

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**February 22, 2005**  
**9:04 a.m.**

**CALL TO ORDER**

Co-Chair Green convened the meeting at approximately [9:04:45 AM](#).

**PRESENT**

Senator Lyda Green, Co-Chair  
Senator Gary Wilken, Co-Chair  
Senator Con Bunde, Vice Chair  
Senator Fred Dyson  
Senator Lyman Hoffman

**Also Attending:** LALANYA SNYDER, Staff to Senator Ralph Samuels; PAT DAVIDSON, Legislative Auditor, Legislative Audit Division

**Attending via Teleconference:** There were no teleconference participants.

**SUMMARY INFORMATION**

SJR 6-FEDERAL MEDICAL ASSISTANCE REDUCTION

The resolution reported from Committee.

HB 47-EXTEND BOARD OF REAL ESTATE APPRAISERS

The Committee heard from the bill's sponsor and the Legislative Audit Division. The bill was held in Committee.

#sjr6

SENATE JOINT RESOLUTION NO. 6  
Relating to a reduction in the Federal Medical Assistance Percentage for Alaskans, and urging the United States Congress to take action to prevent the reduction.

This was the second hearing for this bill in the Senate Finance Committee.

Co-Chair Green noted that this bill had been held in Committee in

order to receive updated fiscal note information.

Co-Chair Wilken informed the Committee that four new Department of Health and Social Services fiscal notes have been provided that more accurately depict the impact to the State were the FFY 06 Federal Medical Assistance Payment (FMAP) to decrease from the current 57.58 percent level to the proposed 50.16 percent level. He specified that these new fiscal notes, rather than the Legislative Affairs Agency's zero fiscal note dated February 16, 2005, should advance with the bill. The analysis located on page two of each of the four new fiscal notes provides the detailed effect on each component.

Co-Chair Wilken mentioned that the Department of Health and Social Services' handout titled "Impact of FMAP Reduction on State Match" [copy on file] would provide Members additional information regarding the impact of the federal percentage match changes over time.

Senator Hoffman voiced that while he supports the Joint Resolution, he is concerned about how the projected financial impact to the State would be addressed in the FY 06 budgetary process; specifically whether Governor Frank Murkowski or this Committee's Department of Health and Social Services (H&SS) subcommittee would be providing direction in its regard.

Co-Chair Wilken commented that the projected \$52 million impact to the State is not included in Governor's FY 06 budget. The decision regarding whether to include this issue in this year's budget has not, of yet, been finalized. The situation could be easily resolved "structurally" but not easily resolved "financially".

Co-Chair Green noted that the federal government might not address this issue by the time that the Alaska Legislature finalizes its FY 06 budget. Either zero or \$52 million could be required. She asked Senator Hoffman whether he had any suggestions as to how the H&SS subcommittee could address this situation in the budget.

Senator Hoffman replied that, "we are a very rich State."

Co-Chair Wilken moved to report SJR 6 from Committee with individual recommendations and four new fiscal notes.

There being no objections, SJR 6 was REPORTED from Committee with four new zero fiscal notes, dated February 18, 2005, from the Division of Behavioral Health, The Office of Children's Services, the Division of Senior and Disabilities Medicaid Services, and the Division of Health Care Services, Department of Health and Social

Services.

#hb47

CS FOR HOUSE BILL NO. 47(FIN)

"An Act extending the termination date of the Board of Certified Real Estate Appraisers; and relating to the requirements for membership on the Board of Certified Real Estate Appraisers."

This was the first hearing for this bill in the Senate Finance Committee.

Co-Chair Green stated that this bill would extend the life of the Board of Certified Real Estate Appraisers.

LALANYA SNYDER, Staff to Representative Ralph Samuels, the bill's sponsor, expressed that this "simple bill" would extend the Board, which is responsible for setting professional standards for the real estate appraisal profession, developing exam standards for the certification of real estate appraisers, and adopting regulations to satisfy state and federal regulations until June 30, 2010. She also noted that the Division of Legislative Audit supports the extension of the Board and that the language changes proposed in the bill would make it "more consistent." The sponsor would appreciate the Members' support of this legislation

Co-Chair Green asked for further information regarding the proposal to amend language in Sec 08.87.010 to require that general and residential real estate appraiser Board members should be "certified" rather than "licensed."

Ms. Snyder stated that while the terms are used interchangeably; the proposed change would align language in Sec. 08.87.010. Board Created. with the State Statute that utilizes the term "certified."

Co-Chair Green pointed out that the Department of Commerce, Community and Economic Development Fiscal Note #1, dated February 20, 2005 would be revised to "more properly" reflect the Board's FY 06 expenses. It was noted that the Board was terminated on June 30, 2004, and, as routine for terminated boards, was allowed one-year to conclude its affairs.

PAT DAVIDSON, Legislative Auditor, Division of Legislative Audit, informed that, in order to quality for federal deposit insurance and to participate in selling federal mortgage loan programs such as Fannie Mae and Freddie Mac, financial institutions in the State

must utilize State certified real estate appraisers. While Audit Control Number: 08-20024-03, dated July 17, 2003 did not include any recommendations other than supporting the extension of the Board, it should be noted that the Board's financial deficit had been addressed last year via such things as increasing fees and reducing costs. No financial concerns are reflected in the Audit.

Co-Chair Green understood therefore that any areas of concern have been addressed. She also noted that this Board serves an important role.

Senator Hoffman asked for further information regarding language on page eight of the Audit in the section titled "Recent federal study determined oversight of real estate appraisers should be enhanced" that specifies that the Board's "scope should be expanded."

Ms. Davidson replied that, included in the Audit is reference to a prior General Accounting Office (GAO) report that reviewed the entire federal Title XI program and whether qualifications of real estate appraisers should be expanded or enhanced. The State Statute includes language to the effect that certified real estate appraisers in the State "maintain their performance in accordance with the federal requirements for their profession." Therefore, were any changes to occur at the federal level, these professionals would be required to conform to the point at which further State action might be required. She noted that GAO's name has now been changed to the General Accountability Office.

Co-Chair Green understood that page seven of the Audit addresses items pertinent to State oversight of these professions and page eight addresses the federal oversight.

Co-Chair Green ordered the bill HELD in order to acquire the aforementioned revised fiscal note.

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#### **ADJOURNMENT**

Co-Chair Green adjourned the meeting at 09:17 AM.