

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
May 6, 2005  
9:55 a.m.

**CALL TO ORDER**

Co-Chair Green convened the meeting at approximately [9:55:42 AM](#).

**PRESENT**

Senator Lyda Green, Co-Chair  
Senator Gary Wilken, Co-Chair  
Senator Bert Stedman  
Senator Lyman Hoffman  
Senator Donny Olson  
Senator Fred Dyson

**Also Attending:** REPRESENTATIVE RALPH SAMUELS; REPRESENTATIVE BILL STOLTZE; RICHARD MANDSAGER, M.D., Director, Division of Public Health Department of Health and Social Services; JANET CLARKE, Assistant Commissioner, Division of Finance and Management Services, Department of Health and Social Services; DEVEN MITCHELL, Debt Manager, Department of Revenue, KATE GIARD, Chairman, Regulatory Commission of Alaska, Department of Commerce, Community and Economic Development; MARY JACKSON, Staff to Senator Tom Wagoner and Aide to Senate Resources Committee; MIKE TIBBLES, Deputy Commissioner, Department of Administration; IAN FISKE, Staff to Representative Bill Thomas; LINDA HALL, Director, Division of Insurance, Department of Commerce, Community and Economic Development; ART CHANCE, Labor Relations Director, Division of Labor Relations, Department of Administration; GINGER BLAISDELL, Staff to Senator Green

**Attending via Teleconference:** From an Offnet Site: BRIAN BJORKQUIST, Senior Assistant Attorney General, Labor and State Affairs Section, Civil Division (Anchorage), Department of Law; From Sitka: PETE ESQUIRO, General Manager, Northern Southeast Regional Aquaculture Association

**SUMMARY INFORMATION**

SB 73-STATE VIROLOGY LABORATORY

The Committee heard from the Department of Health and Social Services and the Department of Revenue. A committee substitute was

adopted and the bill reported from Committee.

SB 157-REG. COST CHARGES: UTILITIES/PIPELINES

The Committee heard from the Alaska Regulatory Commission and the Department of Law. Two committee substitutes were subsequently adopted, and the bill reported from Committee.

HB 54-BAIL REVIEW

The bill heard from the bill's sponsors and the bill was reported from Committee.

HB 286-VALUE OF ROYALTY ON GAS PRODUCTION

The bill heard from the bill's sponsor and the Alaska Regulatory Commission. The bill reported from Committee.

HB 98-NONUNION PUBLIC EMPLOYEE SALARY & BENEFIT

The Committee heard from the Department of Administration and held the bill in Committee.

HB 218-PRIVATE HATCHERY COST RECOVERY FISHERIES

The Committee heard from the sponsor and the industry. The Committee recommended that the bill be referred to the Senate Resource Committee for further review.

HB 147-INSURANCE REGULATION

The Committee heard from Department of Commerce, Community and Economic Development, adopted a committee substitute and reported the bill from Committee.

SB 46-APPROP: CAPITAL BUDGET

The Committee adopted a committee substitute and reported the bill from Committee.

HB 275-TRANSPORTATION PROJECT BONDS

This bill was scheduled but not heard.

SB 74-CRIMES INVOLVING MARIJUANA/OTHER DRUGS

This bill was scheduled but not heard.

#sb73

CS FOR SENATE BILL NO. 73 (HES)

"An Act relating to a lease-purchase agreement for the construction, equipping, and financing of a state virology laboratory in Fairbanks to be operated by the Department of Health and Social Services; relating to the issuance of certificates of participation for the laboratory; relating to the use of certain investment income for certain construction and equipment costs for the laboratory; and providing for an effective date."

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

Co-Chair Green noted that this legislation, which was proposed by Governor Frank Murkowski, would further action on the virology laboratory and its related certificates of participation. She asked that an explanation of the term Certificates of Participation (COP) be provided.

RICHARD MANDSAGER, M.D., Director, Division of Public Health, Department of Health and Social Services, referred the Committee to a handout titled "Public Health Protecting and Promoting the Health of All Alaskans CSSB 73 (HES): Construction of a State Public Health Virology Laboratory in Fairbanks" [copy on file] and explained that the term virology is defined as the study of viruses. This proposal would be to construct a virology laboratory in Fairbanks in which to identify common things such as influenza and measles. In addition, research regarding uncommon viruses such as rabies and hepatitis would also be conducted. The importance of having such an "up-to-date" laboratory would be to allow the State to prepare for new viruses that have been appearing elsewhere in the world such as the Avian Flu, which is also referred to as the bird flu. This virus, which is occurring in Southeast Asia, is being transmitted from birds to humans and currently has a 70-percent mortality rate. The worldwide public health field is concerned that this virus might mutate and "become transmissible human to human. This is a very bad disease." The State must possess an advanced identification ability that could be linked to an isolation and quarantine process. It would be important to be able to identify whether a person arriving via airplane from Southeast Asia who is sick has the common flu or something worse.

Dr. Mandsager noted that the aforementioned handout also contains pictures of the current Fairbanks virology laboratory. The people who work there are handling "very bad viruses" as well as dealing

with such things as the release of "man-made things". The laboratory facility must meet a basic laboratory three (BSL3) level.

[9:59:17 AM](#)

Dr. Mandsager noted that there are 25 BSL3 labs, two BSL4 labs, and one BSL 4+ lab currently operating in the United States. Although the existing laboratory in Fairbanks operates at a level of a BSL 3, it does not meet the applicable standards. This legislation would allow the State to meet those standards and be positioned for the needs of the future.

Dr. Mandsager voiced that, while Fairbanks would be the preferred location, as it would allow the laboratory to work in partnership with the University and further their research missions, other locations in the State would be acceptable. Having the facility in Fairbanks would also provide a redundancy of services were a disaster to strike the Anchorage area which hosts the State's bacteriology and chemical-toxics laboratory.

JANET CLARKE, Assistant Commissioner, Division of Finance and Management Services, Department of Health and Social Services, deferred to Deven Mitchell of the Department of Revenue to explain the Certificates of Participation (COP).

Co-Chair Green noted that the majority of the Committee Members were familiar with this legislation due to media reports, other reports, or participation in other committee hearings on the bill.

Co-Chair Green asked Mr. Mitchell to explain how the facility would be financed.

DEVEN MITCHELL, Debt Manager, Department of Revenue, explained that the proposed financing structure would entail there being COP, "which would be facilitated by a lease that would be entered into between the Department of Administration and a trustee bank that would be given a title position". This "would facilitate the flow of money from the State of Alaska to the bond purchasers." In addition, this action would provide the mechanism allowing for participation in the lease, hence the name Certificates of Participation.

[10:01:27 AM](#)

Mr. Mitchell stated that the projected \$24,200,000 expense would include the cost of issuing the certificates. Debt service, at an interest rate of 4.9 percent, would amount to an annual expense of

\$2,400,000 for 15 years.

Mr. Mitchell noted that the 4.9 percent interest rate factored into the financing calculation is above the current 4.2 percent interest rate that would be available were the certificates issued today. The sale of the certificates would be conducted in the fall of 2005. Construction would occur in the year 2006.

Mr. Mitchell addressed the Committee's "general" concern about how such financial commitments might affect the State's AA credit rating. Numerous discussions have occurred with rating analysts about various funding options available to the State. Limiting the number of general fund obligations undertaken by the State has been considered in order to maintain that credit rating, prior to the adoption of a long-term fiscal plan by the State. While the State currently has "a positive budget position", no fiscal plan exists for the next four or five year time period. The \$24,200,000 obligation level has received positive feedback in that it "would fall under the radar or within the buffer zone ... where we would be issuing an obligation that wouldn't raise the eyebrows of the rating analysts that track this State to the point that they would be considering taking any credit action against the State." In conclusion, this project would not impact the credit rating of the State.

Co-Chair Wilken asked whether the "change of location" option that would permit the laboratory to be constructed outside of the University of Alaska Fairbanks campus is included in the Version 24-GS1117\F Committee Substitute.

Co-Chair Green affirmed that that option is included in the committee substitute. She apologized for not previously mentioning that component.

Co-Chair Wilken moved to adopt Committee Substitute, Version 24-GS1117\F as the working document.

There being no objection, Version "F" was ADOPTED as the working document.

Co-Chair Green commented that this bill would work in partnership with a budget item included in the FY 06 capital budget bill.

[10:05:25 AM](#)

Co-Chair Wilken moved to report the bill from committee with individual recommendations and accompanying fiscal notes.

There being no objection, CS SB 73 (FIN) was REPORTED from Committee with \$10,000 fiscal note #1 dated January 19, 2005 from the Department of Revenue; an FY 2010 fiscal need as reflected in fiscal note #2 dated January 20, 2005 from the Division of Public Health, Department of Health and Social Services; and a new zero fiscal note dated May 6, 2005 from Administrative Support Services, Department of Health and Social Services.

AT EASE [10:05:41 AM](#) / [10:06:17 AM](#)

#sb157

SENATE BILL NO. 157

"An Act relating to the maximum annual regulatory cost charge collected from certain regulated public utilities and pipeline carriers; and providing for an effective date."

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

Co-Chair Green noted that this legislation, which was requested by Governor Frank Murkowski, would relate "to an Act pertaining to the maximum annual regulatory cost charge collected from certain regulated public utilities."

Co-Chair Wilken moved to adopt committee substitute Version 24-GS1138\F as the working document.

There no objection, Version "F" was ADOPTED as the working draft.

[10:07:02 AM](#)

KATE GIARD, Chairman, Regulatory Commission of Alaska (RCA), Department of Commerce, Community and Economic Development, spoke to the Regulatory Commission and the reason for the development of this bill. When she became an RCA commissioner in June 2003, she had understood "that there were a lot of challenges that the public, the utilities, and the Legislature had with the overall functionality" of the Commission. She was elected chair of the Commission in July 2004, on a platform focusing on addressing those issues. Since that time, she had held discussions with public utilities, pipeline companies, and Legislators to determine "the issues that were driving some of" those entities' major concerns about the RCA.

Ms. Giard stated that "the overall goal was to identify and form working groups to work together to address" those concerns before

hearings on whether to terminate or continue the Commission occurred in two years' time. The effort would be considered "successful" were the forthcoming hearings to not include the "plethora of issues" that such hearings have had in the past. "Strategies and plans" have been formulated in this regard, including the Regulatory Cost Charge (RCC) rate increase proposal contained in this legislation. Other efforts would include addressing regulations and encouraging public comments on RCA activities. These processes would continue over the next two years.

[10:09:40 AM](#)

Ms. Giard explained that this legislation would increase the RCC rate "by two-tenths of one-percent, from seven to nine for a three year period." This would provide funding through which the RCA could acquire new systems to improve the efficiency of RCA operations. RCA has not, to this point, invested in such systems and is lagging behind current data processing trends. This has prevented the RCA from completing its workload. To this point, she noted that, due to a lack of systems and reporting capabilities, she, as chairman, is uninformed about "the day-to-day activities" of RCA staff. "That translates to you hearing that we're not getting our orders out promptly, that utilities don't know where things are in the process, and that it takes an extremely long time to get an order and answer from the RCA."

Ms. Giard stated that the Legislature has heard from many utilities in regard "to the many challenges" they have experienced in getting information from the RCA. Such issues are not insurmountable; the RCA is capable of providing the information, and the implementation of updated systems would assist this effort.

[10:11:09 AM](#)

Ms. Giard stated that discussions with utilities in regards to this RCC funding mechanism have transpired. To alleviate their initial "discomfort" with the idea, the utilities asked that an advisory group be developed. Thus an advisory group, comprised of utilities, was formed in January 2005. That group reviewed the RCA strategy and helped formulate a plan. As a result, the utilities have become more comfortable that RCA would update their system to deliver the services that the utilities require, including the system ability that would allow the utilities to transmit data to the RCA electronically. One utility, Chugach Electric, had to manually provide 65,000 documents pertaining to a recent rate case to the RCA. This RCC rate increase would serve to address these issues.

Ms. Giard explained that, as specified in State Statute, the RCC

monies that are collected are deposited into the RCA's operating fund rather than its capital fund. RCC fees are collected from the utilities and the pipeline companies who collect them from their ratepayers. Were RCA to not spend the entirety of the fees collected in a given year, this practice would allow that balance to be reflected in the operating budget. That balance would serve to reduce the amount of RCC fees that the ratepayers would pay the following year. In contrast, depositing the fees into the RCA capital fund account would not have "that impact on the ratepayer". Thus, any money remaining after the purchase of the new systems would serve to reduce the RCC rate the following year. The money would not be used to hire additional staff or other expenses.

Ms. Giard noted that the advisory group would continue to meet with the RCA until the system upgrade concluded.

Ms. Giard concluded by commenting that she would welcome Committee questions about the RCA or the bill.

[10:13:45 AM](#)

Co-Chair Green voiced appreciation for Ms. Giard's testimony.

Ms. Giard pointed out, for the record, the fact that typically RCA legislation is a point of controversy. This legislation is contrary to the norm as the efforts in its regard were conducted in cooperation with the utilities. "We owe any success that results from this venture to those pipeline companies and utilities that did participate and that did respectfully say we support this and we are going to not move forward and take any advantage of this situation."

Ms. Giard voiced her support of an [unspecified] amendment that was developed during the process as she deemed it as being "good public policy". It did not "have the Christmas tree affect" that could have happened. She voiced appreciation for the efforts exerted by the Legislature, the pipeline companies, and the utilities.

[10:15:37 AM](#)

Co-Chair Green commented that when she initially heard about this legislation, she thought that this "was just another method by which our ratepayers" would pay more to the utilities who would "pay more for something". However, the volume of documents that the RCA process entails is expansive and the fact that it is currently conducted manually is unacceptable in today's work environment. In addition the RCA is currently unable to change and edit as the process unfolds. She voiced her support of this legislation, as it

would serve to update the process.

Co-Chair Wilken opined that the title change included in Version "F" appears to be the result of language included in Sec. 3, page two, lines 15 through 22. That language would "appear to indemnify public utilities for damages that may or may not have been caused by operating a transmission line."

[10:17:02 AM](#)

Co-Chair Wilken asked whether Ms. Giard was familiar with the language in Sec. 3 regarding "the prohibition on the ability of the Regulatory Commission of Alaska to order electric utilities to operate their systems different than design or safety standards and relieving the utility of liability in order to operate in such a manner."

Ms. Giard asked for further clarification of the question.

Co-Chair Wilken stated that his question was to whether she was "familiar with Sec. 3."

Ms. Giard replied that she was familiar with the section.

Co-Chair Wilken then asked whether it was her "understanding that the amendment is directed at the manner in which RCA is requiring that the 20-mile segment of the transmission line that is owned and operated by Matanuska Electric Association" [MEA].

[10:17:42 AM](#)

Ms. Giard replied in the affirmative.

Co-Chair Wilken asked whether "the line at issue" is "used as part of the Alaska intertie which is the major transmission line between Anchorage utilities and the northern interior of the State."

[10:17:56 AM](#)

Ms. Giard affirmed that it was.

Co-Chair Wilken asked how long that line has been in operation.

Ms. Giard responded that that line has been in operation for approximately 20 years.

Co-Chair Wilken asked whether the RCA had conducted hearings in regards to "the manner involving the manner in which MEA was

intending to operate that line."

Ms. Giard affirmed that hearings were held in that regard.

Co-Chair Wilken asked who had participated in those hearings.

Ms. Giard stated that RCA had issued Order #4, Docket No. U-03-100 [copy not provided] in this regard. The parties involved in that proceeding were the Chugach Electric Association, Inc. (CEA); Golden Valley Electric Association, Inc. (GVEA); the Municipality of Anchorage d/b/a Municipal Light and Power [MLP], the City of Seward, and MEA.

Co-Chair Wilken asked whether "experts" attended that hearing.

Ms. Giard responded yes; it is the norm that experts "on both sides" attend such hearings.

Co-Chair Wilken asked whether "the designer of that line testified."

Ms. Giard stated that, "as this particular order has been appealed to the Superior Court", it would be difficult to delve into the details of that hearing. However, she would be able to discuss Sec. 3 and provide its historical background.

[10:19:14 AM](#)

Ms. Giard informed the Committee that the original Senate and House of Representatives companion bills that had been introduced this session had simply focused on the RCC. Recently, however, MEA raised concerns about the aforementioned order issued by the RCA. "MEA had proposed initially that they would like this order to be overturned. That is a public policy issue, which the RCA could not support." One of the primary concerns raised by MEA pertained to the RCA interconnection order that utilizes approximately 20 to 26 miles of MEA lines, called TLS lines. Those 20 miles of MEA's TLS lines have been under contract for the intertie transmittal during the 20 years since the inception of the intertie, as, since "funding was low", utilizing the MEA TLS line was deemed to be the most efficient transmittal option.

Ms. Giard continued that MEA indicated that they "would no longer be able to offer that service to the intertie because they weren't able to negotiate terms and conditions MEA was comfortable with." RCA conducted a hearing "and issued an Order stating and requiring MEA to interconnect." A copy of the Order could be provided.

[10:20:57 AM](#)

Ms. Giard noted that MEA had raised safety concerns about the line, due to RCA ordering that MEA "connect the line and run the transmit kilowatts at 138." The line was originally designed for 115 kilowatts (KV). During her recent conversations "with MEA about their concerns and their desire to have the Order overturned within the Legislative process," she explained that that would be "bad public policy because there is a mechanism the Legislature put in place for MEA or any public utility or pipeline to deal with orders that they do not like that are issued from the RCA." That process would entail appealing the RCA decision to the Superior Court and then to the Supreme Court. The Courts would decide whether or not RCA had "done our job well."

Ms. Giard stated that MEA understood the public policy issue concerns and chose not "to violate them." The underlying MEA concern was in regards to "their liability". They have provided their service to the State of Alaska, however, were someone to be injured with that line being run at a 138-kilowatt voltage "the utility stands in place of the intertie. The State of Alaska stands in place for the rest of the intertie through the" Alaska Energy Authority (AEA).

Ms. Giard communicated that it would be deemed good public policy, and policy that should have been enacted 20 years earlier when the MEA line was originally used for the intertie, "that if this line does cause liability while it is being used as intertie, and there is some discussion underway that it would only be used for the next three to five years under this mechanism, that it is good public policy that this public utility not be held more accountable or more liable than other utilities along the Railbelt." It was then necessary to communicate this public policy to the other utilities connecting to that intertie including GVEA, CEA, and MLP.

Ms. Giard continued that in a matter of the last 48 hours, this information had been conveyed to the other utilities. She agreed with the other utilities that this issue would have been better served had MEA presented their concern earlier. However, she understood MEA's position that, since the Order had been under appeal to the Superior Court, it would have been inappropriate to address it earlier. This is a fair account of what has transpired in last 48 hours. RCA and the Office of the Governor have determined that the language changes included in Sec. 3 of Version "F" would be acceptable.

[10:25:04 AM](#)

Co-Chair Green asked whether the Department of Law and RCA attorneys had been involved in the discussions, specifically whether those entities deemed the Sec. 3 language as being "workable".

[10:25:24 AM](#)

Ms. Giard assured that the Attorney Generals Office, AEA's legal representative, the Department of Law, and the Legislative Legal & Research Division were involved in the recent discussions. It has undergone the appropriate review.

[10:25:58 AM](#)

Co-Chair Wilken concluded therefore that the language in the bill would serve as "an end run around the RCA decision" and "would indemnify a certain utility for their future actions in regards to operating this asset." To that point, he asked for confirmation that neither RCA nor Governor Frank Murkowski had any concerns in regards to the language contained in Sec. 3 and were, in fact, "supportive of it."

Ms. Giard expressed that she had "strongly and sternly spoken to MEA about the 'end run' issue." To that point, she viewed end runs as not being "uncommon. It is probably a normal part of a process that" she "was not particularly familiar with". She stated that she focuses on the end result: "is the end result good public policy that the Governors Office stood behind". The determination that this was good public policy was the conclusion reached at the end of the past 48 hours. She would be unable to recommend that the Committee advance this action otherwise.

Co-Chair Wilken acknowledged.

Senator Dyson voiced having "a different perspective on this; it may indeed be 'an end run' in a way that I don't perceive."

[10:28:15 AM](#)

Co-Chair Green interrupted Senator Dyson's comments to note that the Committee, in its questioning, should be conscious of restrictions that might be placed on Ms. Giard and RCA due to the pending Superior Court decision.

Senator Dyson spoke in regards to the fact that RCA was asking MEA to transmit 138 KV on a line designed to transmit 115 KV. RCA had determined that the line was capable of handling the increased voltage. The owner of the line viewed it as being marginal; "it is

not the recommendation of the national electric safety code." He understood "that that section of line has had a considerable number of outages." Therefore, it would not be unreasonable in a case where a governmental agency "forced" an entity "to operate on the edges of good national standards" ... "for that group to say hey over our protest, you are asking us to do something that's outside of what would be normal recommended practice, and we want to be held harmless if we do what we are ordered to do that outside of national recognized standards". In conclusion, he viewed the language in Sec. 3 as offering "reasonable protection for this utility".

Senator Dyson informed the Committee that his background included working as a construction lineman and in electric power maintenance. He noted that arcing between lines and insulators is an issue dependent "on atmospheric conditions." He "suspected" that while the line in question is located in an area that is relatively dry, "moisture in and around the dew point" could cause problems. This, combined with other factors such as line age and wind, could be troublesome.

[10:30:50 AM](#)

Senator Olson voiced being uncomfortable with the fact that RCA is requesting that a line exceed its capabilities. He compared this to an airplane directed to fly with a load exceeding its specific design weight. While the aircraft might be designed with margins on its load, being directed to do so might result in the eventual failure of the aircraft. This might be the situation that is causing the power outages on that line.

Senator Olson noted that he had some familiarity with power lines as his father had operated a small community's generator. To that point, he understood that there were methods, such as the installation of transformers, through which the voltage of a line could be increased within the parameters of the designed voltage.

[10:32:14 AM](#)

Ms. Giard stated that those issues were discussed at the hearing and with MEA. Like the Legislature, the RCA has the ability "to hear a complete record" of an issue "and weigh and balance and decide" in its regard. Some decisions could be "really good" and others could be "really bad", and the process that would allow RCA decisions to be heard by the Superior Court would be the determining factor in regards to this RCA decision. MEA is aware of this process and the other parties understand that there are "mitigating circumstances". All these factors were weighed in the

RCA decision.

Ms. Giard displayed a thick binder containing the transcripts of the hearing proceeding. The Superior Court would decide whether the RCA decision in this issue was right or wrong.

Co-Chair Green asked for confirmation that the other public utilities had been included in the discussions.

Ms. Giard affirmed that she and the Governor's Office have actively communicated with the other entities. She shared the understanding that those entities also viewed the language in Sec. 3 as good public policy, "but were disenchanted with the process". The focus should be on the fact that the legislation being offered today "is good for the State of Alaska."

[10:34:40 AM](#)

BRIAN BJORKQUIST, Senior Assistant Attorney General, Labor and State Affairs Section, Civil Division (Anchorage), Department of Law testified via teleconference from an offnet site and noted that he had just reviewed Version "F". However, the language in Version "F" is missing the intended intent, which was "to limit the immunity from liability to the extent that the damage was caused by the operation of the line either inconsistent with its original design standards or in a manner that was a violation or inconsistent with the national safety code." As written, Version "F" would "provide complete immunity to the utility for any damage that might be caused by the operation of the utility or the transmission line regardless of whether it would have anything to do with the difference or the inconsistency with the design standard or the national electric safety code."

Mr. Bjorkquist stated that this would be a concern.

[10:36:01 AM](#)

Senator Dyson asked Mr. Bjorkquist for a recommendation in this regard.

Mr. Bjorkquist stated that he would work on developing the appropriate language. "The basic concept is that the public utility would not be liable for any damages caused to the extent that the damage was caused by the operation of the transmission line at a voltage that is inconsistent with either the original design standards or the national safety code; and also that the Regulatory Commission of Alaska would be ordering that."

[10:37:09 AM](#)

Senator Dyson deferred to Mr. Bjorkquist's judgment even though Senator Dyson thought that the concern was sufficiently addressed in Sec. 3.

[10:37:28 AM](#)

Co-Chair Green asked that RCA confer with Mr. Bjorkquist and the Administration in this regard.

Ms. Giard concurred. The issue would be readdressed and be brought back to the Committee.

Co-Chair Green ordered the bill HELD in Committee.

[NOTE: This legislation is readdressed at Time Stamp 4:37:15 PM.]

[10:38:06 AM](#)

#hb54

CS FOR HOUSE BILL NO. 54 (FIN)

"An Act relating to bail review; relating to petitions for review by crime victims where the defendant has received a sentence below the sentencing range for the crime; relating to the qualifications of certain members of the Violent Crimes Compensation Board; relating to the introduction of the victim and the defendant or minor to the jury; amending Rule 27, Alaska Rules of Criminal Procedures, and Rule 21, Alaska Delinquency Rules; and providing for an effective date."

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

REPRESENTATIVE RALPH SAMUELS, co-sponsor of the bill, informed the Committee that the first part of this bill would address bail hearings. The fact that a defendant is currently entitled to a bail hearing every 24 hours creates problems for both district attorneys and for the crime victim who "have a Constitutional right to be a every proceeding that the defendant is at". The 24-hour bail scenario is a hardship for the victim who, when notified of the hearing, might be required to leave their job to attend a hearing which might not occur. This process could occur day after day with the end result being the bail not being changed.

Representative Samuels stated that this bill would change the bail

hearing timeframe to a 48-hour timeframe, and, in order to request a new bail hearing something pertaining to the case must have changed. That new information must be submitted "in writing for the Court's consideration". It must be new information that had not been considered at the prior bail hearing. The District Attorney would be provided a 48-hour timeframe in which to notify the victim, and there must be 48 hours between bail hearings.

[10:39:24 AM](#)

Representative Samuels continued that the second part of the bill would clarify that the victim could "be introduced to the jury during the opening statement or during the jury selection process". Since the defendant is introduced to the jury, both he and co-sponsor Representative Bill Stoltze deem the introduction of the victim of the crime to be warranted. It would "put a face on what happened whether it be a crime against a person or a simple property crime."

[10:39:59 AM](#)

Representative Samuels communicated that the third component of the bill would provide the victim "the right to petition a review of a sentence that falls below the set range". He referenced previously adopted legislation that specified a range of sentencing for specific crimes. While "a sentence that goes above the range would go to a jury trial", this bill would allow that "the victim of a crime could petition a review of the sentence ...to the Court of Appeals" were "the aggregate amount of years between all the aggravators and mitigators in a sentence" to fall below the range.

Representative Samuels stated that the bill would also expand State Statutes to allow a retired physician or attorney to qualify for the Violent Crimes Compensation Board.

Representative Samuels concluded that these steps would assist in balancing the rights of the accused and those of the victim.

Co-Chair Green observed that allowing a retired physician or attorney to serve on the Board would serve "to increase the eligibility" of Board members.

REPRESENTATIVE BILL STOLTZE, the bill's co-sponsor, thanked the Committee for hearing this bill.

[10:41:41 AM](#)

Co-Chair Green declared that, according to the volume of phone

calls she has received in regards to this bill, it must be a "very good bill".

Co-Chair Green asked whether does bill would "bar or impact a defendant's ability to file an expedited request".

Representative Samuels responded that it would not. Under the current process, a Magistrate would set a defendant's initial bail. Typically, and particularly in cases involving "high emotions or alcohol, that bail would be set at a high level. The subsequent bail hearing, which is considered "the real bail hearing" would be before a Judge. Rather than allowing a bail hearing to be scheduled every day, as is currently the case, this bill would extend the amount of time between hearings and would require that a change in the information pertaining to the case be provided in writing to the Court.

Co-Chair Wilken moved to report the bill from Committee with individual recommendations and accompanying fiscal notes.

There being no objection, CS HB 54 (FIN) was REPORTED from Committee with zero fiscal note #1 dated March 26, 2005 from the Department of Corrections; zero fiscal note #2 dated March 24, 2005 from the Alaska Court System; and zero fiscal note #3 dated March 29, 2005 from the Department of Law.

[10:43:13 AM](#)

#hb286

SENATE CS FOR HOUSE BILL NO. 286 (RES)

"An Act amending the manner of determining the royalty received by the state on gas production by directing the commissioner of natural resources to accept, under certain circumstances, the transfer price of the gas if established by transfer price order of the Regulatory Commission of Alaska; 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 leases or properties in the state; and providing for an effective date."

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

REPRESENTATIVE RALPH SAMUELS, the bill's sponsor, informed the Committee that one component of this bill would address an issue brought forward by Anchorage Municipal Light and Power (ML&P). That issue involves how the Department of Natural Resources (DNR) would value ML&P gas royalty prices. Currently, DNR would establish the royalty price based upon "the value of a contract that Shell had at the Beluga River Field with Municipal Light and Power. Municipal Light & Power then bought Shell's interest in the field itself. DNR agreed to use the contract price until the contract expired. The contract expires in 2005 and the language in the bill would allow DNR to use the transfer price now since there is no longer a sale going on they own the gas in the field. They are transferring it to themselves. The transfer price is set by" the Regulatory Commission of Alaska (RCA). He noted that RCA has voiced its support for this legislation.

Co-Chair Green understood that the bill's sponsor would appreciate testimony being presented by the RCA in regards to Section 1, which is the section that pertains to ML&P.

Representative Samuels affirmed.

[10:45:28 AM](#)

MARY JACKSON, Staff to Senator Tom Wagoner and Aide to the Senate Resources Committee, stated that her comments would address Sections 2 through 9 of the Senate Resources (RES) Committee committee substitute before the Committee. The RES Committee decided to include in this bill the Exploration Incentives Credit program that originated in HB 71. That bill would, at this time, remain "in the possession of the Senate Resources Committee".

Ms. Jackson continued that this bill therefore would extend to Bristol Bay and other areas such as the Healy, Red Dog, and Nenana Basin, the incentive credits that were initially developed for the Alaska Peninsula. A different set of incentives, mirroring those specified in SB 163, would apply to Cook Inlet.

[10:46:53 AM](#)

Co-Chair Green ascertained therefore that the provisions included in this bill are "all recent" events.

Ms. Jackson affirmed. Therefore, this bill would establish a new set of exploration credits, modeled after the exploration credit program authorized in the year 2003 in SB 185. She remarked that the Senate Finance Committee at that time was the first to conduct hearings on that credit program too.

Ms. Jackson noted that this bill would extend the exploration credits program to all areas of the State "south of the Brooks Range". Specific standards and rules for the exploration credit program would apply to the Cook Inlet Basin because that area "is a more mature basin." The Senate Resources Committee also altered two other provisions that were included in the original version of HB 286: they "eliminated the clause that eliminated" the Arctic National Wildlife Refuge (ANWR). While ANWR had been included in SB 185 in the year 2003, it had been eliminated from the exploration credit program included in the original version of this bill. The RES Committee also addressed "some concern" in regards to the regulation timeline that had been written in regards to SB 185. As a result, a new set of regulations would be implemented after the regulations enacted by SB 185 expire in 2007.

Ms. Jackson informed the Committee that there has been a substantial amount of support for all areas of this legislation throughout its development.

Co-Chair Green asked whether the Legislature might receive negative feedback and be accused of "giving away the farm" were it to adopt this bill.

Ms. Jackson responded that such feedback would be unlikely. The purpose of the legislation would be "to put some oil in the pipeline".

Co-Chair Green agreed that an increase in oil production is "absolutely needed" to refill the pipeline.

Co-Chair Green asked Kate Giard of the Regulatory Commission of Alaska to comment in regards to the inclusion of the ML&P transfer price specified in Section 1 of the bill.

KATE GIARD, Chairman, Regulatory Commission of Alaska, Department of Commerce, Community and Economic Development, shared that due to the fact that ML&P is a regulated utility, RCA had reviewed the issue and via an [unspecified] RCA order had conveyed the methodology that would be acceptable to the RCA in regards to the transfer price. RCA "has fully vetted" the calculation mechanism regarding ML&P's transfer price and is "comfortable with this legislation."

[10:50:08 AM](#)

Ms. Giard specified that ML&P would file, on an annual basis, the transfer price calculation. RCA would review that information and,

were a question or concern to arise, a 30-day comment period would be established in which people could comment in regards to the transfer price. In addition, were the Attorney General "representing the public advocate" concerned about the calculation, he or she would intervene in the process. This would allow the public to have an opportunity to get involved in process involving the calculation of the transfer price. She assured that a process was in place, the transfer price would be calculated, and the Department of Natural Resources should not experience any problems with it. In summary, RCA "fully supports" the legislation.

Senator Dyson noted, for the record, that he had been a member of the Municipality of Anchorage Assembly during the time that the original transfer price negotiations had been conducted, and as such had played a significant but strictly public process role in the endeavor.

Senator Olson questioned the reason that a specific latitude is identified in Sec. 3, page three line 23 of the bill. The area in question is in his election district.

[10:51:57 AM](#)

Ms. Jackson responded that the original tax that became effective with the 2003 legislation is in place in regards to this area. The language in questions would allow the existing tax codes to be extended out to the year 2010 for areas south of the identified latitude.

Senator Olson asked for confirmation that the tax codes are currently in place.

Ms. Jackson affirmed. The 2003 legislation had established a four-year incentive program that would be in effect from 2003 to 2007. ANWR was included in this legislation in order to allow exploration in that area to qualify. She understood there to be one entity that is considering conducting seismic studies there.

In response to a question from Co-Chair Green, Ms. Jackson stated that the new credits provided in this bill would apply to areas "south of the Brooks Range".

Co-Chair Wilken moved to report the bill from Committee with individual recommendations and accompanying fiscal notes.

There being no objection, SCS HB 286(RES), accompanied by Senate Concurrent Resolution #16, was REPORTED from Committee with zero fiscal note #2 dated May 5, 2005 from the Department of Natural

Resources; indeterminate fiscal note #3 dated May 5, 2005 from the Department of Revenue; and zero fiscal note #4 dated May 5, 2005 from the Department of Commerce, Community and Economic Development.

[10:53:21 AM](#) [10:54:27 AM](#)

#hb98

CS FOR HOUSE BILL NO. 98 (RLS)

"An Act relating to the compensation of the governor, the lieutenant governor, and certain public officials, officers, and employees not covered by collective bargaining agreements; and providing for an effective date."

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

Co-Chair Green informed the Committee that revised language for this legislation is being developed.

[10:55:01 AM](#)

MIKE TIBBLES, Deputy Commissioner, Department of Administration, noted that he had previously testified before the Committee in regards to this bill's Senate companion bill. This bill would align the Statutory pay schedule for partially exempt and exempt employees in the Legislative, Judicial, and Executive branches of State government to the pay schedules negotiated with the supervisory bargaining unit. The House of Representatives added an amendment that would increase the salary of the Governor and the Lieutenant Governor with an effective date of December 2006. A new Administration would be seated by that date. The House also added an amendment that would increase the salary of commissioners from a 28E range "to a range of not less than 28 and not greater than 30".

Co-Chair Green noted that the effective date pertaining to the Commission salaries would be July 2005.

Mr. Tibbles affirmed.

Co-Chair Green asked the affect of not advancing this legislation; specifically how the salaries of the affected employees would relate to their government agency counterparts in organized labor represented positions.

Mr. Tibbles noted that the affected employees' statutory schedule

is approximately five-percent less than that of supervisory and collective bargaining unit employees. This bill would align the affected employees' salaries with those; therefore, all employees at, for example, a range 21 position, would be paid the same. This issue is important due to the equity issue, as there is a statutory mandate that requires employees to be paid the same for like work. In addition, this legislation would also assist in recruitment and retention of long-term experienced and valuable employees. Absent this legislation, a nine-percent disparity would be occurring between the statutory schedule and the union contract schedule. Such a "large disparity" would make it difficult to recruit. It might also discourage people from moving into supervisory positions as they might make less money by moving up.

Co-Chair Green noted that the current five-percent salary difference would increase to approximately a nine-percent as the result of upcoming negotiated bargaining unit increases. That nine-percent difference is "substantial" and has been a factor in the loss of valuable employees.

Co-Chair Green stated that the bill would be HELD in Committee in anticipation of a forthcoming amendment.

[10:59:59 AM](#)

#hb218

CS FOR HOUSE BILL NO. 218 (FIN)

"An Act relating to cost recovery fisheries for private nonprofit hatchery facilities."

[11:00:10 AM](#)

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

IAN FISK, Staff to Representative Bill Thomas, stated that this bill would address the method through which private non-profit hatcheries in the State recover their operational expenses. Representative Thomas, who was instrumental in the development of a hatchery in Juneau, has been a long time supporter of the hatchery system. Historically, these hatcheries have contracted with a single processor and typically "only a couple of vessels actually harvest" the fish. This operation typically would occur in the area in front of the hatchery. "The rate of the total run that is actually harvested by hatcheries varies greatly around the State." The alternate cost recovery method being proposed in this

legislation would allow a hatchery to elect to have a variable rate assessment imposed on fishermen were it "to open up their process". He emphasized that the proposal would be optional; a hatchery could impose it were it deemed to be in their best interest.

Mr. Fisk stated that were a hatchery to elect to implement this proposal, it would "work with representatives of the commercial fishing fleets to develop a process by which they could do this."

[11:01:54 AM](#)

Senator Stedman asked whether there is "unanimous support" for this proposal.

[11:02:03 AM](#)

Mr. Fisk voiced that fishermen's support for this bill would be "about as close to unanimous support as you would get on any fishing industry bill." The lone opposition that has been received to this bill has been from the Board of the Northern Southeast Regional Aquacultural Association (NSRAA). He noted that "some findings" language was removed from the bill in response to some concerns that had been raised by the Valdez Hatchery.

Senator Stedman understood that the impetus behind this bill was the cost recovery needs of the Hidden Falls Hatchery.

Mr. Fisk affirmed. The Hidden Falls Hatchery, which is a member of NSRAA, "is one of the most successful hatchery programs in the State". It was anticipated that that hatchery would be one of the first that would elect to impose the cost recovery option being proposed in this bill because "they actually don't take that much for their cost recovery." In other words, because they had paid their debt down, they were in a better position to take this risk than other hatcheries. The risk involved would be that this hatchery would allow "their cost recovery to be collected through an assessment and not by simply hiring a couple of boats."

Senator Stedman ascertained therefore that the Hidden Falls Hatchery is in support of this legislation.

Mr. Fisk clarified that the Hidden Falls Hatchery is not in support of this bill.

Mr. Fisk stated that substantial effort was made to work with the director of NSRAA throughout the development of this bill. Numerous changes were made in response to his suggestions, including the adjustment of the ceiling on the rate and the removal of certain

findings. The process "is indicative of the general lay of the land here in this hatchery cost recovery issue. That even if we were presenting them with an option, I think part of the concern is that they are afraid that it's not going to be optional in the long run" as something would change that would make this a mandatory bill. He assured "that that is absolutely not the intent."

Co-Chair Green intoned being unfamiliar with fisheries issues. Continuing, she voiced concern as to whether additional legislation might occur that could evolve this relatively "benign" program to becoming more active or "be the start of something bad or different."

[11:05:42 AM](#)

Mr. Fisk characterized this legislation as being "the start of something good." It would be "the first step" in providing fishermen the ability "to access more fish". "Hatcheries were created during times of low abundance to enhance our runs of fish for the benefit of the common property users." There was no intent for the hatchery to be the primary harvesters of the fish. However, as the result of the need to recover costs, the Department of Fish and Game allowed hatcheries "to harvest fish under the current method". This legislation would widen Statute to include this optional cost recovery method. It would not be deemed proper to require this method to be implemented due to the fact that hatcheries "have different financial situations and different species of fish".

[11:06:44 AM](#)

Senator Stedman recognized that fact that numerous fishermen, and probably fish processors, support the concept being proposed in this legislation. However, it should be noted that NSRAA does not support the legislation. To that point, he asked for further information regarding the makeup of the NSRAA Board.

[11:07:31 AM](#)

Co-Chair Green interjected to say that, due to time constraints, the bill would be HELD in Committee. Further discussion of the bill would occur when the Committee reconvened.

[NOTE: This bill was readdressed later in the meeting. See Time Stamp 4:46:24 PM.]

RECESS TO CALL OF THE CHAIR: [11:08:15 AM](#) / [4:37:15 PM](#)

#sb157

SENATE BILL NO. 157

"An Act relating to the maximum annual regulatory cost charge collected from certain regulated public utilities and pipeline carriers; and providing for an effective date."

This bill was again before the Committee.

Co-Chair Green stated that the questions that had been brought forward earlier by the Attorney Generals Office in regards to Sec. 3 of Version "F" would be addressed.

Senator Stedman moved to adopt committee substitute Version 24-GS1138\Y as the working document.

Co-Chair Green objected for explanation.

[4:38:24 PM](#)

BRIAN BJORKQUIST, Senior Assistant Attorney General, Labor and State Affairs Section, Civil Division (Anchorage), Department of Law testified via teleconference from an offnet site and noted that language has been revised in Sec. 3, page two, lines 14 through 22, in order to clarify the limitation on liability for the owner of the transmission line. The intent of this language would be to specify that the transmission line owner "would not be liable to the extent of the damage caused by the operation of that voltage that exceeds the original design standards or if the voltage violates the applicable standards of the national electric safety code".

KATE GIARD, Chairman, Regulatory Commission of Alaska (RCA), Department of Commerce, Community and Economic Development noted that she had no further testimony.

Co-Chair Green voiced appreciation for the efforts that had been exerted to correct the Sec. 3 language conflict.

[NOTE: While Co-Chair Green did not formally remove her objection to the adoption of the Version "Y" committee substitute, that was the implied intent.]

Senator Stedman moved to report the bill from Committee with individual recommendations and accompanying fiscal notes.

There being no objections, SC SB 157 (FIN) was REPORTED from

Committee with \$1,300 fiscal note #2 dated April 7, 2005 from the Department of Commerce, Community and Economic Development.

[4:40:29 PM](#)

AT EASE: [4:40:46 PM](#) / [4:41:25 PM](#)

#hb147

CS FOR HOUSE BILL NO. 147(FIN) am  
"An Act relating to notice of suspension or revocation of an insurer's certificate of authority and the effect of the suspension or revocation upon the authority of agents and managing general agents of the insurer; relating to certain deposits under AS 21; relating to the yielding of assets and securities held on deposit; relating to third-party administrators under AS 21; relating to insurance agents, managing general agents, reinsurance intermediary managers, and insurance producers; requiring the director of insurance to notify a licensee of a license renewal before the renewal date; defining the term 'appointment' as used in part of AS 21; relating to the eligibility to provide coverage by a nonadmitted insurer and alien insurer; relating to surplus lines insurance and brokers; relating to misrepresentations and false advertising concerning insurance; relating to health discount plans; providing for limitations on owner controlled and contractor controlled insurance programs and limiting the coverage of those programs; prohibiting excessive, inadequate, or unfairly discriminatory rate charges for health insurance; defining the term 'plan administrator' as used in part of AS 21; defining the term 'transact' as used in AS 21; authorizing the director of insurance to designate a person to receive annual reports from companies; reducing the period for filing a quarterly financial statement; and providing for an effective date."

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

AT EASE [4:41:46 PM](#) / [4:41:57 PM](#)

Senator Stedman moved to adopt committee substitute Version 24-GH1083\Y as the working document.

There being no objection, Co-Chair Green announced that Version "Y" would be the working document.

LINDA HALL, Director, Division of Insurance, Department of Commerce, Community and Economic Development stated that the Version "Y" committee substitute would implement two changes. The effect would be to reinstate language that had been included in the original version of SB 108. The language being added by Version "Y" is the entirety of Section 1, page two lines eight through 15. In addition, language in Sections 31 and 32 beginning on page 17, line 25 through page 19 line 30 was reincorporated into the bill to "address concerns that had been voiced at other hearings". The purpose would be to provide "some regulatory standards for reporting for the year-end health trust." The requirements would include an audited financial statement and an actuarial financial report. Quarterly financial reports would no longer be required.

Co-Chair Green reminded the Committee that they had previously discussed SB 108-INSURANCE, and that the language being added to this bill would align this bill with that bill.

Co-Chair Green asked whether HB 147 would contain any "other major changes" to the provisions included in SB 108.

Ms. Hall replied in the negative.

[4:44:02 PM](#)

Co-Chair Green asked whether the language incorporated in Version "Y" would satisfy the needs of the Division.

[4:44:18 PM](#)

Ms. Hall responded that this legislation would allow the Division to provide "more streamlined regulations" and to allow the Division to have the necessary "tools to appropriately oversee those entities" it regulates.

AT EASE [4:44:36 PM](#) / [4:45:10 PM](#)

Co-Chair Green noted that a new Department of Commerce, Community and Economic Development fiscal note dated May 6, 2005 has been distributed. She asked for an explanation of the reason that the new fiscal note reflected \$38,500 rather than the previous zero fiscal amount.

Ms. Hall informed the Committee that the new fiscal note mirrors the fiscal note that accompanied SB 108. It would provide a staffing position to address consumer complaints that the Division would receive as a result of the additional oversight authority provided to the Division by this bill.

Co-Chair Wilken moved to report the bill from Committee with individual recommendations and accompanying fiscal notes.

There being no objection, SCS CS HB 147(FIN) was REPORTED from Committee with a new \$38,500 fiscal note from the Department of Commerce, Community and Economic Development dated May 6, 2005.

[4:46:24 PM](#)

#hb218

CS FOR HOUSE BILL NO. 218(FIN)

"An Act relating to cost recovery fisheries for private nonprofit hatchery facilities."

This bill was again before the Committee.

[4:46:27 PM](#)

IAN FISK, Staff to Representative Bill Thomas, the bill's sponsor, responded to Senator Stedman's earlier question regarding which entities were represented on the Board of the Northern Southeast Regional Aquaculture Association (ASRAA). The Board is comprised of 15 commercial fishermen who represent equal components of the "three predominate gear groups": trollers, seiners, and gillnetters.

Senator Stedman acknowledged.

[4:47:51 PM](#)

PETE ESQUIRO, General Manager, NSRAA, testified via teleconference from Sitka in opposition to the bill. He noted that the organization testified at each hearing of the bill and had worked with the bill's sponsor in an effort to improve the bill by providing "some more reason for any hatchery operator to elect to use the assessment option" proposed in this bill. However, NSRAA has determined that discussions must continue in regards to other major issues such as whether "the assessment would be enforceable"; its affect on the net value of the fishery resource as compared to now; how the program would be implemented, where the money to support the first year of operation would be derived, or where funding might come from in years when assessments provided lower income than required. In addition, such things as whether the effects of the program would be equal on all fishermen, and how this assessment program would affect other gear groups outside of

the seine fishery should be considered.

Mr. Esquiro continued that the NSRAA Board currently has a formula that it applies to cost recovery. This formula would allow for those times when one of the programs might not harvest the anticipated amount of fish; in that case, one of the other cost recovery programs could assist in providing the required compensation. Removal of one program from the overall program would have an impact on the total program. Other concerns would include the unintended harvesting of other species of fish. These are examples of the many important issues that must be discussed.

[4:51:41 PM](#)

Mr. Esquiro opposed the inclusion of another level of bureaucracy in the hatchery program as being proposed in Section 1(d) on page two line 30 through page three line 11. The determination of such things as the reasonableness of maintenance expenses should be made the hatchery corporation's board of directors rather than the Department of Community and Economic Development or the Department of Revenue. A hatchery's board of directors has the complete judiciary responsible for the hatchery corporation. Years of successful hatchery operations are testament to the NSRAA Board of Directors' ability in this regard.

[4:52:33 PM](#)

Mr. Esquiro stated that, due to the fact that this bill is permissive, there might be a question as to reason that the NSRAA Board would oppose it. While few options have been developed through which to address hatchery cost recovery needs, the fact that numerous issues are yet to be resolved is the reason for the opposition.

Mr. Esquiro declared that it was apparent from the onset that the reason for this bill was an endeavor to manage the Hidden Falls chum salmon fishery. There are numerous views among seine fishermen in regards to how openings should occur. There are continuing variables and moving targets. "Nothing is guaranteed" when managing a fishery; the endeavor would be to manage a fishery as well as possible. "The paramount goal" of NSCRAA would be to continue "to provide as many fish as we possibly can to the common property fisheries."

[4:53:54 PM](#)

Senator Stedman and Co-Chair Green thanked Mr. Esquiro for this testimony.

Mr. Fisk pointed out that many details are included in the proposed plan in order to allow each hatchery to develop its own plan. Those details should be developed outside of this legislative body. Each hatchery has its own unique situation.

[4:54:52 PM](#)

Mr. Fisk stated that fishermen throughout Southeast Alaska have expressed interest in changing the cost recovery system. The seine fishery group in Southeast Alaska was the first group to forward such an attempt. However, the bill was developed to allow hatcheries in other areas of the State to implement the proposed process.

Mr. Fish noted that Mr. Esquiro would be able to develop plans that would work in the hatcheries he was involved with. He noted that the bill would not change the judiciary responsibly of a hatchery's board.

Senator Stedman pointed out that this Committee is the only committee of referral for this bill. Noting that the legislation was not time dependent and determining that NSRAA did not desire the cost recovery system to occur at this time, he requested that the bill receive a referral to the Senate Resources Committee. That committee could address the concerns of the hatcheries and the stakeholders.

AT EASE [4:56:21 PM](#) / [4:57:52 PM](#)

Senator Stedman moved to report the bill from Committee with the recommendation that it be referred to the Senate Resources Committee for additional review.

Co-Chair Green clarified that the Committee's recommendation would be that the bill be referred to the Senate Resources Committee.

Senator Hoffman objected and suggested that the bill should instead be sent to the Senate Rules Committee.

AT EASE [4:58:48 PM](#) / [4:59:48 PM](#)

Senator Hoffman removed his objection.

Co-Chair Green stated that the intent of the Committee was to return the bill to the Senate with the recommendation that the Senate President add a Senate Resources Committee referral to it.

There being no further objection, the CS HB 218(FIN) was RETURNED to the Senate with a Memorandum from Senator Green to Senate President Ben Stevens, dated May 6, 2005, [copy on file] requesting that a Senate Resources Committee referral be added to the bill.

AT EASE [5:00:21 PM](#) / [5:09:51 PM](#)

#sb46

SENATE BILL NO. 46

"An Act making capital appropriations and appropriations to capitalize funds; and providing for an effective date."

This bill had been heard previously in the Senate Finance Committee.

Co-Chair Wilken moved to adopt committee substitute Version 24-GS1074\G as the working document.

Senator Hoffman asked for an explanation of the changes incorporated into Version "G" as compared to the previous committee substitute, Version 24-GS1074\Y.

[5:10:32 PM](#)

GINGER BLAISDELL, Staff to Senator Green, explained that Version "G" is limited to three program areas. Those areas include Governor Frank Murkowski's request for full funding for the Department of Environmental Conservation's Village Safe Water Program; the Department of Transportation and Public Facilities STIP program and the match required for that; and the Department of Transportation and Public Facilities' airport improvement program and the State match required for that." This bill would be limited to those three programs.

Senator Hoffman inquired to the status of the federal funds specified for armories in the Department of Military and Veterans Affairs.

[5:11:38 PM](#)

Ms. Blaisdell noted that "a number of other types of federal funds were requested in the Governor's original capital budget". However, the three aforementioned programs were selected due to their significant federal impact statewide. The "choice" was made not "to go project by project in each agency."

There being no objection, the Version "G" committee substitute was ADOPTED as the working document.

AT EASE [5:12:16 PM](#) / [5:13:28 PM](#)

Co-Chair Green informed the Committee that pages 26 and 27 of the bill would identify the totals of the expenditures and what funds would be utilized to support this budget.

[5:13:50 PM](#)

Senator Hoffman noted that the Department of Military and Veterans Affairs projects identified on page 38 of the committee substitute, Version "Y" were entirely federally funded projects.

AT EASE [5:14:27 PM](#) / [5:14:39 PM](#)

Co-Chair Wilken offered a motion to report committee substitute Version "G" from Committee with individual recommendations.

There being no objection, CS SB 46 (FIN) was REPORTED from Committee.

AT EASE [5:15:09 PM](#) / [5:16:21 PM](#)

RECESS TO CALL OF CHAIR [5:16:29 PM](#) / 7:05 PM

#

**ADJOURNMENT**

The meeting was adjourned at 7:05 PM.