

HOUSE FINANCE COMMITTEE  
April 27, 2006  
8:52 a.m.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [8:52:26 AM](#).

MEMBERS PRESENT

Representative Mike Chenault, Co-Chair  
Representative Kevin Meyer, Co-Chair  
Representative Bill Stoltze, Vice-Chair  
Representative Richard Foster  
Representative Mike Hawker  
Representative Jim Holm  
Representative Reggie Joule  
Representative Mike Kelly  
Representative Beth Kerttula  
Representative Carl Moses  
Representative Bruce Weyhrauch

MEMBERS ABSENT

None

ALSO PRESENT

Darwin Peterson, Staff, Senator Lyda Green; Louie Flora, Staff, Representative Paul Seaton; Sharon Barton, Director, Permanent Fund Dividend Division, Department of Revenue; Sharleen Griffin, Acting Director, Division of Administrative Services, Department of Corrections; Portia Parker, Deputy Commissioner, Department of Corrections

PRESENT VIA TELECONFERENCE

Diane Kaplan, Rasmussen Foundation

SUMMARY

SB 310 "An Act relating to the employment of prisoners; and providing for an effective date."

HCSSB 310 (FIN) was REPORTED out of Committee with a "no recommendation" and with zero fiscal note #1 by the Department of Labor and Workforce Development, and fiscal note #2 by the Department of Corrections.

HB 496 "An Act relating to contributions from permanent fund dividends to certain educational organizations and to certain charitable

organizations that provide a positive youth development program, workforce development, aid to the arts, or aid and services to the elderly, low-income individuals, individuals in emergency situations, disabled individuals, or individuals with mental illness; and providing for an effective date."

CSHB 496 (FIN) was REPORTED out of Committee with a letter of intent, with "no recommendation", and with a new fiscal note by the Department of Revenue.

HB 306 "An Act making certain land available for selection by the Matanuska-Susitna Borough."

CSHB 306 (FIN) was REPORTED out of Committee with "no recommendation" and with zero fiscal note #1 by the Department of Natural Resources.

[8:52:37 AM](#)

SENATE BILL NO. 310

"An Act relating to the employment of prisoners; and providing for an effective date."

DARWIN PETERSON, STAFF, SENATOR GREEN, explained that SB 310 was introduced at the request of the Department of Corrections. In addition, the bill allows. The cost will be funded through program receipts. Inmates are allowed to work for financial restitution for child support payments.

Representative Stoltze asked about Section 3, and Section 12, Workers compensation. Mr. Peterson thought that prisoners could not receive workers compensation.

Representative Holm asked if they would be under worker comp. Mr. Peterson referred to Section 4 to explain.

Representative Stoltze asked about the retroactivity of 2005. Mr. Peterson responded sunset provision.

[8:56:50 AM](#)

Representative Kerttula asked if DEC standards for health and safety apply. Mr. Peterson said he thought so.

Representative Foster spoke in support of the bill. He recalled in the 90's when prisoners jobs were competing with free market labor. Mr. Peterson said that the bill addresses this on page 3, section 2, to prevent this from happening.

[8:58:23 AM](#)

PORTIA PARKER, DEPUTY COMMISSIONER, DEPARTMENT OF CORRECTIONS, clarified that the prisoners have always been exempt. The bill just ensures continuation of the status quo work programs.

Representative Stoltze asked about Section 8 regarding agricultural purchases.

SHARLEEN GRIFFIN, ACTING DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF CORRECTIONS, responded that the prison employment program falls under the procurement code.

[9:01:27 AM](#)

Representative Holm asked about competitive bidding and the fairness of it. Ms. Griffin replied that there are parts of the bill that avoid unfair competition. Representative Holm asked about the oversight for that. Ms. Griffin replied that in Section 2 the commissioner is required to consult with local unions. It requires that minimum wage be paid. Representative Holm asked for the definition of prevailing //. Ms. Parker replied. Representative Holm noted a concern about farming on state land with prisoner labor and lower costs. Ms. Parker replied that everything grown on the farm is consumed by the prisoners. Ms. Parker.

[9:05:40 AM](#)

Representative Holm asked about supplanting purchasing. Ms. Parker maintained that it is not a problem because on the Point Mac farm purchasing does not impact local economy.

Representative Stoltze noted that prison labor is more efficient. In theory it would allow for unfair competition.

[9:08:53 AM](#)

Co-Chair Meyer MOVED to adopt Amendment 1. Representative Stoltze objected.

Ms. Parker addressed Amendment 1. It concerns whether a public agency could also //. Has no problem with the amendment.

Representative Stoltze removed his objection.

Amendment 1 was adopted.

[9:11:07 AM](#)

Co-Chair Meyer named the two fiscal notes.

Ms. Griffin noted that the fiscal note is a fund change regarding support services.

Co-Chair Chenault asked if the bill allows employment outside the prison facilities. Ms. Parker said that it covers both inside and outside employment sites. She gave an example of outside jobs.

Co-Chair Chenault asked about community service projects such as senior housing performed by prisoners. Ms. Parker pointed to Section 2, page 3, to clarify that prisoners are not allowed to replace union workers. Co-Chair Chenault agreed they should not take jobs that others in the community provide. He was referring to other community service projects, which would help repay prisoners debt to society.

[9:16:13 AM](#)

Representative Stoltze related that in his community prison labor has been used for community projects. He asked if those jobs are volunteer jobs. Ms. Parker explained that prisoners in half-way houses are court ordered to do community work projects.

[9:17:27 AM](#)

Representative Foster MOVED to REPORT HCSSB 310 (FIN) out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

HCSSB 310 (FIN) was REPORTED out of Committee with a "no recommendation" and with zero fiscal note #1 by the Department of Labor and Workforce Development, and fiscal note #2 by the Department of Corrections.

[9:18:19 AM](#)

HOUSE BILL NO. 496

"An Act relating to contributions from permanent fund dividends to certain educational organizations and to certain charitable organizations that provide a positive youth development program, workforce development, aid to the arts, or aid and services to the elderly, low-income individuals, individuals in emergency situations, disabled individuals, or individuals with mental illness; and providing for an effective date."

Co-Chair Meyer summarized the past action on the bill.

Representative Weyhrauch WITHDREW Amendment 1.

LOUIE FLORA, STAFF, REPRESENTATIVE PAUL SEATON, explained HB 496. He stated that a word "primary" in the title was removed as well as //.

Representative Foster MOVED to ADOPT work draft for CS HB 496, Version S. There being NO OBJECTION, it was so ordered.

Mr. Flora related that if the percentages were deleted, then //. Sponsor would accept solutions. Easiest way to address this issue. He explained that there is an audit requirement on page 3, line 15.

[9:26:30 AM](#)

Representative Weyhrauch asked about Section G. Mr. Flora said.

Co-Chair Chenault asked if a portion of the check is garnished, if a person wants to donate the remainder of the check, would the garnish take priority. Mr. Flora deferred to the permanent fund staff.

Representative Stoltze asked about electronic.

SHARON BARTON, DIRECTOR, PERMANENT FUND DIVIDEND DIVISION, DEPARTMENT OF REVENUE, addressed Co-Chair Chenault's question. Takes priority after garnishment. Co-Chair Chenault asked if it only applies to on-line applicants. Ms. Barton said yes.

[9:29:58 AM](#)

Co-Chair Meyer asked if the Rasmusson Foundation would fund all three years. Mr. Flora said yes.

DIANE KAPLAN, RASMUSSON FOUNDATION, confirmed that.

Co-Chair Meyer listed the fiscal note.

[9:31:55 AM](#)

Mr. Flora pointed to a correction on page 6, line 12, June 30, 2006 to August 15, 2006.

Co-Chair Meyer MOVED to ADOPT Conceptual Amendment 2, to change the date on page 6, line 12, from June 30 to August 15. There being NO OBJECTION, it was so ordered.

Representative Hawker noted that the fiscal note does not address the Rasmusson Foundation.

[9:33:47 AM](#)

Representative Weyhrauch suggested a letter of intent do deal with that issue. He suggested a short letter and one from Rasmussen Foundation. There being NO OBJECTION, the addition of a letter of intent was adopted.

[9:34:30 AM](#)

Representative Foster noted fiscal note "department may not be able to meet" Sunset for //. Extend deadline. Mr. Flora said the intent is to speed up the process to make 2007 happen. He assured the committee that the goal would be attained. The fiscal note addresses writing the regulation. Representative Foster suggested 5 to 10 years.

Representative Holm asked why the cost to change mainframe and server - \$200,000. Ms. Barton said that the payroll system consists of 3 to 4 patched together systems. In order to run the programs that expense has been estimated. No bids have been accepted yet, it could be less.

[9:39:20 AM](#)

Co-Chair Chenault pointed out that the Rasmussen Foundation has funded as dated. If the date would be extended that assumes that the state will pay the additional costs. He suggested staying with the date.

Representative Foster opined that a constituency is being created and an extension will need to be made.

[9:40:47 AM](#)

Representative Hawker said there could be 600 qualifying companies. He said it does not make sense.

Representative Joule said in the budget process contributions are looked at. If Alaskans contribute a lot, that says a lot.

[9:42:35 AM](#)

Representative Foster MOVED to REPORT CSHB 496 (FIN) out of Committee with an attached letter of intent, with individual recommendations, and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHB 496 (FIN) was REPORTED out of Committee with a letter of intent, with "no recommendation", and with a new fiscal note by the Department of Revenue.

[9:43:59 AM](#)

HOUSE BILL NO. 306

"An Act making certain land available for selection by the Matanuska-Susitna Borough."

Representative Kerttula said.

Representative Hawker stated support for the bill. Public process has been correct.

Representative Holm echoed Representative Hawker's comments. He noted that the Mat-Su has to vote on this issue.

[9:45:46 AM](#)

Representative Weyhrauch said he is not comfortable with Section 1, the findings because it is not consistent with past practice.

Representative Stoltze responded that it is consistent because it is Mat-Su's.

Representative Weyhrauch MOVED Conceptual Amendment 1, to delete Section 1. There being NO OBJECTION, it was so ordered.

Representative Weyhrauch said he now supports the bill.

[9:47:44 AM](#)

Representative Kerttula noted Eaglecrest is not //. This was established to allow access to river, now being passed to a private developer, not been a public process. Borough has 300,000 acres. Undermines public usage. She also opposed removing Section 1. ARC is opposed to this use of the corridor. She stated her objections to the bill.

Representative Stoltze said he appreciated Representative Kerttula's remarks. He said he does not agree philosophically with the bill, but it is his district's top priority. He noted the set-backs allowed in the bill.

[9:52:00 AM](#)

Representative Joule observed that in the northern part of the country it is ok to //.

Representative Foster MOVED to REPORT CSHB 306 (FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHB 306 (FIN) was REPORTED out of Committee with "no recommendation" and with zero fiscal note #1 by the Department of Natural Resources.

ADJOURNMENT

The meeting was adjourned at 9:53 AM.