, which is to be expected of any such entity. Medicine and licensing are becoming more and more complicated with telemedicine and high tech health care delivery system advances.

CHAIR BUNDE said there have been some high profile cases and the Anchorage Daily News has suggested that a strong board is necessary.

SENATOR OLSON responded that there has to be balance so that many physicians aren't practicing in a defensive mode.

SENATOR SEEKINS moved to pass SB 43 from committee with individual recommendations and its fiscal note that is user fee supported. There were no objections and the roll was taken. Senators Davis, French, Stevens, Seekins and Bunde voted in favor and SB 43 passed from committee.

**SB 54-OVERTIME PAY FOR AIRLINE EMPLOYEES**

CHAIR BUNDE announced SB 54 to be up for consideration and told members that he is a cosponsor of the legislation.

SENATOR OLSON, sponsor, stated:

I introduced SB 54 to bring certainty to the interpretation of existing federal-state wage and hour statutes as they pertain to the payment of overtime in the aviation industry. Because of the uniqueness of their working conditions, flight crews have been considered professionals, but are exempt from a standard eight-hour workday, forty-hour week and associated overtime requirements as prescribed under the Alaska statutes. In conjunction with the maximum flight hour requirements set forth by the Federal Aviation Administration, these exemptions at both the state and federal level have allowed the industry to structure wage and hour schedules best suited for the work requirements of the flight crew personnel.

Several Alaska court decisions have raised a question about the correct interpretation of state wage and hour laws and the applications of overtime exemptions for flight crews. Indeed, the confusion has stimulated other court challenges.

SB 54 explicitly adds flight crews to the list of occupations and employment situations that are exempt from Alaska's overtime wage and hour requirements. The bill cites the provisions of the Federal Railway Labor Act that governs air carriers in order to provide consistency between state and federal applications of this exemption.

With that I ask your support for the passage of SB 54.

CHAIR BUNDE said the safety regulations governing flight time for pilots are very strict so that pilots aren't working incredible amounts of overtime.

SENATOR OLSON informed members that a pilot is able to accumulate no more than eight hours. There are severe consequences if that is breached - such as suspension of the pilot's license.

SENATOR FRENCH asked if anything about this law would prevent an employer and employee from contracting around it, if they decided they wanted to operate on an hourly schedule and pay pilots overtime for more than eight-hour days.

SENATOR OLSON replied that unions typically address those concerns. The problem is that the misinterpretation concerns have not been with the 121 carriers, they have been with the smaller 135 operators.

SENATOR SEEKINS asked if he thought the federal regulations provide a high degree of safety for people who are traveling in aircraft in Alaska.

SENATOR OLSON replied that safety is a major issue in his business and some people think the regulations are overly protective.

SENATOR SEEKINS moved to pass SB 54 from committee with individual recommendations and its zero fiscal note. A roll call was taken and Senators Davis, French, Gary Stevens, Seekins and Bunde voted in favor and SB 54 moved from committee.

CHAIR BUNDE adjourned the meeting at 2:00 p.m.