

HOUSE FINANCE COMMITTEE  
May 5, 2005  
1:39 P.M.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [1:39:03 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

Representative Paul Seaton; Representative Bill Thomas; Kurt Fredriksson, Commissioner, Department of Environmental Conservation; Marie Darlin, Alaska Association of Retired Persons (AARP), Juneau; Jon Sherwood, Department of Health & Social Services; Joel Gilbertson, Commissioner, Department of Health & Social Services; Janet Clarke, Assistant Commissioner, Division of Finance and Management Services, Department of Health and Social Services; Linda Gohl, Director, Alaska Commission on Aging, Department of Health and Social Services

PRESENT VIA TELECONFERENCE

Cameron Leonard, Assistant Attorney General, Department of Law, Anchorage

SUMMARY

HB 106     An Act establishing the senior care program and relating to that program; creating a fund for the provision of the senior care program; repealing ch. 3, SLA 2004; and providing for an effective date.

CS HB 106 (FIN) was reported out of Committee with a "no" recommendation and with four new zero

fiscal notes by the Department of Health & Social Services.

#HB291  
HB 291

An Act relating to release of information in individual workers' compensation records for commercial purposes; and providing for an effective date.

HB 291 was SCHEDULED but not HEARD.

#HB297  
HB 297

An Act extending and amending the requirements applicable to the credit that may be claimed for certain oil and gas exploration expenses incurred in Cook Inlet against oil and gas properties production (severance) taxes, and amending the credit against those taxes for certain exploration expenditures from other leases or properties in the state and, conditionally, for exploration expenditures made in the Alaska Peninsula competitive oil and gas area wide lease sale area; and providing for an effective date.

HB 297 was SCHEDULED but not HEARD.

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HCR 12

Relating to the Joint Rural Assessment Task Force.

CS HCR 12 (FIN) was reported out of Committee with a "do pass" recommendation and with a new zero note by the Legislative Affairs Agency.

CS SB 110(FIN)(efd fld)

An Act relating to regulation of the discharge of pollutants under the National Pollutant Discharge Elimination System.

HCS CS SB 110 (FIN) was reported out of Committee with a "no" recommendation and with zero note #1 by the Department of Fish & Game, zero note #2 by the Department of Natural Resources, zero note #4 by the Department of Transportation & Public Facilities and fiscal note #5 by the Department of Environmental Conservation.

#SB130

CS SB 130(FIN) am

An Act relating to a special deposit for workers' compensation and employers' liability insurers; relating to assigned risk pools; relating to workers' compensation insurers; stating the intent of the legislature, and setting out limitations, concerning the interpretation, construction, and implementation of workers' compensation laws;

relating to the Alaska Workers' Compensation Board; assigning certain Alaska Workers' Compensation Board functions to the division of workers' compensation in the Department of Labor and Workforce Development and to that department, and authorizing the board to delegate administrative and enforcement duties to the division; providing for workers' compensation hearing officers in workers' compensation proceedings; establishing a Workers' Compensation Appeals Commission; relating to workers' compensation medical benefits and to charges for and payment of fees for the medical benefits; relating to agreements that discharge workers' compensation liability; relating to workers' compensation awards; relating to reemployment benefits and job dislocation benefits; relating to coordination of workers' compensation and certain disability benefits; relating to division of workers' compensation records; relating to release of treatment records; relating to an employer's failure to insure and keep insured or provide security; providing for appeals from compensation orders; relating to workers' compensation proceedings; providing for supreme court jurisdiction of appeals from the Workers' Compensation Appeals Commission; providing for a maximum amount for the cost-of-living adjustment for workers' compensation benefits; relating to attorney fees with respect to workers' compensation; providing for the department to enter into contracts with nonprofit organizations to provide information services and legal representation to injured employees; providing for administrative penalties for employers uninsured or without adequate security for workers' compensation; relating to fraudulent acts or false or misleading statements in workers' compensation and penalties for the acts or statements; providing for members of a limited liability company to be included as an employee for purposes of workers' compensation; establishing a workers' compensation benefits guaranty fund; making conforming amendments; providing for a study and report by the medical services review committee; establishing the Task Force on Workers' Compensation; and providing for an effective date.

CS SB 130(FIN) am was SCHEDULED but not HEARD.

#SB142  
CS SB 142(L&C)

An Act relating to ownership of land by regional school boards; and providing for an effective date.

CS SB 142(L&C) was SCHEDULED but not HEARD.

#SB144

CS SB 144(RES)

An Act relating to regulations, definitions, and permits under the emission control permit program; and providing for an effective date.

CS SB 144(RES) was SCHEDULED but not HEARD.

#SB150

CS SB 150(HES)

An Act relating to the Alaska children's trust grant awards.

CS SB 150(HES) was SCHEDULED but not HEARD.

#SB110

CS FOR SENATE BILL NO. 110(FIN)(efd fld)

An Act relating to regulation of the discharge of pollutants under the National Pollutant Discharge Elimination System.

[1:40:43 PM](#)

Vice-Chair Stoltze MOVED to ADOPT Amendment #4 for Representative Seaton. Vice-Chair Stoltze OBJECTED.

KURT FREDRIKSSON, COMMISSIONER, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, explained that the Department intends to continue the work group to help develop the bill proposal. The original intent of the work group was to help those most affected in their attempt to get approval from the Environmental Protection Agency (EPA). All work group activities are public noticed for comment. He thought that Amendment #4 would create a more formal process. He stated it was unnecessary because the Administrative Procedure Act already clearly addresses that.

Vice-Chair Stoltze WITHDREW his OBJECTION.

Co-Chair Meyer OBJECTED.

A roll call vote was taken on the motion to adopt Amendment #4.

IN FAVOR: Stoltze, Croft, Joule, Kelly  
OPPOSED: Foster, Hawker, Holm, Meyer, Chenault

Representative Moses and Representative Weyhrauch were not present for the vote.

The MOTION FAILED (4-5).

Vice-Chair Stoltze MOVED to ADOPT Amendment #5 for Representative Seaton. Vice-Chair Stoltze OBJECTED.

Commissioner Fredriksson explained that the amendment would insert language on Page 5, Line 13, after "program" adding "or comments on a draft permit". The work group has attempted to draw up the appropriate language. There are laws requiring a review if substantive changes are made. He thought it would place an obligation on the Department to discuss changes with all parties and urged that the amendment not move forward. He guaranteed that if there were significant changes made, the Department is already required to offer a significant review.

Vice-Chair Stoltze WITHDREW his OBJECTION. Representative Kelly OBJECTED.

[1:47:09 PM](#)

Representative Joule asked who defines "significant changes". Commissioner Fredriksson replied it would be the Department with respect to rule making and permitting.

Co-Chair Chenault inquired if the Department would be required to discuss all comments regarding that process. Commissioner Fredriksson said they would.

[1:48:22 PM](#)

Vice-Chair Stoltze WITHDREW Amendment #5. There being NO OBJECTION, it was withdrawn.

Vice-Chair Stoltze recommended that the bill be held in Committee so that Representative Weyhrauch could be present to add his comments. Co-Chair Meyer agreed but noted that it was his intent to move the bill from Committee at the morning meeting.

SB 110 was HELD for further consideration.

#HCR12

HOUSE CONCURRENT RESOLUTION NO. 12

Relating to the Joint Rural Assessment Task Force.

Co-Chair Chenault MOVED to ADOPT work draft #24-LS0964\I, Cook, 5/3/05, as the version of the bill before the Committee. Representative Croft OBJECTED to hear the changes.

[1:50:52 PM](#)

REPRESENTATIVE BILL THOMAS, SPONSOR, explained that many communities in Alaska are going into debt and/or terminating local services because of inadequate State and federal funding. With lack of a sustainable economy that generates revenue necessary to fund local services, those communities are hurting.

Representative Thomas believed the Legislature would benefit from a clear picture regarding the current state of these rural communities. The proposed resolution calls on the Legislature to establish a Joint Rural Assessment Task Force. The Task Force would be charged with assessing needs of rural communities and reporting those findings to the Legislature by January 15, 2006. Membership would include:

- \* Six legislators
- \* One designee of the Alaskan Municipal League
- \* One designee of the First Alaskans Institute
- \* One public member

Representative Thomas anticipated that the Task Force would draw on the work of several organizations to conduct assessments and develop findings, including recommendations made by Governor Murkowski's Rural Energy Action Council, the Denali Commission's five-Year strategic plan and a community needs assessment report completed by the Alaska Municipal League. The Task Force would conduct hearings in three to five communities across Alaska.

[1:54:21 PM](#)

Vice-Chair Stoltze supported the idea and asked who the "public members" would be. Representative Thomas replied non-legislative members as chosen by the President of the Senate or the Speaker of the House.

[1:54:58 PM](#)

Vice-Chair Stoltze inquired if Representative Thomas expected to have a role in the process. Representative Thomas replied that he would help move it and that he had been invited to three of the communities already to meet with those residents.

[1:55:39 PM](#)

Representative Thomas pointed out that one meeting was planned for the Alaska Federation of Natives (AFN) Conference scheduled in Fairbanks.

Representative Joule inquired about Legislative involvement. Representative Thomas mentioned rather than attaching a fiscal note, there would be private donations coming in to reduce costs. He added that leadership on both sides are participating.

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Representative Hawker commented on the idea of no fiscal note. Representative Thomas explained that the bill originally had a note; the intent is to zero it out.

Representative Croft WITHDREW his OBJECTION. There being NO further OBJECTION, the work draft was adopted.

[1:58:29 PM](#)

Representative Hawker MOVED to replace fiscal note #1 with a new zero note. There being NO OBJECTION, the note was zeroed and would be accommodated from the existing legislative budget.

[1:58:57 PM](#)

Representative Kelly encouraged the Task Force look at the issues for decreasing federal funds, unemployment and the sustainability of those communities. Representative Thomas said that was the intent.

[2:00:44 PM](#)

Representative Hawker MOVED to REPORT CS HCR 12 (CRA) out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CS HCR 12 (FIN) was reported out of Committee with a "do pass" recommendation and with a new zero note by the Legislative Affairs Agency.

[2:02:00 PM](#)

#SB110

CS FOR SENATE BILL NO. 110(FIN)(efd fld)

An Act relating to regulation of the discharge of pollutants under the National Pollutant Discharge Elimination System.

Representative Weyhrauch MOVED to ADOPT Amendment #1, #24-GS1009\GA.2, Bullock, 5/4/05. Vice-Chair Stoltze OBJECTED.

Representative Weyhrauch noted that he would like to amend Amendment #1, by deleting Lines 1-9. The language of the

amendment would insert a new bill section, Page 6, following Line 1, which would clarify the duties of the Department of Environmental Conservation.

Representative Hawker OBJECTED to the deletion of that language. Representative Weyhrauch advised that the intent was only to replace that section and then create a new Section 6.

[2:04:01 PM](#)

Representative Weyhrauch reiterated his intent to delete Lines 1-9 and replace with deleted Section 1.

Representative Hawker WITHDREW his OBJECTION. Commissioner Fredriksson interjected that the Department had no objection to the change.

[2:05:40 PM](#)

Representative Kelly referenced Line 16 (B) regarding establishing the work group, and asked why EPA had not been included. Representative Weyhrauch explained that the "work group" language had originated in the Governor's bill. Commissioner Fredriksson added, the intent was to establish a working group regulated by the program and involving EPA only to the extent that the application passes their approval.

Vice Chair Stoltze WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment #1 was adopted.

[2:07:35 PM](#)

Representative Weyhrauch MOVED to ADOPT Amendment #2, #24-GS1009\GA.3, Bullock, 5/4/05. Vice-Chair Stoltze OBJECTED.

Representative Weyhrauch explained that the amendment mostly addressed grammatical editing language. The proposed verbiage simply makes it easier to read and understand.

[2:09:14 PM](#)

Representative Joule requested clarification regarding those changes. Representative Weyhrauch explained the need.

[2:10:17 PM](#)

Commissioner Fredriksson acknowledged that the amendment provides a technical clarification and that the Department would not object.

[2:10:47 PM](#)

Representative Weyhrauch MOVED a change to Amendment #2. (Copy on File). The language inserts a new Section (J): "A person who applies for a permit under the program has the opportunity to review a proposed final permit and discuss it with staff of the department before the department issues the permit". There being NO OBJECTION, the amendment was amended.

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Vice-Chair Stoltze WITHDREW his OBJECTION. Commissioner Fredriksson agreed to proposed changes. Amended Amendment #2 was adopted.

[2:12:35 PM](#)

Representative Weyhrauch WITHDREW Amendment #3.

Vice-Chair Stoltze MOVED to RESCIND previous action on failure to adopt Amendment #4. There being NO OBJECTION, the action was rescinded.

[2:13:27 PM](#)

Vice-Chair Stoltze MOVED to ADOPT Amendment #4 in order that the sponsor be able to address it. Vice-Chair Stoltze OBJECTED.

REPRESENTATIVE PAUL SEATON advised the language was added in the House Resources Committee. He indicated that the developed permitting process allows public access to the work group.

Commissioner Fredriksson spoke against the amendment. He indicated that the Department recognizes their obligation to the public review process. The Department annually reports to the Governor and the Legislature and should not be required to go through an administrative rule making process. The Department would not support the amendment.

[2:17:18 PM](#)

Representative Weyhrauch asked if there were federal EPA requirements for public notice of meetings. Commissioner Fredriksson did not know the process required for EPA. He noted that all meetings regarding the proposed legislation had been public noticed; however, there had been no administrative rule making process. The Department was focused on establishing a work group affected and regulated by the program.

[2:18:26 PM](#)

Representative Weyhrauch asked if the meetings were subject to Alaskan law Open Meetings Act.

[2:19:02 PM](#)

CAMERON LEONARD, (TESTIFIED VIA TELECONFERENCE), ASSISTANT ATTORNEY GENERAL, DEPARTMENT OF LAW, ANCHORAGE, explained that under the Open Meetings Act, a meeting of that type would not be subject to those requirements. Normally, only government entities with decision-making authority are subject.

Representative Weyhrauch asked if it was the Department's intent to provide public notice if the amendment was not enacted. Commissioner Fredriksson replied the Department has in the past and does intend to in the future.

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Representative Seaton interjected that if the public is not involved in the front-end process, ultimately, there will be problems d.

Vice-Chair Stoltze WITHDREW his OBJECTION. Representative Weyhrauch OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR:           Joule, Stoltze, Weyhrauch, Chenault  
OPPOSED:           Foster, Hawker, Holm, Kelly, Meyer

Representative Croft and Representative Moses were not present for the vote.

The MOTION FAILED (4-5).

[2:21:47 PM](#)

Vice-Chair Stoltze MOVED to ADOPT Amendment #5. Representative Kelly OBJECTED.

Representative Seaton explained that the amendment allows the permittee to comment on the draft with the intent to make a more open process. Commissioner Fredriksson countered that the Department's idea is to allow the opportunity for the permit recipient to "have a look" in case something technical was missing. He stated there are opportunities for appeal rights for both the applicant and the 3<sup>rd</sup> parties. If there were significant changes made during the public comment period, the Department has an obligation to go back to the public for the changes to be addressed. He believed the amendment was not necessary to protect the public's interest.

[2:25:16 PM](#)

Representative Weyhrauch commented on potential problems resulting from public interest groups sending mass mailings regarding their specific concerns. He asked how Representative Seaton would address that situation.

Representative Seaton explained that regulators are not allowed to draft opinions before they come up. He reiterated it would end up in Court because only one side is being allowed to testify on the permit process.

[2:27:41 PM](#)

Representative Weyhrauch noted language on Page 5, Line 12, regarding the public process period. The permit is made public following an internal review and all comments and emails are subject to disclosure under the Public Records Act. Representative Seaton argued the need for the amendment.

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Representative Kelly questioned how it would "play out"; he thought that getting parties together could be difficult and spoke against the amendment.

[2:31:07 PM](#)

A roll call vote was taken on the motion.

IN FAVOR: Croft  
OPPOSED: Foster, Hawker, Holm, Kelly, Stoltze,  
Weyhrauch, Meyer, Chenault

Representative Joule and Representative Moses were not present for the vote.

The MOTION FAILED (1-8).

Representative Foster MOVED to REPORT HCS CS SB 110 (FIN) out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HCS CS SB 110 (FIN) was reported out of Committee with a "no" recommendation and with zero note #1 by the Department of Fish & Game, zero note #2 by the Department of Natural Resources, zero note #4 by the Department of Transportation & Public Facilities and fiscal note #5 by the Department of Environmental Conservation.

#HB106

HOUSE BILL NO. 106

An Act establishing the senior care program and relating to that program; creating a fund for the provision of the senior care program; repealing ch. 3, SLA 2004; and providing for an effective date.

[2:32:52 PM](#)

JOEL GILBERTSON, COMMISSIONER, DEPARTMENT OF HEALTH & SOCIAL SERVICES, noted that HB 106 was a bill relating to health care benefits available to eligible low-income senior citizens.

In 2004, the Senior Care program was enacted and provided for needs-based cash assistance and a prescription drug benefit. Today, approximately 6,800 seniors with incomes below the 135% percent of the federal poverty level for Alaska receive \$120 a month in cash assistance through the Senior Care program. The program has been successful in reaching senior citizens in Alaska that are truly in need of cash assistance.

Commissioner Gilbertson added that the Senior Care program is anticipated to sunset no later than January 1, 2006. HB 106 would repeal the temporary law created last year and replace it with a permanent law that would strengthen the Senior Care program, allowing it to continue. He stressed the crucial need for the State to continue providing support for Alaska's most needy senior citizens beyond January 2006.

The proposal to improve Senior Care would be through creation of a supplement to the recently enacted federal Medicare drug benefit for Alaska's seniors. Under the new federal Medicare benefit, many seniors are still required to pay premium and deductible expenses for prescription drugs out of their own pockets. For Alaska seniors with incomes up to 300% percent of the federal poverty level, Senior Care would pay the premiums and deductibles on the seniors behalf; a benefit of approximately \$670 dollars per person annually. Seniors with Medigap or other comparable coverage would be eligible to receive the benefit as long as they meet the basic income and asset standards for Senior Care.

Commissioner Gilbertson anticipated over 40% percent of the estimated 41,000 Alaska seniors would be eligible for the Senior Care benefit. Passage of the legislation would result in, virtually all seniors in Alaska being eligible for prescription drug coverage through a combination of federal, State, and employer-sponsored drug plans as of January 2006. That represents an incredible achievement; adequate prescription drug coverage remains a top priority for seniors.

[2:38:12 PM](#)

MARIE DARLIN, VOLUNTEER, ALASKA ASSOCIATION OF RETIRED PERSONS (AARP), JUNEAU, voiced strong support for HB 106, including the amendments before the Committee. She explained that the bill would be helpful and welcome for older Alaskans that are most in need. She urged support.

[2:40:22 PM](#)

LINDA GOHL, DIRECTOR, ALASKA COMMISSION ON AGING, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, voiced support for the legislation. She noted that seniors would prefer the 300% level, however, HB 106 would provide a reasonable compromise. The drug benefit program is critical.

[2:41:57 PM](#)

Representative Hawker MOVED to ADOPT Amendment #1, #24G-1, 5/5/05. (Copy on File). Co-Chair Chenault OBJECTED for discussion purposes.

Representative Hawker explained that the amendment would change federal poverty level amount from 300% to 175% and sunset June 30, 2007.

Representative Hawker noted changes on the amendment, Page 1, Line 9: "Reverts to the unreserved general fund after all valid obligations June 30, 2007 are met".

Commissioner Gilbertson voiced support for the amendment.

[2:44:37 PM](#)

Co-Chair Chenault WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment #1 was adopted.

Representative Hawker referenced the four fiscal notes from the Department of Health and Social Services. He inquired how the funding was anticipated to be spent.

JANET CLARKE, ASSISTANT COMMISSIONER, DIVISION OF FINANCE AND MANAGEMENT SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, summarized the fiscal note handout. (Copy on File).

In FY06, it is estimated that the Senior Care Program will cost \$6.87 million dollars; in FY07, the cost will be \$13.212 million dollars. Currently, the fund balance is \$8.86 million dollars. In FY06, no general funds will be needed for the program because of forward funding. In FY07, approximately \$12 million general fund dollars will be necessary. The program, currently, will sunset midway FY06.

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Representative Hawker asked if the numbers were consistent with the reconciled ones from the senior cash care benefit.

[2:49:06 PM](#)

JON SHERWOOD, DEPARTMENT OF HEALTH & SOCIAL SERVICES, stated that at this time, there are fewer than 7,000 participants in the program. It is anticipated that once the program begins, that number will increase to 7,000. When the drug benefit is added, the program could increase approximately 4,100, projected by FY07. There is no overlap between those numbers and that the cash assistance program does not provide any drug benefit.

[2:50:25 PM](#)

In response to comments by Representative Hawker, Commissioner Gilbertson explained that the statement regarding cash benefits was accurate and relates to existing populations. Those individuals will have no premium or deductible through federal law. There is no way to provide them the drug benefit. Cash assistance is the only way to deliver a benefit to them.

[2:51:52 PM](#)

Representative Hawker referenced the fiscal note, indicating the Senior Care fiscal note for four full-time employees. He asked if any were new positions. Ms. Clarke explained that in the FY06 budget, the Department eliminated all Senior Care positions because the program sunset. Many of those positions still exist and that the note would only add them back into employment.

[2:52:46 PM](#)

Representative Holm asked if Amendment #1 would affect the fiscal note. Ms. Clarke replied it did and had been taken into consideration with the revised note.

[2:53:14 PM](#)

Representative Foster MOVED to REPORT CS HB 106 (FIN) out of Committee with individual recommendations and with the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CS HB 106 (FIN) was reported out of Committee with a "no recommendation" and with four new zero fiscal notes by the Department of Health & Social Services.

#

ADJOURNMENT

The meeting was adjourned at 2:54 P.M.