

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS

February 6, 2006
9:08 a.m.

MEMBERS PRESENT

Representative Bruce Weyhrauch, Chair
Representative Ralph Samuels
Representative Peggy Wilson
Representative Max Gruenberg

MEMBERS ABSENT

Representative Norman Rokeberg
Representative Paul Seaton
Representative Carl Moses

COMMITTEE CALENDAR

HOUSE BILL NO. 375

"An Act relating to the retirement benefit liability account and appropriations from that account; relating to deposits of certain income earned on money received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District); and providing for an effective date."

- MOVED CSHB 375(W&M) OUT OF COMMITTEE

HOUSE BILL NO. 374

"An Act relating to establishment of a retirement benefit liability account in the Department of Revenue and redirecting deposit of annual dividends of the Alaska Housing Finance Corporation to that account; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: HB 375

SHORT TITLE: RETIREMENT BENEFIT LIABILITY ACCT/PF

SPONSOR(S): WAYS & MEANS

01/17/06	(H)	READ THE FIRST TIME - REFERRALS
01/17/06	(H)	W&M, STA, FIN
01/20/06	(H)	W&M AT 9:00 AM CAPITOL 106

01/20/06	(H)	Heard & Held
01/20/06	(H)	MINUTE(W&M)
01/25/06	(H)	W&M AT 9:00 AM CAPITOL 106
01/25/06	(H)	Heard & Held
01/25/06	(H)	MINUTE(W&M)
01/27/06	(H)	W&M AT 9:00 AM CAPITOL 106
01/27/06	(H)	Heard & Held
01/27/06	(H)	MINUTE(W&M)
01/30/06	(H)	W&M AT 9:30 AM CAPITOL 106
01/30/06	(H)	Heard & Held
01/30/06	(H)	MINUTE(W&M)
02/01/06	(H)	W&M AT 9:00 AM CAPITOL 106
02/01/06	(H)	<Bill Hearing Canceled>
02/03/06	(H)	W&M AT 9:00 AM CAPITOL 106
02/03/06	(H)	<Bill Hearing Canceled>
02/06/06	(H)	W&M AT 9:00 AM CAPITOL 106

WITNESS REGISTER

JERRY BURNETT, Legislative Liaison
 Department of Revenue
 Juneau, Alaska

POSITION STATEMENT: During hearing of HB 375, answered questions.

ACTION NARRATIVE

CHAIR BRUCE WEYHRAUCH called the House Special Committee on Ways and Means meeting to order at [9:08:36 AM](#). Representatives Weyhrauch, Gruenberg, Samuels, and Wilson were present at the call to order.

HB 375-RETIREMENT BENEFIT LIABILITY ACCT/PF

[9:08:44 AM](#)

CHAIR WEYHRAUCH announced that the only order of business would be HOUSE BILL NO. 375, "An Act relating to the retirement benefit liability account and appropriations from that account; relating to deposits of certain income earned on money received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District); and providing for an effective date."

[9:08:59 AM](#)

REPRESENTATIVE SAMUELS moved to adopt the committee substitute (CS) for HB 375, Version 24-LS1467\Y, as the working document. There being no objection, Version Y was before the committee.

CHAIR WEYHRAUCH explained that HB 374 and HB 375 were set up as separate mechanisms to appropriate money from the Alaska Housing Finance Corporation (AHFC) dividend, and from the interest on the Amerada Hess fund and the Alaska Permanent Fund with dividends from these accounts going into a retirement benefit liability account. Version Y strips away everything related to AHFC, Amerada Hess, and the Alaska Permanent Fund and simply establishes a liability account.

CHAIR WEYHRAUCH pointed out that this account is similar to the public education account established previously by the legislature and enables the appropriating authority for the legislature. He reminded the committee and the public that the legislature can't establish a dedicated account or dedicate funds, with the exception of the permanent fund, as this would be unconstitutional; however, Version Y gives the legislature the authority to appropriate into this [liability] account for the Public Employees' Retirement System /Teachers' Retirement System (PERS/TRS) and set up the mechanisms to make those appropriations.

CHAIR WEYHRAUCH explained that Version Y addressed a section of the original bill, which contained language stating that the money appropriated from the [liability] account would go toward paying past service liabilities of the PERS/TRS and "for other purposes" which was not specific enough and so removed.

[9:11:25 AM](#)

JERRY BURNETT, Legislative Liaison, Department of Revenue (DOR), in response to questions by Chair Weyhrauch, said the DOR doesn't "have a position on whether or not [establishing a liability account] is a good idea" and, in fact, would suggest the Finance Committee review the bill to determine the source of funding. He also said that in terms of a fiscal note, there is nothing in Version Y that would create a new operating expense.

[9:11:56 AM](#)

REPRESENTATIVE GRUENBERG suggested the word "annually", on page 1, line 12, was misleading. He explained it might be interpreted as meaning once a year.

[9:12:36 AM](#)

REPRESENTATIVE GRUENBERG moved to adopt Amendment 1, as follows:

Page 1, line 12:
Delete "annually"

There being no objection, Amendment 1 was adopted.

CHAIR WEYHRAUCH informed Representative Gruenberg the bill would go next to the House State Affairs Standing Committee.

[9:13:36 AM](#)

CHAIR WEYHRAUCH, upon determining no one else wished to testify, closed public testimony.

[9:13:42 AM](#)

REPRESENTATIVE SAMUELS moved to report CSHB 375, Version 24-LS1467\Y, as amended, out of committee with individual recommendations.

[9:13:52 AM](#)

REPRESENTATIVE GRUENBERG objected, and then asked if there is any policy reason why the bill is not a good idea.

[9:13:59 AM](#)

CHAIR WEYHRAUCH stated his belief that this is an important policy decision for the legislature to make on an ongoing basis to help reduce the debt liability.

[9:14:21 AM](#)

REPRESENTATIVE GRUENBERG removed his objection.

[9:14:29 AM](#)

CHAIR WEYHRAUCH asked if there were any further objections. There being none, CSHB 375(W&M) was reported from the House Special Committee on Ways and Means.

[9:15:06 AM](#)

CHAIR WEYHRAUCH, in answer to a question asked by Representative Gruenberg, explained that [HB 374] would not be heard at this meeting because of the policy implications associated with taking revenue from the Amerada Hess account and dividend from the AHFC and transferring these funds into the retirement benefit liability account. The appropriation mechanisms, he said, would be dealt with at a later time.

[9:15:19 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Ways and Means meeting was adjourned at 9:15 a.m.