

HOUSE FINANCE COMMITTEE
May 6, 2005
6:21 p.m.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [6:21:01 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

Jane Alberts, Staff, Senator Con Bunde; Nona Wilson, Legislative Liaison, Department of Transportation and Public Facilities; Pam Lewis, Division Aviation, Department of Transportation and Public Facilities; Greg O'Claray, Commissioner, Department of Labor; Paul Lisanke, Director Division of Workers' Compensation, Department of Labor and Workforce Development; Representative David Guttenberg; Jason Hooley, Staff, Senator Dyson; Joel Gilbertson, Commissioner, Department of Health & Social Services; Amy Seitz, Staff, Senator Tom Wagoner; John Kuterbach, Division of Air Quality and Air Permits, Department of Environmental Conservation

PRESENT VIA TELECONFERENCE

Steve Mulder, Assistant Attorney General, Department of Law

SUMMARY

CSSB 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."

CSSB 130 (JUD) was REPORTED out of Committee with a "no recommendation" recommendation and with the following zero fiscal impact notes, #7 COM, #9 LEG, and with the following fiscal notes, #8 LWD, #10 LWD, #11 LAW, #12 LAW, and #13 LAW.

CSSB 142(L&C)

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

CSSB 142 (L&C) was REPORTED out of Committee with a "no recommendation" recommendation and with two zero fiscal impact notes: #1 EED, and #2 DOT.

CSSB 150(HES)

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

CSSB 150 (HES) was REPORTED out of Committee with a "no recommendation" recommendation and with a zero fiscal impact note by the Department of Health and Social Services.

CSSB 144(RES)

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

CSSB 144 (RES) was REPORTED out of Committee with a "no recommendation" recommendation and with a zero fiscal impact note by the Department of Environmental Conservation.

HB 208

"An Act authorizing the Department of Military and Veterans' Affairs to establish and maintain an Alaskan veterans' cemetery; and establishing the Alaska veterans' cemetery fund in the general fund."

CSHB 208 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with an indeterminate fiscal impact note by Military and Veterans Affairs.

[6:21:45 PM](#)

CS FOR SENATE BILL NO. 142(L&C)

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

JANE ALBERTS, STAFF, SENATOR CON BUNDE, related that SB 142 excludes airport properties from AS 14.08.151(b), which directs the state to convey title to lands used in relation to regional educational attendance area schools, when requested to do so by the regional school board. It resolves a conflict between AS 02.15.020, which requires the Department of Transportation and Public Facilities to retain "satisfactory property interest" in airport facilities in order to participate in federal grant programs, and AS

14.08.151, which gives regional school boards the opportunity to obtain title to land/structures for regional educational attendance area (REAA) schools. It saves the Departments of Transportation and Education time, effort, and money needed to settle conflicting claims. It ensures that DOT&PF will be able to meet Federal Aviation Administration (FAA) requirements and obtain federal funding for airport projects in REAAs, and it conforms statute to legislative intent.

[6:25:17 PM](#)

Representative Hawker commented on the encroachment issue with an exemption for schools. He asked about highway right-of-way issues.

NONA WILSON, LEGISLATIVE LIAISON, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, responded that the bill does not require a school to return any of the land that they are now on. It establishes future protection of the safety of the runway and the airport. The legislation does not intend to force the state to compromise federal funding.

[6:27:11 PM](#)

Representative Hawker asked why the state would want to give up the ability to support schools as a real priority. Ms. Wilson replied that school boards are not being challenged. They can build away from the building restriction line. Airport land is some of the best land and some schools currently abut the runway.

[6:28:05 PM](#)

Representative Hawker commented that there seems to be an inconsistency with how schools are treated, compared to churches, on state land.

Representative Joule inquired if there is an appeal process in this legislation.

[6:29:29 PM](#)

Ms. Wilson replied that the department would work with a school board in that case. The department is not trying to hinder any schools, just prevent encroaching on airport land.

Representative Joule stated his support for the bill. Ms. Wilson referred to a map and explained how it is related to the bill.

[6:31:32 PM](#)

PAM LEWIS, DIVISION AVIATION, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, added that the bill will let the FAA know that DOT has title to the land. The intent of the bill is not to dislocate schools, just clean up statute.

Co-Chair Meyer set SB 142 aside.

[6:33:22 PM](#)

CS FOR SENATE BILL NO. 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."

GREG O'CLARAY, COMMISSIONER, DEPARTMENT OF LABOR, explained that HCSSB 130 (JUD), Version X, is a bill that addresses the problem of making workers' compensation more efficient, and deals with runaway rate increases. A key issue is the establishment of a legislative task force.

PAUL LISANKE, DIRECTOR DIVISION OF WORKERS' COMPENSATION, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, referred to Section 65, page 30, as the section that deals with the task force.

[6:36:30 PM](#)

Commissioner O'Claray explained that there has not been enough time to deal with this issue, so Section 65 was inserted. He spoke in support of the bill.

Co-Chair Meyer asked if the biggest change in Version X is Section 65. Commissioner O'Claray replied that there are various changes, and this version is not the administration's draft of the bill. There is no controversial appeals commission in this version of the bill.

[6:38:52 PM](#)

Representative Kelly inquired if that is critical in getting support for the bill. Commissioner O'Claray said it is difficult to respond to that question. He related that the administration was interested in trying to reduce the time it takes to get an appeal on a claim resolved. Commissioner O'Claray replied that the appeals commission came out of the bill in House Labor and Commerce Committee.

[6:40:13 PM](#)

Representative Foster MOVED to report HCSSB 130 (JUD) out of Committee. There being NO OBJECTION, it was so ordered.

HCSSB 130 (JUD) was REPORTED out of Committee with a "no recommendation" recommendation and with the following zero fiscal impact notes, #7 COM, #9 LEG, and with the following fiscal notes, #8 LWD, #10 LWD, #11 LAW, #12 LAW, and #13 LAW.

[6:42:21 PM](#)

CS FOR SENATE BILL NO. 150(HES)

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

JASON HOOLEY, STAFF, SENATOR DYSON, related that the Alaska Children's Trust was created by the Legislature in 1988 to help fund programs around the state aimed at preventing child abuse and neglect. Under current law, the trust may spend the net income earned by the trust to fund community based prevention programs. However, current statute limits the size of grants to \$50,000 and provides a specific formula for funding grants. The Board of Trustees has requested additional flexibility in awarding grants. SB 150 removes the \$50,000 cap and refines the funding formula. The changes proposed by the bill will allow trustees flexibility in setting grant awards, authority to reduce grants and enforce requirements for program performance, and authority to require applicants to include self-sustainability plans in their proposals.

[6:44:35 PM](#)

Vice-Chair Stoltze asked who the grant recipients are.

JOEL GILBERTSON, COMMISSIONER, DEPARTMENT OF HEALTH & SOCIAL SERVICES, explained that he is sitting in for the trustees who have previously testified at every hearing. He read the list of grant recipients: Bartlett Regional Hospital; Center for Community, Sitka; City of Saxman; Covenant House, Anchorage; Fairbanks Counseling and Adoption; Fairbanks Resource Agency; Homer Children's Services; Hoonah City Schools; Juneau Family Birth Center; REACH, Juneau; Resource Center for Parents and Children, Fairbanks; Sutton Elementary School; Talkeetna Elementary School; Tundra Women's Coalition, Bethel; Seaview, Seward.

Commissioner Gilbertson related that the reason the trustees asked for this legislation is because the Alaska Children's Trust has been set up so that the grants are paid from the earning of the fund and the earnings have been flat. He explained about the trust and the recurring grants. He shared that there would not be any new grants for the third straight year if SB 150 does not pass.

[6:48:50 PM](#)

Vice-Chair Stoltze asked if the legislation would prevent large donations to the trusts. Commissioner Gilbertson responded that individuals could still contribute to the trust.

[6:49:52 PM](#)

Representative Hawker stated that one of the problems is that there are not enough sidebars when issuing grants. They become entitlement programs. He said he is troubled by that and he called it an anti-accountability bill.

Commissioner Gilbertson disagreed. He stressed that the bill does the exact opposite because it ends "continuous grants" and caps them at four years. It would also give greater authority to the trustees.

Representative Hawker concurred with the idea of limiting grants. Commissioner Gilbertson explained that Section 5 adds a plan for sustainability and self-sufficiency after the grant period, and it extends authority to the board to reduce or discontinue a grant.

[6:52:49 PM](#)

Representative Croft pointed out that, in one way, it does remove the sidebars, but in another way it establishes new sidebars. He asked why the \$50,000 cap is not retained. Commissioner Gilbertson relayed the current fiscal challenge of the trust. The trust has received federal funding.

Representative Croft asked if the federal money is governed by these rules. Commissioner Gilbertson replied that it is. He described how it was administered, including a statewide media campaign.

[6:55:12 PM](#)

Vice-Chair Stoltze MOVED to report CSSB 150 (HES) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 150 (HES) was REPORTED out of Committee with a "no recommendation" recommendation and with a zero fiscal impact note by the Department of Health and Social Services.

[6:56:11 PM](#)

HOUSE BILL NO. 208

"An Act authorizing the Department of Military and Veterans' Affairs to establish and maintain an Alaskan veterans' cemetery; and establishing the Alaska veterans' cemetery fund in the general fund."

REPRESENTATIVE DAVID GUTTENBERG, SPONSOR, noted that there is a companion bill to HB 208. He related a story to explain the reason behind the need for this bill. There are currently two veterans' cemeteries, one in Anchorage and one

in Sitka. The state does not qualify for another one, but it does qualify for a state cemetery, of which the U.S. Department of Veterans Affairs would fund up to 100 percent of the development costs.

Representative Guttenberg pointed out that two amendments from Military and Veterans Affairs Committee made the bill stronger. The first one on page 2, line 2, added that the cemetery fund would benefit, and line 22 allows for a cemetery to be developed elsewhere in the state in the future.

[6:59:27 PM](#)

Representative Hawker asked if it was inconsistent on page 2, line 21, to say the department "shall" do this. He thought it should be "may". Representative Guttenberg mentioned that in setting up a cemetery, there are a lot of restrictions. "Shall" implies that it might take a long time.

Representative Hawker was "troubled" by that word. He supported giving the department the authority to pursue a new cemetery, however, he opined that "shall" could be a "road-block". He said he did not want to see the department sued.

[7:01:42 PM](#)

Representative Croft suggested that it should say "shall" maintain. He thought that it was a laudable program.

[7:02:22 PM](#)

Vice-Chair Stoltze thought that the Veterans Advisory Committee should decide where the next cemetery would be built.

[7:03:27 PM](#)

Representative Guttenberg explained that there is only one place it is eligible to be established, because of population criteria.

[7:04:58 PM](#)

Co-Chair Meyer asked if the Senate version would be coming to the Committee soon.

Representative Weyhrauch thought that it was mandatory. He asked why it would be up to a determination of an Advisory Panel. Representative Guttenberg responded that the VA provides a grant of up to 100% based upon their qualifications. The legislation does not attempt to change

that. The only place that qualifies for the program is the Interior.

[7:07:20 PM](#)

Representative Croft said he wanted to see something like this pass.

[7:07:49 PM](#)

Co-Chair Meyer stated that the bill should be held until the status of the Senate bill is known.

HB 208 was HELD in Committee for further consideration.

[7:08:37 PM](#)

CS FOR SENATE BILL NO. 142(L&C)

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

Representative Hawker surmised that the State of Alaska is deferring to federal regulations. He spoke to state primacy. He stated that it is a shortsighted approach.

[7:09:28 PM](#)

Ms. Wilson commented that there is actual housing and schools on airport property. The bill only states that the title to the land cannot be granted.

[7:10:37 PM](#)

Representative Foster MOVED to report CSSB 142 (L&C) out of Committee with individual recommendations and with the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSSB 142 (L&C) was REPORTED out of Committee with a "no recommendation" recommendation and with two zero fiscal impact notes: #1 EED, and #2 DOT.

Representative Foster observed that in his district villages are in close proximity to airport property.

[7:12:34 PM](#)

CS FOR SENATE BILL NO. 144(RES)

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

AMY SEITZ, STAFF, SENATOR TOM WAGONER, explained that SB 144 is a clean-up bill. In 2003 the legislature passed HB 160, which streamlined Alaska's air permitting process by aligning the state's requirements with federal requirements. It also addresses permit fees allowing DEC to revoke a permit when the fees are not paid.

[7:15:05 PM](#)

Representative Holm spoke of a problem with emission control in Fairbanks.

[7:17:00 PM](#)

JOHN KUTERBACH, DIVISION OF AIR QUALITY AND AIR PERMITS, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, offered to answer questions.

[7:17:26 PM](#)

STEVE MULDER, ASSISTANT ATTORNEY GENERAL, DEPARTMENT OF LAW, (via teleconference) offered to answer questions.

[7:17:58 PM](#)

Representative Foster MOVED to report CSSB 144 (RES) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 144 (RES) was REPORTED out of Committee with a "no recommendation" recommendation and with a zero fiscal impact note by the Department of Environmental Conservation.

[7:19:15 PM](#)

HOUSE BILL NO. 208

"An Act authorizing the Department of Military and Veterans' Affairs to establish and maintain an Alaskan veterans' cemetery; and establishing the Alaska veterans' cemetery fund in the general fund."

Vice-Chair Stoltze MOVED to ADOPT Conceptual Amendment 1:

On page 2, line 21, change "shall" to "may"
Page 2, line 28, after "shall" add "in consultation with the Alaska Veterans' Advisory Council"

There being NO OBJECTION, it was so ordered.

[7:21:08 PM](#)

Representative Foster MOVED to report HB 208 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHB 208 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with an indeterminate fiscal impact note by Military and Veterans Affairs.

#

ADJOURNMENT

The meeting was adjourned at 7:22 PM.