

HOUSE FINANCE COMMITTEE  
April 21, 2005  
1:43 p.m.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [1:43:11 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 Carl Moses  
Representative Bruce Weyhrauch

MEMBERS ABSENT

None

ALSO PRESENT

Pete Ecklund, Staff, Co-Chair Meyer; Laura Achee, Alaska Permanent Fund Corporation; Devon Mitchell, Executive Director, Alaska Municipal Bond Bank Authority, Department of Revenue; Michael Barnhill, Assistant Attorney General, Department of Law; Cody Rice, Staff, Representative Carl Gatto; Carl Rose, Alaska Association of School Boards; Representative Mark Neuman; Eddy Jeans, Director, Education Support Services, Department of Education and Early Development; Representative Peggy Wilson; Janet Clarke, Assistant Commissioner, Division of Finance and Management Services, Department of Health and Social Services; Jon Bittner, Staff, Representative Tom Anderson; Dominic Lozano, Alaska Firefighters Association; Eric Tuott, Alaska Firefighters Association; Kevin Smith, Executive Director, Alaska Municipal League Joint Insurance Association

PRESENT VIA TELECONFERENCE

George Vakalis, Assistant Superintendent, Anchorage School District; Marleen Norton, Human Services, Municipality of Anchorage; Rob Allen, Southeast Conference, Sitka

SUMMARY

HB 187 "An Act establishing the Alaska capital income account within the Alaska permanent fund; relating to deposits into the account; relating to certain transfers regarding the Amerada Hess settlement to offset the effects of inflation on the Alaska permanent fund; and providing for an effective date."

HB 187 was heard and HELD in Committee for further consideration.

HB 13 "An Act relating to reimbursement of municipal bonds for school construction; and providing for an effective date."

HB 13 was heard and HELD in Committee for further consideration.

HB 231 "An Act relating to the definition of 'municipality' for purposes of human services community matching grants."

HB 231 was heard and HELD in Committee for further consideration.

HB 31 "An Act relating to the presumption of coverage for a workers' compensation claim for disability as a result of certain diseases for certain occupations."

CSSSHB 31 (FIN) was REPORTED out of Committee with a "no recommendation" recommendation and with three fiscal impact notes: zero note #1 CED, indeterminate note #2 ADM, and a new indeterminate note by LWF.

[1:44:45 PM](#)

HOUSE BILL NO. 187

"An Act establishing the Alaska capital income account within the Alaska permanent fund; relating to deposits into the account; relating to certain transfers regarding the Amerada Hess settlement to offset the effects of inflation on the Alaska permanent fund; and providing for an effective date."

Co-Chair Chenault MOVED to ADOPT the new CS for HB 187 labeled 24-GH1070\F, Cook, 4/12/05.

Representative Hawker OBJECTED.

PETE ECKLUND, STAFF, CO-CHAIR MEYER, explained that the new CS changes the bill by taking the Amerada Hess earnings and

creating a new fund in the general fund called the Alaska Capital Income Fund. The Amerada Hess bonding proposal is not moving forward; the intention of this bill is to transfer those funds to help with this year's capital budget. He referred to a retroactivity clause on page 2.

[1:49:23 PM](#)

Co-Chair Meyer asked for an explanation of the difference between this version and the original version of the bill. Mr. Ecklund replied that in the original bill, the account resided within the earnings reserve of the Permanent Fund. That fund was renamed and the money was moved to the general fund. A retroactivity clause was also added. Co-Chair Meyer inquired if the amount was \$60 million. Mr. Ecklund replied that it was.

[1:50:26 PM](#)

Representative Hawker addressed his objection. He opined that there is a critical deficiency in both bills, however the approach in the CS compounds the problem. Both bills would take 100 percent of the earnings every year, leaving nothing in the permanent fund to protect its value over time. There is a need to inflation proof it. The new CS takes the money and moves it into the general fund. He opined that the Governor's bill did a better job of allowing discretion by leaving it in the permanent fund. It is available for spending and the value is kept. The Governor's approach needs a statutory percent of market value (POMV) to guarantee the continue growth and availability at a future date. He argued for a POMV and taking up the Governor's bill with an amendment.

[1:54:54 PM](#)

Mr. Ecklund termed it a policy call and described the outcome for both methods.

Representative Hawker observed that the earnings this year of \$30 million, with a POMV, would equal \$21.9 million, an \$8 million difference, which is the inflation-proofing component.

Co-Chair Meyer noted there were concerns going that route. He did not disagree, but opined it would not hurt the value of the principal of the fund because it is a one-time use of the fund. He stated a preference to see Representative Hawker's idea in a separate bill. He pointed out that this money would be used for a one-time capital expenditure.

[1:57:53 PM](#)

Mr. Ecklund noted that with the proposed CS the legislature could appropriate money back into the fund.

[1:58:23 PM](#)

Representative Weyhrauch questioned Representative Hawker about his proposed conceptual amendment.

Representative Hawker said his amendment refers to the old bill, version A.

Co-Chair Meyer asked Representative Hawker if he would remove his objection. Representative Hawker replied that his amendment is too complex to address today.

Representative Hawker WITHDREW his OBJECTION to adopt the new CS. There being NO OBJECTION, it was so ordered.

[2:00:53 PM](#)

Representative Croft asked if the diversion of \$30 million is just for two years. Mr. Ecklund replied that there is no sunset date. Representative Croft asked about the interest rate. Mr. Ecklund thought it was a 7 percent return. Representative Croft agreed it was between 7 and 7.5 percent. He asked why the amount stays at \$30 million.

LAURA ACHEE, ALASKA PERMANENT FUND CORPORATION, explained the rates of return and the projected returns. The number remains the same because it is not inflation-proofed.

Mr. Ecklund clarified that the appropriation to the new fund does not happen automatically. It still takes an appropriation to take those earnings from Amerada Hess to the new Alaska Capital Income Fund. Representative Croft summarized that it sets up the mechanism, but does not prohibit nor guarantee future action.

[2:04:29 PM](#)

Representative Hawker related that the language of the bill states, "shall be deposited in the Alaska Capital Interest Fund." Co-Chair Meyer observed that it would not prohibit the legislature from adding a POMV concept.

Representative Croft referred to page 2, line 25, and asked if the deposit is diverted for all time. Mr. Ecklund responded that under current law that transfer does not happen without an appropriation. If the CS passes, to capture the FY 05 earnings, last year's operating budget would have to be amended. Representative Croft asked about inflation proofing in Section 2. Mr. Ecklund explained that the Amerada Hess "dead money fund" would not grow any

further. Representative Croft opined that inflation proofing is more important.

[2:08:21 PM](#)

Representative Joule asked for clarification about the Amerada Hess Settlement and HB 11, as it applies to interest earning. Mr. Ecklund replied that the Amerada Hess fund does not grow, other than the appropriation of the interest earned back into the fund. Co-Chair Meyer replied that HB 11 does not apply to the interest earned.

[2:10:55 PM](#)

Representative Hawker MOVED to ADOPT Conceptual Amendment 1, which was drafted to incorporate the A version of HB 187:

Page 1, line 1, following "establishing the"  
Delete "Alaska capital income"  
Insert "Amerada Hess earnings reserve"

Page 2, line 14, following "deposited into the"  
Delete "Alaska capital income"  
Insert "Amerada Hess earnings reserve"

Page 2, line 18, following "(e) The"  
Delete "Alaska capital income"  
Insert "Amerada Hess earnings reserve"

Page 2, line 19, following "Money in the"  
Delete "Alaska capital income"  
Insert "Amerada Hess earnings reserve"

Page 2, line following line 23  
Insert  
"(f) Appropriations from the Amerada Hess earnings reserve account for a fiscal year may not exceed:  
a. five percent of the average of the combined market value of the Amerada Hess earnings reserve account and the value of the principal of the fund attributed to the settlement of State v. Amerada Hess, et al., 1 JU-77-847 Civ. (Superior Court, First Judicial District) on June 30 for the first five of the six fiscal years immediately preceding that fiscal year.  
b. the balance in the Amerada Hess earnings reserve account."

Co-Chair Meyer OBJECTED for discussion purposes.

[2:12:31 PM](#)

Representative Hawker explained that the amendment calls the Alaska Capital Income Account "the Amerada Hess earnings reserve account", and any money in that account may be

appropriated for any valid public purpose, including covering annual debt service. He explained the methodology of the POMV language in the amendment. He spoke about the guidance of the trustees of the permanent fund. He noted that his amendment would reduce the amount available from \$30 to \$22 million. He emphasized the importance of protecting the value of the permanent fund. The amendment would create a sustainable fund at the cost of not funding all of the projects and would allow for not overspending the fund. He stated his willingness to fund fewer projects in order to maintain the integrity of the permanent fund.

[2:18:31 PM](#)

Co-Chair Meyer asked Representative Hawker if he agrees that a one-time draw would not affect the long-term viability of the fund. Representative Hawker replied that the fund would survive; however, the issue is that the legislature violates the public trust by attacking the fund.

Representative Kelly inquired if the POMV approach would permit the money in the future to be used as a payment stream for bonding. Representative Hawker replied that it would. It is an \$8 million-a-year cost.

[2:21:10 PM](#)

Representative Croft restated the effect of the amendment in bonding terms.

Representative Kelly agreed with the inflation proofing of any fund. He noted that the concept of preserving the corpus is attractive.

Representative Hawker suggested that this proposal might be enacted for a longer period of time. He pointed out the value of the fund in 20 years if it is not inflation proofed.

[2:23:26 PM](#)

Representative Meyer suggested a sunset date or a separate bill to set up a POMV system. He stated his intent to stick with the bill.

[2:24:19 PM](#)

At ease.

[2:34:22 PM](#)

Co-Chair Meyer noted that during the break, a conversation took place dealing with a possible compromise on the bill.

Representative Hawker WITHDREW Conceptual Amendment 1.

Mr. Ecklund referred to page 2 and discussed inflation proofing by removing subparagraph (3) of Section 2. Representative Croft agreed that by removing that section, Representative Hawker's idea that every year Amerada Hess could earn money and then 5 percent could be spent, is addressed. The net effect is that 3 percent is left in the reserve, which is inflation proofed. The question is where to inflation proof. He discussed the pros and cons of removing Section 2.

[2:39:15 PM](#)

Representative Hawker addressed Representative Croft's concern and said what is currently inflation proofed is the principal of the fund, not the whole value of the fund. He noted that is taken care of in Section 3, "income earned on the Amerada Hess settlement shall be treated in the same manner as other income." He suggested that removing lines 14-17 would solve the problem. Mr. Ecklund concurred that if lines 14-17 were removed, the whole principal of the fund would be inflation proofed.

Representative Hawker welcomed further expert testimony on the subject.

Representative Kelly suggested that legislative legal take a look at it.

[2:45:04 PM](#)

Ms. Achee restated Representative Hawker's question: if lines 14-17 on page 2 were removed, would the Amerada Hess principal again be inflation proofed as it currently is and would the \$30 million amount increase. Representative Hawker explained that the amount taken out for another purpose must go down. He suggested a review by legislative legal.

[2:46:42 PM](#)

DEVON MITCHELL, EXECUTIVE DIRECTOR, ALASKA MUNICIPAL BOND BANK AUTHORITY, DEPARTMENT OF REVENUE, spoke of modeling with inflation proofing. With a realized earnings rate assumption of 7.04 percent and an inflation rate of 2.6 percent, the inflation proofing for 2005-06 would be about \$11 million each year. He agreed that the largest benefit would be in the future.

Representative Hawker asked if \$22 million rather than \$16 million is the correct amount. Mr. Mitchell said yes. Representative Hawker argued that this is why the POMV

method makes sense. Mr. Mitchell responded that it would inflation proof the entire fund balance.

[2:49:20 PM](#)

MICHAEL BARNHILL, ASSISTANT ATTORNEY GENERAL, DEPARTMENT OF LAW, noted that all the options previously mentioned are legal.

HB 187 was HELD in Committee for further consideration.

[2:50:14 PM](#)

HOUSE BILL NO. 13

"An Act relating to reimbursement of municipal bonds for school construction; and providing for an effective date."

CODY RICE, STAFF, REPRESENTATIVE CARL GATTO, explained that the purpose of HB 13 is to reauthorize school bond debt reimbursement. In the Health and Social Services (HESS) Committee it was amended to be contingent upon a minimum of a \$100 million direct appropriation to qualifying areas primarily in rural Alaska. This program is an exact model of the previous program, with the exception of the direct appropriation. It allows for legislative authorization to reimburse local districts for up to 70 percent of construction costs for qualifying schools, and 60 percent for schools that don't meet the standards.

Representative Joule asked how long it would go and if there is a cap. Mr. Rice replied that there is no cap and it would be in effect until July 1, 2006. It is up to each locality to determine the amount of the bonding at the ballot.

Vice-Chair Stoltze speculated that if no local bonds were passed, a \$100 million direct grant would remain. Mr. Rice said that is correct, however, bond debt reimbursement is contingent upon legislative approval. Vice-Chair Stoltze asked about a HESS amendment regarding student population of 1,000. Mr. Rice said he does not know. He explained that the intent of that amendment was stated to replicate the conditions of the previous bond package. He pointed out that another difference in the HESS amendment is the length of the window.

[2:57:14 PM](#)

Mr. Rice noted that Representative Gatto did not support direct appropriations.

[2:58:12 PM](#)

CARL ROSE, ALASKA ASSOCIATION OF ALASKA SCHOOL BOARDS, stated support for the bill. He addressed a concern that the reimbursement program be extended. He referred to the needs of the Alaska School Board, which resulted in two resolutions, one to extend the bonded indebtedness program and the other to insure that the capital improvement priority list is followed. He opined that \$100 million is about \$42 million shy of the current major maintenance list. He related that there is no way of knowing about the amount of money that will be passed in local bonds. He termed it an equity question and said not all needs are going to be met.

[3:00:42 PM](#)

GEORGE VAKALIS, ASSISTANT SUPERINTENDENT, ANCHORAGE SCHOOL DISTRICT, (via teleconference) spoke of the many needs of Alaskan school districts. One of the biggest incentives to meet some of these needs is the debt reimbursement program. He spoke in support of HB 13.

Co-Chair Chenault asked what the amount of the total needs is. Mr. Vakalis responded that Mr. Jeans has the list.

[3:03:11 PM](#)

EDDY JEANS, DIRECTOR, EDUCATION SUPPORT SERVICES, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, reported that there is about \$73 million on Anchorage's needs list, but that does not address all their needs. Co-Chair Chenault asked for a dollar amount regarding MatSu Valley's needs. Mr. Jeans replied \$8.9 million for Settlers Bay, \$172,000 for the Colony track, and \$2.4 million for Wasilla High renovations, and one more, which he did not have the numbers for.

[3:05:00 PM](#)

Representative Kelly asked for Fairbanks numbers. Mr. Jeans replied that those were not submitted to the department.

Co-Chair Meyer asked how many schools qualify under the 70/30 program. Mr. Jeans replied that most of the projects on the new construction list are in rural Alaska.

Representative Kelly spoke of a concern about his area's numbers. Mr. Jeans explained how the numbers are obtained for the department's list.

[3:06:56 PM](#)

Co-Chair Chenault asked if new schools in the MatSu Valley could fall under this program. Mr. Jeans said any municipality could submit a request for review, but the

question is whether they would qualify for 70 percent based on need, or 60 percent based on want.

[3:07:57 PM](#)

REPRESENTATIVE MARK NEWMAN, spoke about the MatSu Valley's needs and increasing enrollment. The school board has just proposed \$6 million in bonds for an elementary school, a high school, and for the expansion of Wasilla High School.

[3:11:16 PM](#)

Co-Chair Chenault suggested that it is a worthwhile bill but a few more issues need to be looked at first before it is passed from committee.

HB 13 was HELD in Committee for further consideration.

[3:12:41 PM](#)

HOUSE BILL NO. 231

"An Act relating to the definition of 'municipality' for purposes of human services community matching grants."

REPRESENTATIVE PEGGY WILSON explained that HB 231 addresses human services community matching grants, which total about \$1.2 million annually. Qualified communities have to provide a 35 percent match to receive a grant, and only three communities are now qualified. This bill would make it possible for other communities to form consortiums to pool money to receive these grants. Any group of communities totaling 35,000 could apply. She referred to a Talking Points handout (copy on file.) It is not the intent of the bill to take away from the original three communities. The deadline for applying for these grants is October. She described the process, which would not go into effect until 2007. The Southeast Conference would assist in the development of consortiums.

[3:17:43 PM](#)

Co-Chair Meyer asked for clarification of the intent of the bill. Representative Wilson repeated that it is not the intent to take away services from anyone else.

Representative Croft asked about geographic area definitions. Representative Wilson replied that the geographic areas were purposely not defined. Representative Croft asked whether diverse areas could apply. Representative Wilson said that is fine. Representative Croft asked if the bill might delay harming communities receiving current services.

Co-Chair Meyer clarified that the intent is to increase the amount appropriated in the future.

[3:20:49 PM](#)

Representative Hawker related that there is no intent to take funding away, presuming the same level of funding is maintained. He suggested that more funding would be needed in the future. Representative Wilson said that decision would be made in a HESS subcommittee. Representative Hawker disagreed with the zero fiscal note. Representative Wilson referred Representative Hawker to the second page explanation of the fiscal note.

Co-Chair Meyer suggested another option. Representative Wilson said some of it has already been done.

[3:22:40 PM](#)

Representative Joule asked about population requirements. Ms. Wilson implied that the numbers could be changed.

[3:24:25 PM](#)

MARLEEN NORTON, HUMAN SERVICES, MUNICIPALITY OF ANCHORAGE, ANCHORAGE, (via teleconference) spoke to the user's matching grants. She requested that sufficient funding be provided for services.

[3:27:18 PM](#)

ROB ALLEN, SOUTHEAST CONFERENCE, SITKA, (via teleconference) spoke in support of the legislation. It adds an additional category to the definition of areas that would be eligible to receive state grant funds for human services. He pointed out that the population of Southeast Alaska is declining and fewer contributions are flowing to nonprofits from businesses and communities. He urged passage and support of the bill.

[3:30:14 PM](#)

JANET CLARKE, ASSISTANT COMMISSIONER, DIVISION OF FINANCE AND MANAGEMENT SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, addressed the fiscal note. There is nothing mandating holding harmless of the grantees. Representative Hawker agreed.

Ms. Clarke provided the history of the program. The original program was established in the 1980's and the block grants went to only Anchorage and Fairbanks. In the early 1990's, with the downturn in state revenues, then-Representative Boyer put the program in statute and it was

developed. At that point, no other community qualified except Anchorage and Fairbanks.

Ms. Clarke referred to the fiscal note related to the CRA version of the legislation (#2), which would impact in FY 07. She noted the two scenarios provided by the note. Ms. Clarke referenced page 3. The department made the program a statewide program, which would cover the entire population of the State. Page 4 of the fiscal note provides the opposite view, which would need an additional appropriation.

[3:35:57 PM](#)

Representative Hawker asked about the grant history. He pointed out that the program had been targeted. It was codified in 1992. He noted that two years ago, the grants had been zeroed out. He asked how that reconciled with expansion of the program.

[3:37:34 PM](#)

Ms. Clarke related that governors and commissioners can change their minds and they do support the bill at this point.

Representative Hawker inquired about diminishing the amount going to the communities. Ms. Clarke replied that the department is neutral on that subject. The original intent of the social services block grant has changed with the advent of Mat-Su. When the programs were at their budget height, there were many designated grants. Today, there are no designated grants.

Representative Hawker asked for clarification of "none" going to the state. Ms. Clarke replied that there are none in the operating budget. Representative Hawker noted that \$1.5 billion dollars is in the Department of Health and Social Services budget this year. He requested a statewide breakdown. Ms. Clarke replied that there is a breakout of the community grants in the amount of \$150 million dollars in the grant book analysis.

Representative Hawker asked if scenario 1 or 2 is the intent of the bill. Representative Wilson replied the intent is not to make anything worse for other areas at the benefit of her district. Representative Hawker observed that is scenario 2. He asked, with limited financial resources, where the dollars would come from.

Representative Wilson commented that services have been cut to parts of the state and to municipalities due to the elimination of revenue sharing. This type of economy puts more stress on families and communities, and human services needs definitely need to be met throughout the state.

[3:42:18 PM](#)

Representative Hawker asked which area to the money should be taken from. Representative Wilson replied from the personal care attendant area, which needs sideboards. Representative Hawker agreed. So much is driven by abandoned revenue sharing. He stated appreciation for Representative Wilson's perspective.

Vice-Chair Stoltze recalled that many cuts have been made to communities statewide. Representative Wilson responded that in Southeast Alaska, services such as Catholic Community Services had to be cut, which left a large void.

Representative Hawker made a suggestion about the fiscal note; have a two-scenario fiscal note with a clear intent. Ms. Clarke said that could be done. Representative Hawker noted this year's 5 percent increase for PERS and TRS. Ms. Clarke deferred to the wishes of the finance committee.

[3:46:54 PM](#)

Representative Weyhrauch MOVED to ADOPT Amendment 1, on page 1, line 8, to delete 35,000 and insert 50,000. Vice-Chair Stoltze OBJECTED for discussion purposes.

Representative Wilson stated her support for the original bill.

Vice-Chair Stoltze WITHDREW his objection to adopt Amendment 1. There being NO OBJECTION, it was so ordered.

[3:48:20 PM](#)

Ms. Clarke clarified that several regions of the state would not qualify at 50,000 population. It would cost \$400,000 to hold the current participants harmless.

Representative Wilson explained how the consortium would work.

[3:49:54 PM](#)

Vice-Chair Stoltze set the bill aside. HB 231 was HELD in Committee for further consideration.

[3:50:29 PM](#)

HOUSE BILL NO. 31

"An Act relating to the presumption of coverage for a workers' compensation claim for disability as a result of certain diseases for certain occupations."

JON BITTNER, STAFF, REPRESENTATIVE TOM ANDERSON, read the sponsor statement (copy on file.) He shared examples of the dangers of being a firefighter and the increased likelihood of contracting cancer. HB 31 provides presumption of coverage for first responders and firefighter, shifting the burden of proof from them to their employers. He referred to a study in the committee members' packets, which showed no significant fiscal impact in other states. He urged support of the bill.

Vice-Chair Stoltze asked who this legislation covers. Mr. Bittner replied that the intent of the sponsor is to cover as many first responders as possible, but all firefighters. There is a new presumption on page 2, line 27-8, which states coverage for police officers and emergency rescue personnel.

[3:53:54 PM](#)

Representative Hawker MOVED to ADOPT the new CS for HB 31, labeled 24-LS0225\I. There being NO OBJECTION, it was so ordered.

Mr. Bittner related two changes in the new CS. On page 2, line 3, "cardiovascular events" replaces "heart disease". On page 2, line 26, the firefighter has to prove exposure to a know carcinogen.

[3:56:14 PM](#)

Representative Hawker stated full support for the intent of the bill. He wondered about voluntary self-destructive behavior. He referred to line 10, regarding a list of evidence of such behavior and asked if that list is too limited. Mr. Bittner noted that the list is specific to the exclusions. Representative Weyhrauch pointed out that it reads as a presumption of coverage and the burden of proof is on the insurance company or municipality.

[3:59:51 PM](#)

Representative Hawker asked if the intent is to limit coverage for these specific examples. Mr. Bittner related that these are the specific issues mentioned when drafting the bill. Representative Weyhrauch suggested the wording, "the evidence may include but not be limited to".

Representative Hawker concurred with Representative Weyhrauch, but noted that the list is very broad. Mr. Bittner said one of the fears was to make it too broad. Representative Weyhrauch gave an example of smoke inhaled on another fire department job.

[4:03:38 PM](#)

Co-Chair Chenault agreed that the list is too wide and would exclude many valid claims. Representative Kelly voiced concern about the cost of workers' compensation. He pointed out that most first responders are covered by OSHA.

[4:06:12 PM](#)

Representative Hawker concluded that he is comfortable with the language.

[4:06:46 PM](#)

DOMINIC LOZANO, ALASKA FIREFIGHTERS ASSOCIATION, related that HB 31 provides a much-needed safety net. He shared statistics about the dangerous profession of firefighting. Thirty-eight other states have this coverage. He gave examples of claims filed involving cancer. He mentioned studies regarding the higher incidence of cancer in firefighters. He shared studies from various states. He predicted that Alaska would have 1,000 claims a year. He spoke in support of HB 31.

[4:13:32 PM](#)

ERIC TUOTT, ALASKA FIREFIGHTERS ASSOCIATION, testified in support of HB 31. He addressed concerns brought up earlier. He noted that the bill is modeled after Washington state's law. He referred to the clause about tobacco products and addressed a concern about numbers and screening for cancer. He pointed out that coverage under Section C is only for first responders, and the numbers would be limited. He explained the criteria for qualifying for a claim.

[4:18:27 PM](#)

Mr. Tuott addressed a concern by Representative Kelly and OSHA controls. He pointed out that public safety employees do not have OSHA coverage. He referenced the contagious disease portion of the bill. Holding an EMT license does not qualify someone for this coverage.

[4:20:48 PM](#)

Mr. Tuott addressed why this legislation is needed. He referred to page 1, line 9, where it states that the presumption of coverage may be rebutted by preponderance of the evidence. The language is restricted to first responders and applies to claims that are already awarded. He urged passage of the bill.

[4:23:10 PM](#)

KEVIN SMITH, EXECUTIVE DIRECTOR, ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, related concerns about rate increases. He explained who is represented by workers compensation and addressed complications of the program. He pointed out that compensation for these diseases already exists. He suggested that lifestyle is a factor in these diseases. He said that a medical exam is costly and does not preclude developing cancer later on. He came up with the number 9,050 as the total number of firefighters that would qualify for the coverage.

[4:30:01 PM](#)

Representative Croft asked who should have the burden of proof. For example, he suggested it would be difficult to know which contact led to AIDS. He opined that it is fair to cover AIDS and the burden of proof should not be on the first responder.

Mr. Smith responded that ideally it would be nice to provide this coverage. He opined it is easier now to prove, but the liability is unfunded. Representative Croft suggested that first responders should be covered. Mr. Smith talked about the expense of the worker's compensation system.

[4:34:24 PM](#)

Representative Kelly asked if the incidence is so low, how would there be a 10-20 percent increase. Mr. Smith explained that NCCI uses national figures. He spoke about the expense of an individual claim.

[4:36:18 PM](#)

Representative Hawker moved to report CSSSHB 31 (FIN) out of Committee with individual recommendations and with the accompanying fiscal impact notes. There being NO OBJECTION, it was so ordered.

CSSSHB 31 (FIN) was REPORTED out of Committee with a "no recommendation" recommendation and with three fiscal impact notes: zero note #1 CED, indeterminate note #2 ADM, and a new indeterminate note by LWF.

#### ADJOURNMENT

The meeting was adjourned at 4:36 PM