

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

April 1, 2003

1:35 p.m.

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

CS FOR HOUSE BILL NO. 146(HES)

"An Act repealing the termination date of certain provisions that require the reporting of social security numbers and automated data matching with financial institutions for child support enforcement purposes; relating to social security numbers on applications for commercial fishing licenses; and providing for an effective date."

MOVED CSHB 146(HES) OUT OF COMMITTEE

SENATE BILL NO. 120

"An Act relating to the state's sovereign immunity for certain actions regarding injury, illness, or death of state-employed seamen and to workers' compensation coverage for those seamen; and providing for an effective date."

MOVED SB 120 OUT OF COMMITTEE

SENATE BILL NO. 151

"An Act relating to the regulation of natural gas pipelines under the Pipeline Act."

MOVED CSSB 151(L&C) OUT OF COMMITTEE

SENATE BILL NO. 93

"An Act relating to limitations on actions to quiet title to, eject a person from, or recover real property or the possession of it; and providing for an effective date."

MOVED CSSB 93(L&C) OUT OF COMMITTEE

SENATE BILL NO. 113

"An Act relating to the frequency of examinations of certain persons licensed to engage in the business of making loans of money, credit, goods, or things in action; repealing the requirement for a state examination and evaluation of the Alaska Commercial Fishing and Agriculture Bank; and providing for an effective date."

MOVED SB 113 OUT OF COMMITTEE

PREVIOUS ACTION

HB 146 - See Labor and Commerce minutes dated 3/27/03.

SB 120 - See Labor and Commerce minutes dated 3/25/03.

SB 151 - See Labor and Commerce minutes dated 3/27/03.

SB 93 - See Labor and Commerce minutes dated 3/11/03.

SB 113 - See Labor and Commerce minutes dated 3/25/03.

WITNESS REGISTER

Mr. Keith Hilyard
Staff to Representative Lesil McGuire
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Commented on HB 146.

Ms. Susan Cox, Assistant Attorney General
Department of Law
PO Box 110300
Juneau, AK 99811-0300

POSITION STATEMENT: Commented on SB 120.

Mr. Paul Grossi, Director
Division of Workers' Compensation
Department of Health &
Social Services

PO Box 110601
Juneau, AK 99801-0601

POSITION STATEMENT: Commented on SB 120.

Mr. Brad Thompson, Director
Division of Risk Management
Department of Administration
PO Box 110200
Juneau, AK 99811-0200
POSITION STATEMENT: Commented on SB 120.

Ms. Amy Seitz
Staff to Senator Wagoner
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Commented on SB 93.

MR. John McKinnon, Deputy Commissioner
Department of Transportation &
Public Facilities
3132 Channel Dr.
Juneau, AK 99801-7898
POSITION STATEMENT: Commented on SB 93.

Mr. Jon Tillinghast
Sealaska Corporation
One Sealaska Plaza
Juneau AK 99801
POSITION STATEMENT: Commented on SB 93.

Mr. Mark Davis, Director
Division of Banking, Securities and Corporations
Department of Community & Economic Development
PO Box 110800
Juneau, AK 99811-0800
POSITION STATEMENT: Commented on SB 113.

ACTION NARRATIVE

TAPE 03-17, SIDE A

CSHB 146(HES)-CHILD SUPPORT/SOCIAL SECURITY NUMBERS

CHAIR CON BUNDE called the Senate Labor and Commerce Standing Committee meeting to order at 1:35 p.m. All members were present. He announced CSHB 146(HES) to be up for consideration.

MR. KEITH HILYARD, Staff to Representative Lesil McGuire, sponsor of HB 146, said he would answer any questions members have.

SENATOR SEEKINS moved to pass CSHB 146(HES) and its accompanying fiscal note from committee with individual recommendations.

A roll call vote was taken. SENATORS STEVENS, FRENCH SEEKINS, DAVIS AND BUNDE voted yea, and the bill moved from committee.

SB 120-CLAIMS BY STATE-EMPLOYED SEAMEN

CHAIR BUNDE announced SB 120 to be up for consideration.

MS. SUSAN COX, Assistant Attorney General, summarized that at the last hearing she was requested to draft a response to some legal questions raised in a letter from a constituent, Lanning Trueb of Beard Stacey Trueb & Jacobsen. She laid out the background for the legal approach taken in the bill and why the Department of Law believes that approach is not only acceptable, but is expressly authorized by language in a decision of the Alaska Supreme Court. She also commented on why SB 120 would not violate the Alaska Constitution's equal protection provision, federal maritime law supremacy issues, and the argument for some need for uniformity of maritime law that would supercede state sovereign immunity. In addition, sovereign immunity is not an issue the legislature can deal with in statute.

MR. PAUL GROSSI, Director, Division of Workers' Compensation, said, regarding the \$71,000 fiscal note, that the division is hoping this universe of employees is not going to be too different than other employee groups and that amount would be enough to cover them. He noted it could be a little bit more.

CHAIR BUNDE asked what the compensation was under the old system.

MR. GROSSI replied that the division doesn't really have good records prior to the use of computers.

CHAIR BUNDE asked if losses would have been higher than \$71,000.

MR. GROSSI replied that the fiscal note only covers the adjudication and administration of the claims. The losses would be covered through risk management but would be paid by the individual departments where those losses occurred.

SENATOR SEEKINS noted that according to the data, there are more cases under the Jones Act and the awards are higher. He asked why it would cost more.

MR. GROSSI explained the fiscal note reflects the cost of administrating and litigating any claims under Workers' Compensation. He didn't have a guesstimate of what the claims would be under Workers' Compensation next year.

SENATOR SEEKINS asked if the division made any effort to compare the cost of litigation to what the state is now experiencing.

MR. GROSSI replied this proposal uses a different system so it would be hard to say exactly what the amount would be.

SENATOR SEEKINS said the committee needs more than the fiscal note to determine what the impact would be on the treasury of the State of Alaska.

CHAIR BUNDE thought the committee needed a negative fiscal note from the Department of Law.

MR. BRAD THOMPSON, Director, Division of Risk Management, indicated the reason the fiscal note is not negative is because of the method of funding the claims under the state's self insurance program. He explained:

There is expected savings of very significant numbers. If you recall my testimony last committee meeting, comparing on a 100 full-time equivalent basis the rate of claim and the severity where the dollars paid per 100 - if you take those comparisons between the Jones Act and Workers' [Compensation] on an average of a five-year history that I presented, it should show us if it pencils out the same average - about \$850,000 in the future savings. The reason I don't show a negative for that amount is again because of the method. Risk Management is appropriated the dollars that we collect from the state agencies that fiscal year for the claims to be paid that fiscal year. So, this will save the state dollars, but it's just the method that we at Risk Management are funded.

CHAIR BUNDE said it should save about \$800,000.

MR. THOMPSON agreed.

SENATOR SEEKINS asked if the division is subject to Rule 82 if there is litigation.

MR. THOMPSON replied that his numbers reflect the total cost, including defense expenses.

SENATOR SEEKINS moved to pass SB 120 and its fiscal note from committee with individual recommendations.

The roll was called. SENATORS DAVIS, STEVENS, FRENCH, SEEKINS and BUNDE voted yea and SB 120 moved from committee.

SB 151-REGULATION OF NATURAL GAS PIPELINES

CHAIR BUNDE announced SB 151 to be up for consideration.

MS. MARY JACKSON, staff to Senator Wagoner, sponsor, said at last week's hearing, two issues were outstanding: the sponsor asked the committee to insert an immediate effective date, which the committee substitute (CS) does; and the second issue was the fiscal note from the Department of Natural Resources (DNR). She handed members a revised fiscal note from DNR and a fiscal note from the Department of Community and Economic Development (DCED) that reflects the impact on the Regulatory Commission of Alaska (RCA). She pointed out that the change in the fiscal note is on the very last line on the second page and reads:

"...for the Kenai Kachemak Pipeline. However these dynamics are unlikely as only 63% of the line's total capacity has been contracted for."

SENATOR SEEKINS moved to adopt the CS to SB 151, Version D. There were no objections and it was so ordered.

SENATOR FRENCH asked if the CS contains any other differences than the two the Ms. Jackson mentioned.

MS. JACKSON said there were none.

SENATOR SEEKINS asked if all this bill does is to allow other natural gas pipeline carriers to piggyback onto current statutes.

MS. JACKSON replied that is correct. The bill removes "North Slope" so that the Act can apply statewide.

SENATOR SEEKINS moved to pass CSSB 151 (L&C) from committee with individual recommendations.

The roll was called. SENATORS SEEKINS, DAVIS, STEVENS, FRENCH and BUNDE voted yea, and CSSB 151(L&C) moved out of committee.

SB 93-ADVERSE POSSESSION

CHAIR BUNDE announced SB 93 to be up for consideration.

MS. AMY SEITZ, staff to Senator Wagoner, sponsor of SB 93, said the Department of Transportation and Public Facilities (DOTPF) had concerns with road construction and rights-of-way. Those concerns have been worked in the new committee substitute (CS).

SENATOR SEEKINS moved to adopt the CS to SB 93, Version Q. There were no objections and it was so ordered.

MS. SEITZ reviewed the changes for the committee.

SENATOR FRENCH recalled this bill would not interrupt anyone's pending claim of adverse possession.

MS. SEITZ verified that is correct.

SENATOR FRENCH asked if anyone who still thinks they have a claim to land under adverse possession would be able to pursue that claim.

MS. SEITZ replied they must have already filed.

MR. JOHN MACKINNON, Deputy Commissioner, Department of Transportation and Public Facilities, said Senator Wagoner was very helpful in helping DOTPF address its concerns and that this particular language probably takes care of 80-85% of them. He noted they are still working on the other issues.

SENATOR FRENCH asked what the remaining differences are.

MR. MACKINNON replied that the differences have to do with things that may not occur exactly on the right-of-way, for instance, on a wayside where part of the slope extends out of the right-of-way or where drainage improvements on the highways could cause problems down slope. DOTPF does not want those issues to come back at it in the future.

MR. JON TILLINGHAST, counsel for Sealaska Corporation, corrected a previous answer to Senator French's question about existing adverse possession claims by saying they would be protected under this bill if the person has possessed the property for the

requisite period of years under existing law. However, claimants need not have filed by the effective date of this act.

SENATOR FRENCH asked if some big dispute out there that Sealaska is trying to extinguish is going to get settled by this legislation.

MR. TILLINGHAST replied that Sealaska is not involved in a current dispute or litigation with a squatter that this legislation would settle, but Sealaska has had difficulties in the past with squatters. He expects future problems if a bill like this is not enacted.

SENATOR SEEKINS moved to pass CSSB 93(L&C) from committee with individual recommendations.

The roll was called. SENATORS FRENCH, STEVENS, DAVIS, SEEKINS and BUNDE voted yea, therefore CSSB 93(L&C) moved from committee.

SB 113-FINANCIAL INSTITUTION EXAMINATIONS/CFAB

CHAIR BUNDE announced SB 113 to be up for consideration.

MR. MARK DAVIS, Director, Division of Banking, Securities and Corporations, reported information about audited statements, but the recording was indiscernible.

CHAIR BUNDE thanked him and asked if it is still accurate to say that extending the audit schedule from one year to 18-months will reduce the cost by about \$126,000.

MR. DAVIS replied yes.

SENATOR SEEKINS moved to pass SB 113 with its fiscal note from committee with individual recommendations.

The roll was called. SENATORS SEEKINS, FRENCH, STEVENS, DAVIS and BUNDE vote yea, therefore SB 113 moved from committee.

CHAIR BUNDE adjourned the meeting at 2:10 p.m.