

HOUSE FINANCE COMMITTEE
February 14, 2005
1:40 p.m.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [1:40:39 PM](#).

MEMBERS PRESENT

Representative Mike Chenault, Co-Chair
Representative Kevin Meyer, Co-Chair
Representative Bill Stoltze, Vice-Chair
Representative Eric Croft
Representative Richard Foster
Representative Mike Hawker
Representative Jim Holm
Representative Reggie Joule
Representative Mike Kelly
Representative Bruce Weyhrauch

MEMBERS ABSENT

Representative Carl Moses

ALSO PRESENT

Jim Van Horn, Staff, Representative Jim Elkins; Josh Applebee, Staff, Representative Tom Anderson; Mark Pfeffer, Co-Owner, Venture Development Group, Anchorage; Ben Mulligan, Staff, Representative Bill Stoltze; Rick Urion, Director Occupational Licensing, Department of Community and Economic Development

PRESENT VIA TELECONFERENCE

Bill Williams, Former State Legislator, Saxman; Joe Williams, Ketchikan; Yebe Hicks, Saxman City Council, Saxman; Frank Seludo, Vice Mayor, Saxman; Jim Jordan, Executive Director, Alaska State Medical Association, Anchorage; Dr. George Stewart, Physician, Anchorage

SUMMARY

HB 42 An Act naming the Joe Williams, Sr., Coastal Trail.

HB 42 was reported out of Committee with a "do pass" recommendation and with zero note #2 by the

House Transportation Committee for the Department of Transportation & Public Facilities.

HB 102 An Act relating to the licensure of foreign medical graduates; and providing for an effective date.

HB 102 was reported out of Committee with a "do pass" recommendation and with zero note #1 by the Department of Community & Economic Development.

HB 115 An Act relating to charges paid or collected by users or occupants of an airport facility owned or controlled by the state.

CS HB 115 (TRS) was reported out of Committee with a "do pass" recommendation and with a zero note #1 by the Department of Transportation & Public Facilities.

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#HB42

HOUSE BILL NO. 42

An Act naming the Joe Williams, Sr., Coastal Trail.

JIM VAN HORN, STAFF, REPRESENTATIVE JIM ELKINS, testified in support of HB 42. He noted that HB 42 names three miles of trail alongside the South Tongass Highway between Ketchikan and Saxman, the Joe Williams Sr. Coastal Trail.

Mr. Van Horn indicated that Mr. Williams advocated for the construction of a trail because residents from those communities, for many years, lived without means of transportation and commonly walked the three miles between the towns. Mr. Van Horn added that when the trail was completed, it quickly became a favorite walking and bicycling path used by visitors and locals alike.

Mr. Van Horn summarized that passage of the legislation would honor the memory of a highly respected member of the Native Community in Southeast Alaska. He pointed out the letters of support in member's packets and the zero fiscal note.

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BILL WILLIAMS, (TESTIFIED VIA TELECONFERENCE), FORMER STATE REPRESENTATIVE, SAXMAN, commented on the great effort that his father put into matters of the land for Native Alaskans. He stated that Joe Williams was a great man that worked hard for thirty-eight years on matters related to Ketchikan. He urged that the Committee pass HB 42.

Representative Weyhrauch asked if the proposal was for a trail or bike path. Mr. Williams said it would be a bike path that would follow the South Tongass Highway.

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JOE WILLIAMS JR., (TESTIFIED VIA TELECONFERENCE), KETCHIKAN, discussed that it would be a "great honor" for the Village of Saxman and the Native community of Ketchikan to have a trail named after their father. He voiced his support for the legislation.

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YEBE HICKS, (TESTIFIED VIA TELECONFERENCE), SAXMAN CITY COUNCIL, SAXMAN, testified in support of the legislation. He stated that he works with children in Saxman and thought that naming the path after Joe Williams would be a "source of pride" for Native youth. Elders used to walk that path a long time ago. He testified in support of the legislation, reiterating that it would be an honor for the entire community.

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FRANK SELUDO, (TESTIFIED VIA TELECONFERENCE), VICE MAYOR, SAXMAN, voiced his support for HB 42. He acknowledged that Joe Williams did great work for the community of Ketchikan and urged passage of the bill.

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Representative Foster MOVED to report HB 42 out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 42 was reported out of Committee with a "do pass" recommendation and with zero note #2 by the House Transportation Committee for Department of Transportation & Public Facilities.

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#HB102

HOUSE BILL NO. 102

An Act relating to the licensure of foreign medical graduates; and providing for an effective date.

BEN MULLIGAN, STAFF, REPRESENTATIVE BILL STOLTZE, explained the legislation, noting that the purpose was to help alleviate the shortage of physicians in Alaska, which are more noticeable in the specialty fields.

The legislation will allow, at the discretion of the Alaska State Medical Board, individuals graduating from foreign medical schools, the ability to practice medicine in Alaska. Currently, there is a 2-year United States graduate medical education residency program requirement. The proposed legislation would make it easier to practice medicine in Alaska. The requirements will remain as stringent as they currently are for persons graduating from medical school in the United States.

Mr. Mulligan pointed out that the last section offers recommendations for the board; they may choose not to adopt those stipulations.

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Representative Hawker questioned if this idea had been run by either Providence or Regional Hospital.

Vice-Chair Stoltze advised that he had not "run it by" the actual hospitals, however, it has been looked at by the hospital representatives he met in the Capitol hall's and they offered "a thumbs up".

Representative Weyhrauch asked the definition of an "active medical practice" as outlined in Section 3. Mr. Mulligan offered to check that out. He pointed out that Jim Jordan, the Executive Director of the Alaska State Medical Association was on line.

Representative Weyhrauch referenced Section 3 and asked if the doctor was a general practitioner, would they be carrying a board certified "specialty" license. Mr. Mulligan advised that would not fall under the American Board of Medical Specialties but thought that it would fall under the American Medical Board. He offered to provide further information on that concern.

Representative Weyhrauch asked if the physician did not have a current board specialty but did have a long practice of general medicine, would they be excluded from being able to practice under the proposed bill. Mr. Mulligan advised that the stipulations are only guidelines and may or may not be decided to be worthy requirements.

Representative Weyhrauch questioned why those two requirements had been set apart from all the other possible requirements. Mr. Mulligan explained that one of the specifics was the medical specialty and that the legislation attempts to fill vacancies for specific medical practices.

Representative Weyhrauch asked why the listed two hospitals had been the only included. Mr. Mulligan offered to provide that information.

Co-Chair Meyer noted that there are testifiers on-line that could address these concerns.

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RICK URION, DIRECTOR, OCCUPATIONAL LICENSING, DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, testified enthusiastically in support for the legislation. He claimed that licensing laws are written in such a way that they leave no discretion. HB 102 would solve some problems and would provide the Board with opportunities to make choices while protecting the public. He emphasized that it is important to pass the legislation.

Representative Kelly questioned if background checks would be made on these applicants. Mr. Urion advised that most of these people are living in the United States and have been for many years. He did not foresee any problems.

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JIM JORDAN, (TESTIFIED VIA TELECONFERENCE), EXECUTIVE DIRECTOR, ALASKA STATE MEDICAL ASSOCIATION, ANCHORAGE, noted he had submitted written testimony included in member's packets. (Copy on File). Mr. Jordan stated that the Alaska State Medical Association strongly supports HB 102.

Mr. Jordan reiterated physician shortages that exist in the Anchorage hospitals. Providence Medical system did a study in 2002, which indicated at that time, they were short 200 physicians. He stressed the fact that there is a shortage and as the State moves forward toward 2009, the shortage will become bigger. The numbers will only grow without passage of the bill. He thought that HB 102 could help to address these alarming concerns.

Mr. Jordan mentioned physicians currently in active practice. He acknowledged that it is important to guarantee that physicians have guidelines for applying for certain positions; they must be practicing and actively seeing patients. Mr. Jordan advised that general practice usually has a specialty area. For board certification, it is recognized that to qualify for core competency, there would be extensive peer review.

Mr. Jordan addressed "accreditation counsel" for graduate medical education from the Royal College of Physicians in Canada. He commented that is the entity, which credits medical education programs in the United States and Canada. That college goes through extensive accreditation procedures

for graduate medical education, primarily provided through hospitals.

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Representative Croft asked the justification for the broad amount of discretion that the legislation would provide to the Board. Mr. Jordan stressed that it is a "very professional" State Medical Board, who would not want to "water" down any credentials. They would be determining other alternative measures of competency.

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DR. GEORGE STEWART, (TESTIFIED VIA TELECONFERENCE), PHYSICIAN, ANCHORAGE, voiced his support for the proposed legislation. He noted that he has been practicing in Anchorage for over 30-years and is a specialist in the area of lung disease. At present time, there should be 10 physicians in that area of critical care medicine; however, there are only 8. He pointed out that he is now 68 years old and should have retired years ago but because of the shortage, he professionally has not been able to do so. Some of the other physicians with those specialties are also in their 60's.

The purpose of the proposed legislation is not to lower the standard but rather provide the Board with the discretion to license physicians that are qualified, but do not meet the exact letter of three years of practice in the United States. He emphasized that there is consequently, a serious shortfall of physicians statewide, which will only become worse without passage of the legislation.

Dr. Stewart voiced strong support for the proposed legislation.

Vice-Chair Stoltze noted that his specialist had a 3 to 4 month waiting period and asked Dr. Stewart if that was typical. Dr. Stewart replied that is common and for some new patients, the wait time can be as long as 6 months.

Representative Weyhrauch referenced Section 3, recommending a conceptual amendment be added that the practitioner is able to read and write English. Mr. Jordan explained that there are protections in place as the medical boards tests require fluency in English.

Representative Weyhrauch addressed Section 3, Section C, suggesting to delete "means" and insert "includes". He thought that "means" would limit the two entities. Mr. Jordan advised that the correct word is "means", as the reference in that section goes back to the original body of the licensing law, which recognizes graduate medical

programs in the United States. The only bodies recognized are the two listed.

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Representative Croft asked why there was a limit to only those two in a bill promoting flexibility. He thought that the discretion in Section B was removed by the North American definition of "hospital".

Mr. Jordan responded that the recognized hospital language relates to foreign medical graduates that have satisfied the 3-year medical graduation requirement in the United States. Latitude is still given, through the regulatory process, for an equivalency. However the State Medical Board would have the authority to bend regulations for that specific program.

Representative Croft pointed out that Sections A & B could be either/or and were narrowly defining the type of hospital, which the person must have their 2-year additional postgraduate training at. He said that was odd; he suggested a regulation placed under "B" to address that.

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Co-Chair Meyer agreed with the sponsor and Mr. Jordan.

Representative Foster MOVED to report HB 102 out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 102 was reported out of Committee with a "do pass" recommendation and with a zero note #1 by the Department of Community & Economic Development.

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CONVENE: [2:24:00 PM](#)

#HB115

HOUSE BILL NO. 115

An Act relating to charges paid or collected by users or occupants of an airport facility owned or controlled by the state.

JOSH APPLEBEE, STAFF, REPRESENTATIVE TOM ANDERSON, noted that HB 115 would provide a mechanism for customer facility charges or Consumer Finance Charges (CFC) to improve airport facilities without the expenditures of State funds. The most common projects that CFC's are used to fund are car

rental facilities. The bill provides a revenue stream to maintain and operate the facilities, without requiring an increase in the airport-operating budget, as the cost of maintenance would be paid for by the related customer facility maintenance charges.

He reiterated that HB 115 would implement a valuable private market tool to construct improvements to Alaska airports, without the expenditure of public funds. It would help to improve amenities provided to the traveling public, both Alaskan and non-Alaskan.

Mr. Applebee advised that this would be a private industry initiated project, sponsored by local airport car rental companies. He stated that they are in the process of undertaking a similar project at Ted Stevens International Airport in Anchorage. The project was delayed by 9-11 events and is now moving ahead. During negotiations with the State over the implementation of the project, bond counsel identified certain issues with language set forth in Ch. 99, SLA 2001. That language needs to be clarified to ensure that the bonds are marketable.

Mr. Applebee continued, issues revolve around clarifying a new revenue stream generated by the CFC, which would not be considered revenue for the State. The bond is a private initiative and ensures that the bond trustee, not the State, take custody for those funds. Without that clarification, the 2001 language does not adequately clarify that the CFC's are not revenues for the State to use for making the determination of whether they would be subject to pre-existing airport bonds. The definition of what bond related purposes that the CFCs can be applied to, would also clarify inclusion of debt reserve funds and other bond underwriter requirements.

Mr. Applebee pointed out that HB 115 offers:

- New jobs,
- Efficiency and innovation in the car rental market,
- Partnership with private enterprise,
- Modernization to compete with airports nationally, and
- Enhanced convenience.

Vice-Chair Stoltze pointed out that the Attorney General alluded to technical changes. Mr. Applebee advised that they were working with that office; those changes are not substantive enough to hold the bill up.

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Vice-Chair Stoltze asked where in the legislative process would those considerations be addressed. Mr. Applebee stated that until the changes are "flushed out" under the current title, they will be addressed by the time the bill passes out of the House to the Senate.

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Representative Weyhrauch questioned the statement regarding "without public funds". Mr. Applebee stated that the mechanism described in statute, the customer facility charges, passed on to the consumer in addition to the public maintenance charges, are the funds that would be used to construct and maintain that facility without public funds.

Representative Weyhrauch asked where in the bill was that language located. Mr. Applebee explained that the language refers to the customer facility charges and that there are not public funds.

Representative Weyhrauch asked if the sponsor would object to including that language. Mr. Applebee did not think it would be appropriate within the drafting language. He thought that the sponsor would know. Representative Weyhrauch requested to incorporate that intent into the bill.

Co-Chair Meyer requested that language be held until full testimony had been taken.

Representative Hawker pointed out that the answer to that concern was included on Page 3, Line 6, "if the State on behalf of the department did not incur the indebtedness".

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Vice-Chair Stoltze asked if it was intended that the legislation only apply to international airports. Mr. Applebee responded that the intent was to provide it to any area that has a market that could be sustained through their customer activity, to build and maintain a facility.

Vice-Chair Stoltze inquired if it would be problematic to limit it to that and not including rural airports. Mr. Applebee replied that the sponsor would not object to that, however it would limit them in any future circumstance and the possibility of that area developing a market that could sustain it.

Vice-Chair Stoltze pointed out that the airport in his district, is the only rural airport that makes money in the State. He acknowledged that he wanted to protect the small business owners.

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Representative Weyhrauch understood that only the Anchorage airport would be affected. Mr. Applebee replied that currently, the only market studies and planned projects are in Anchorage.

Representative Weyhrauch asked how many airport facilities in Alaska are owned and controlled by the State of Alaska. Mr. Applebee did not know and offered to provide that information to Committee members.

Representative Weyhrauch asked why the legislation would exempt the entire process of the Administrative Procedures Act in terms of notice and the opportunity to comment. He pointed out that the public will be paying these fees and the increases associated with them.

Representative Weyhrauch asked why the 501-C-3's would be exempt from paying rent and would the public be deprived of equal use of the airport. He emphasized that one entity would be paying and another would not and how could that be equal. Mr. Applebee did not know.

Representative Weyhrauch pointed out that the Department's Commissioner periodically adjusts the fees to pay the debt. He asked what "periodically" means. Mr. Applebee responded that would depend on the Commissioner; the bill provides some latitude.

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MARK PFEFFER, CO-OWNER, VENTURE DEVELOPMENT GROUP, ANCHORAGE, noted that his company has contracted individually with the operations of 7 rental car companies that operate at the Anchorage International Airport. The project started in 2000 and was put on hold during the 9-11 events. He stated that the rental car companies have worked closely with the airport in Anchorage to come up with a solution to address the congestion and rental car problems at that location.

The project provides for a facility outside the Anchorage International Airport to be connected to a rail depot tunnel. It would allow for passengers to come through the tunnel and be out of the weather into a rental car lobby. He spoke to the intended process, which could eliminate traffic and trips to and from remote sites. The facility would be paid for by a customer facility charge and there would be no obligation on the part of the State. Funds would be generated by revenue bonds.

Mr. Pfeffer stated that the intent is to begin construction by this spring. Language needs to be clarified for the bond

issuance in April 2005, whereby allowing construction. He offered to answer questions of the Committee.

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Representative Weyhrauch asked if the proposal was for a garage for parked cars. Mr. Pfeffer replied that it was initially called a garage but now it is called a terminal and it would park 1,400 cars. Representative Weyhrauch clarified that it will be a rental car facility.

Representative Weyhrauch inquired if there would be a lounge. Mr. Pfeffer understood that the lounge would remain in the airport terminal. Representative Weyhrauch asked where that language was located in the bill. Mr. Pfeffer replied that was language in existing legislation and that certain sections would be amended addressing customer facility charges.

Representative Weyhrauch asked if the same language was in existing statute, which exempts the notice for the comment period for the public. Mr. Pfeffer did not know referencing Page 3, Lines 21-22, that the Department "shall provide a public notice". He stated that because of timing issues, that will not happen.

Representative Weyhrauch clarified that since it is going to be revenue bonds, essentially, the rental car companies will have a surcharge on the cars that they rent, a facility charge, and that the revenue for that would be used for the bonding purposes. Mr. Pfeffer responded that the car rental companies will collect a charge from the customer, which would be remitted to a third party trustee that would pay back the bondholders. That money will never become funds for the State. The anticipated cost of the project is \$42 million dollars and will be built all at one time, not in phases. In response to Representative Weyhrauch, Mr. Pfeffer explained that bonds sold would be in the amount of \$42 million dollars and that the facility would be earthquake proof and have a bomb blast test.

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Representative Hawker asked if the finance community drove the need for the legislative change. He believed that the change was needed so that a bond trustee could directly receive the funds. Mr. Pfeffer acknowledged that was correct and that the State could impose the charge. In this case, the industry said to the State that they did not like the State's plan and wanted to submit their own proposal.

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Representative Weyhrauch asked if the title would prohibit the Fairbanks and/or Juneau area.

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Representative Kelly asked where the clean up would be occurring. Mr. Pfeffer responded that the bond insurers and underwriters are working to clarify the language in order to get the best bond rates; that work is not quite complete. Language changes are run through the airport attorney, Mr. John Steiner who works with the Department of Law. He has provided some stylistic changes. Mr. Steiner offered to draft language for the Senate Transportation Committee. Those changes will be submitted at that time so that they can be dealt within a transportation committee.

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Vice-Chair Stoltze believed that there would be a through look into the legislation in the Senate.

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Representative Hawker MOVED to report CS HB 115 (TRS) out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CS HB 115 (TRS) was reported out of Committee with a "do pass" recommendation and with a zero note #1 by the Department of Transportation & Public Facilities.
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DISCUSSION REGARDING FUTURE LEGISLATION

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Co-Chair Meyer listed the bills scheduled for future meetings in the House Finance Committee.

In response to Representative Weyhrauch's concerns regarding costs associated with the sentencing bill, Co-Chair Meyer noted that the legislation would be moving to the House Judiciary Committee. Representative Weyhrauch noted that there would be costs associated with that bill and that they should be discussed in the full House Finance Committee.

Representative Hawker requested that some of the amendments be submitted soon as they are going to require substantial debate.

Representative Croft noted that he did not know if the Minority had amendments to the bill, as it is such a huge

concept and that it would be difficult to determine the full impact of the proposed changes.

ADJOURNMENT

The meeting was adjourned at 2:53 P.M.