

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

February 15, 2005

1:37 p.m.

MEMBERS PRESENT

Senator Con Bunde, Chair
Senator Ralph Seekins, Vice Chair
Senator Johnny Ellis

MEMBERS ABSENT

Senator Ben Stevens
Senator Bettye Davis

COMMITTEE CALENDAR

HOUSE BILL NO. 64

"An Act extending the termination date for the Board of Public Accountancy; and providing for an effective date."

MOVED HB 64 OUT OF COMMITTEE

SENATE BILL NO. 52

"An Act relating to the reorganization of certain functions of the division of banking, securities, and corporations and the division of occupational licensing in the Department of Commerce, Community, and Economic Development; and providing for an effective date."

MOVED CSSB 52(L&C) OUT OF COMMITTEE

SENATE BILL NO. 100

"An Act relating to enhanced 911 surcharges imposed by a municipality."

HEARD AND HELD

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."

MOVED CSHB 47(FIN) OUT OF COMMITTEE

SENATE BILL NO. 93

"An Act relating to commercial fishing permit and vessel license fees; and providing for an effective date."

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 64

SHORT TITLE: EXTEND BOARD OF PUBLIC ACCOUNTANCY

SPONSOR(S): REPRESENTATIVE(S) HAWKER

01/12/05	(H)	READ THE FIRST TIME - REFERRALS
01/12/05	(H)	L&C, FIN
01/21/05	(H)	L&C AT 3:15 PM CAPITOL 17
01/21/05	(H)	Moved Out of Committee
01/21/05	(H)	MINUTE(L&C)
01/24/05	(H)	L&C RPT 5DP
01/24/05	(H)	DP: LYNN, KOTT, LEDOUX, GUTTENBERG, ANDERSON
02/01/05	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
02/01/05	(H)	Moved Out of Committee
02/01/05	(H)	MINUTE(FIN)
02/02/05	(H)	FIN RPT 6DP 2NR
02/02/05	(H)	DP: HAWKER, WEYHRAUCH, KELLY, FOSTER, STOLTZE, MEYER;
02/02/05	(H)	NR: MOSES, CHENAULT
02/02/05	(H)	TRANSMITTED TO (S)
02/02/05	(H)	VERSION: HB 64
02/04/05	(S)	READ THE FIRST TIME - REFERRALS
02/04/05	(S)	L&C, FIN
02/15/05	(S)	L&C AT 1:30 PM BELTZ 211

BILL: SB 52

SHORT TITLE: OCCUPATIONS/CORPORATIONS/BANKS/SECURITIES

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/12/05	(S)	READ THE FIRST TIME - REFERRALS
01/12/05	(S)	L&C
02/01/05	(S)	L&C AT 1:30 PM BELTZ 211
02/01/05	(S)	-- Meeting Rescheduled to 02/08/05 --
02/08/05	(S)	L&C AT 1:30 PM BELTZ 211
02/08/05	(S)	Moved CSSB 52(L&C) Out of Committee
02/08/05	(S)	MINUTE(L&C)
02/15/05	(S)	L&C AT 1:30 PM BELTZ 211

BILL: SB 100

SHORT TITLE: ENHANCED 911 SURCHARGES

SPONSOR(s): SENATOR(s) BUNDE

02/10/05 (S) READ THE FIRST TIME - REFERRALS
02/10/05 (S) L&C, CRA
02/15/05 (S) L&C AT 1:30 PM BELTZ 211

BILL: HB 47

SHORT TITLE: EXTEND BOARD OF REAL ESTATE APPRAISERS

SPONSOR(s): REPRESENTATIVE(s) SAMUELS

01/10/05 (H) PREFILE RELEASED 12/30/04
01/10/05 (H) READ THE FIRST TIME - REFERRALS
01/10/05 (H) L&C, FIN
01/21/05 (H) L&C AT 3:15 PM CAPITOL 17
01/21/05 (H) Moved Out of Committee
01/21/05 (H) MINUTE(L&C)
01/24/05 (H) L&C RPT 4DP 1NR
01/24/05 (H) DP: LYNN, KOTT, LEDOUX, ANDERSON;
01/24/05 (H) NR: GUTTENBERG
02/01/05 (H) FIN AT 1:30 PM HOUSE FINANCE 519
02/01/05 (H) Moved CSHB 47(FIN) Out of Committee
02/01/05 (H) MINUTE(FIN)
02/02/05 (H) FIN RPT CS(FIN) NT 5DP 3NR
02/02/05 (H) DP: HAWKER, KELLY, FOSTER, STOLTZE,
MEYER;
02/02/05 (H) NR: MOSES, CROFT, CHENAULT
02/02/05 (H) TRANSMITTED TO (S)
02/02/05 (H) VERSION: CSHB 47(FIN)
02/04/05 (S) READ THE FIRST TIME - REFERRALS
02/04/05 (S) L&C, FIN
02/15/05 (S) L&C AT 1:30 PM BELTZ 211

BILL: SB 93

SHORT TITLE: FISHING PERMIT AND VESSEL LICENSE FEES

SPONSOR(s): SENATOR(s) STEVENS B

02/04/05 (S) READ THE FIRST TIME - REFERRALS
02/04/05 (S) L&C, FIN
02/15/05 (S) L&C AT 1:30 PM BELTZ 211

WITNESS REGISTER

Representative Hawker
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Sponsor of SB 64.

Ms. Pat Davidson, Auditor
Division of Legislative Audit
PO Box 113300
Juneau AK 99811

POSITION STATEMENT: Commented on HB 64 and HB 47.

Ms. Lanaya Snyder
Staff to Representative Samuels
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Commented on HB 47 for the sponsor.

Frank Hohman, Commissioner
Commercial Fisheries Entry Commission (CFEC)
Department of Fish & Game
PO Box 25526
Juneau, AK 99802-5226

POSITION STATEMENT: Supported SB 93.

Mr. Al Burch
Alaska Draggers Association
Kodiak AK

POSITION STATEMENT: Supported SB 93.

Ms. Lauren Wickersham
Staff to Senator Bunde
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Commented on SB 100.

Craig Goodrich, Deputy Chief
Anchorage Police Department
Anchorage AK

POSITION STATEMENT: Supported SB 100.

Chief Walt Monegan
Anchorage Police Department
Anchorage AK

POSITION STATEMENT: Supported SB 100.

Ms. Erin Kalwara
Public Safety Assistance Coordinator
Juneau Police Department
Juneau AK

POSITION STATEMENT: Supported SB 100.

Mr. Tim Rogers

Alaska Municipal League (AMA)
POSITION STATEMENT: Supported SB 100.

Mr. David Tyler, President
Alaska Fire Chiefs Association
Fairbanks AK
POSITION STATEMENT: Supported SB 100.

Mr. Paul Harris, Director
Fairbanks Police Department
Fairbanks AK
POSITION STATEMENT: Supported SB 100.

Mr. Chuck Kopp, Chief of Police
Kenai Peninsula Borough
144 North Binkley Street
Soldotna, AK 99669
POSITION STATEMENT: Supported SB 100.

Mr. Jim Rowe, Executive Director
Alaska Telephone Association
Anchorage AK
POSITION STATEMENT: Supported SB 100.

Ms. Linda Freed, Manager
City of Kodiak AK
POSITION STATEMENT: Supported SB 100.

ACTION NARRATIVE

CHAIR CON BUNDE called the Senate Labor and Commerce Standing Committee meeting to order at [1:37:32 PM](#). Senator Ellis and Chair Bunde were present. He said that Senator Seekins would arrive shortly. Senators Ben Stevens and Davis were excused.

HB 64-EXTEND BOARD OF PUBLIC ACCOUNTANCY

CHAIR BUNDE announced HB 64 to be up for consideration.

REPRESENTATIVE HAWKER, sponsor of HB 64, said this is a housekeeping bill and extends the board to June 30, 2009 in accordance with the Auditor's recommendations.

[1:38:54 PM](#)

The audit identified one issue for attention. The process of complying with changing national standards for testing resulted

in only one place for testing public accountants in the state. The board is proactively dealing with that situation and has established a testing facility in Fairbanks and is getting one in Juneau.

[1:39:27 PM](#)

CHAIR BUNDE noted the delay in addressing complaints and if there was a solution other than hiring more people.

REPRESENTATIVE HAWKER said that Steve Tarola, Chairman of the Board of Accountancy, said there may be some remediation, but no complaints had been referred to the ombudsman.

[1:40:39 PM](#)

MS. PAT DAVIDSON, Division of Legislative Audit, said she is required to be a CPA and as such is not independent with respect to this board. She is required by statute to perform the audit and recommended a four-year extension and identified a problem in going to the national computerized exam, which went from being available twice a year to four times per year - but it went from being in Juneau, Anchorage and Fairbanks down to being in just Anchorage. However, the Board is working on establishing additional testing sites.

[1:41:48 PM](#)

MS. DAVIDSON said there were problems in terms of getting investigations done and taking action. Recommendations were made to the department, which they have agreed with. Subsequent reviews will look at how well recommendations are being implemented.

CHAIR BUNDE held the bill until a quorum was present.

[1:42:54 PM](#) Recess [1:44:01 PM](#)

CSHB 47(FIN)-EXTEND BOARD OF REAL ESTATE APPRAISERS

CHAIR CON BUNDE announced CSHB 47(FIN) to be up for consideration.

MS. LANAYA SNYDER, staff to Representative Samuels, sponsor of HB 47, explained this bill is also the result of a legislative audit that recommends extending the Board of Certified Real Estate Appraisers. She said the bill was amended to make

language more consistent throughout the statute by changing "licensed" to "certified".

MS. PAT DAVIDSON, Division of Legislative Audit, said the use of certified real estate appraisers will be a continuing requirement for Alaska's financial institutions to qualify for federal deposit insurance and to participate in selling mortgage loans to federal government sponsored enterprises, such as Fannie Mae and Freddie Mac. Her division recommends extending the termination date of the board and had no further recommendations for operational improvements.

CHAIR BUNDE noted that the board is breaking even. It doesn't need to raise its fees and it is not costing the state money. He set the bill aside for a quorum.

[1:47:05 PM](#)

SB 93-FISHING PERMIT AND VESSEL LICENSE FEES

CHAIR CON BUNDE announced SB 93 to be up for consideration.

CHERYL SUTTON, staff to Senator Ben Stevens, sponsor of SB 93, explained that the Commercial Fisheries Entry Commission (CFEC) receives no general funds, has been on a downward trend in revenue and will continue like that under the current fee structure. Some of the contributing factors are the Carlson v. Alaska case, the decline in value of certain fisheries and the consolidation of various fisheries.

SB 93 would bring the state into compliance with rulings in Carlson v. State of Alaska, a class action brought against the state by non-resident fishermen who claimed that the fee structure was not lawful. The state had charged a 3 to 1 fee differential for non-residents. The court agreed that the fees could not be established in this manner and issued a mandated formula that is now calculated by the Office of Management and Budget (OMB).

CHAIR BUNDE asked for her indulgence to step aside for a moment.

SENATOR SEEKINS arrived at [1:49:57 PM](#).

HB 47-EXTEND BOARD OF REAL ESTATE APPRAISERS

CHAIR CON BUNDE announced HB 47 to be back up for consideration.

SENATOR RALPH SEEKINS moved HB 47 from committee with individual recommendations and attached fiscal note. There were no objections and it was so ordered.

HB 64-EXTEND BOARD OF PUBLIC ACCOUNTANCY

SENATOR SEEKINS moved HB 64 from committee with individual recommendations and attached fiscal note. There were no objections and it was so ordered.

[1:50:02 PM](#)

SB 52-OCCUPATIONS/CORPORATIONS/BANKS/SECURITIES

CHAIR CON BUNDE announced SB 52 to be up for consideration.

SENATOR RALPH SEEKINS moved to rescind the committee's previous action in the meeting on 2/8/05 in adopting Amendment 1 to the \F version CSSB 52(L&C). There were no objections and it was so ordered.

SENATOR SEEKINS moved to adopt CSSB 52(L&C), version \F. There were no objections and it was so ordered.

SENATOR SEEKINS moved to pass CSSB 52(L&C) from committee with individual recommendations and attached fiscal note. There were no objections and it was so ordered.

SB 93-FISHING PERMIT AND VESSEL LICENSE FEES

MS. SUTTON resumed her testimony on SB 93. The major component of SB 93 is removal of the \$300 cap for annual permit renewal currently in statute. It is an artificial cap because the statute states that the base fee must reasonably reflect the different rates of economic return for different fisheries. The cap results in fisheries with a very high economic return being charged fees that are disproportionately low. She explained that the CFEC would develop fees through a public hearing process. Individuals who qualify for a poverty fee would still be required to pay the full non-resident fee differential.

[1:54:28 PM](#)

She said that vessel license fees are also addressed in this bill. A modest modification is proposed to the six vessel length categories and the fees are raised by \$15, \$30, \$45, \$60, \$75 and \$90 respectively. She pointed out that the fee structure had not been amended since 1995.

1:55:04 PM

MR. FRANK HOHMAN, Commissioner, CFEC, agreed with Ms. Sutton's testimony. The Carlson case is a factor in CFEC's decline in revenues and lower values of fishery permits along with consolidation of fishing fleets in federal and state waters lowering the values of fishery permits upon which the fees are based. There is a reduction in the number of permits that are purchased and the non-transferable permits, which are held until the permit holder dies are retired. He estimated that in FY'06 the commission would not be able to cover its budget by generating revenues alone. The new fee structure will help for a few more years.

1:57:15 PM

The \$300 cap for lesser value fisheries might have only a modest increase, but higher value fisheries will fall into position on the fee schedule. The formula is calculated as .04% of the value of the permit, which won't be held down artificially.

1:58:12 PM

CHAIR BUNDE asked if the non-resident who qualified for the poverty fee would still pay the non-resident differential, \$115 this year.

1:58:51 PM

MR. HOHMAN replied that is correct, but it applies to only 20 or so people. A resident also can claim a poverty fee, which is half of the base fee, but his taxes have already paid for the differential.

2:00:04 PM

CHAIR BUNDE mused that it seemed a contradiction of terms to have a non-resident come to Alaska to fish, but then claim poverty.

2:00:45 PM

MR. AL BURCH, Alaska Draggers Association, Kodiak, supported SB 93. His problem was with the proposed methodology for implementing it. He represents 45 trawlers in the Gulf that also do halibut long lining. As trawlers, their fees would go from \$300 to \$3,975. As long liners, they would go from \$300 up to \$1,500. His little trawlers that might gross \$200,000 per year are being lumped in with the super trawlers in the Bering Sea that might do over \$30 million per year. The fee structure is not equitable as it is now; however he is not adverse to a reasonable fee increase.

CHAIR BUNDE said he would hold the bill over for Senator Ben Stevens' insights.

[2:03:41 PM](#)

MR. HOHMAN commented on the issue of small boats that get caught up with large boats. If the bill passed with the fee cap removed, CFEC regulation would establish fee classes through a public hearing process. If classes were not proper for small boats, he would be happy to make an amendment. It was never an issue with a \$300 cap, which is small enough to not matter.

CHAIR BUNDE said the bill would be held.

SB 100-ENHANCED 911 SURCHARGES

CHAIR BUNDE announced SB 100 to be up for consideration. He asked if anyone objected to adopting CSSB 100(L&C), version Cook 2/11/05\Y. There were no objections.

CHAIR BUNDE explained that there have been instances in Anchorage where life threatening and emergency situations could have been addressed in a timely fashion with a 911 call. The problem is increasing and local municipalities are required to provide this service, but at this point don't have an option to pay for it. SB 100 increases their ability to pay for the service by charging \$2. It could be surmounted by a vote of the people in the effected area.

[2:07:40 PM](#)

MS. LAUREN WICKERSHAM, staff to Senator Bunde, explained where the changes appear in the bill. The billing should be the same for wireless and wire line companies.

[2:10:14 PM](#)

MR. GRAIG GOODRICH, Deputy Chief, Anchorage Police Department, supported passing SB 100 this year. He related that 50% of today's calls come through cell phones, but people are not often cognizant of their surroundings when placing an emergency call. When it's on a land line, the police can track it, but that is not the case with cell phones. The bill talks about all the surcharges going to the call-taking center and he suggested language saying that at least a portion of those funds go to the dispatch centers. In Anchorage the dispatch center is separate from a law enforcement or call-taking center. That is also the

case in the Kenai Peninsula and other areas around the state, as well.

[2:13:23 PM](#)

CHIEF WALT MONEGAN, Anchorage Police Department, supported SB 100 because it provides the flexibility for local government to justify realistic surcharge rates to maintain and operate 911 centers. Anchorage currently has a 50-cent surcharge. However, out of that 50-cents, 21-cents pays for addressing line fees for every one of the customers they serve for 911, about 316,000 lines. The department needs more money to actually provide a service. He said it receives about 250,000 calls per year and 58% of them are 911 calls. About half of those are coming from cell phones and the department does not have the ability to know the location on those. This amounts to about \$800,000 a year for data base management; add on about \$260,000 per year for infrastructure costs and the department has \$3 million more a year for additional operating costs. That all adds up to about \$4 million in enhanced operations and maintenance costs. The 50 cents generates about \$2 million. The rest of the cost is borne by taxpayers.

[2:17:47 PM](#)

CHAIR BUNDE asked if raising the cap to \$2 will allow enough flexibility to address the costs of enhanced 911 for a couple of years.

CHIEF MONEGAN replied that is correct. He anticipated raising it by \$1 at first.

[2:19:19 PM](#)

MS. ERIN KALWARA, Public Safety Assistance Coordinator, Juneau Police Department, said she administers the 911 program and supports the changes. She doubted that \$2 would hold the department for more than five years. She had no idea what technologies will develop in the future and thought a \$3 fee would be needed.

[2:21:12 PM](#)

MR. TIM ROGERS, Alaska Municipal League, supported SB 100. The enhanced system would allow the call takers to see the address of the originating caller. Passage of the increase in the surcharge is needed to help the continual upgrade of the 911 system and help in the development of address databases to avoid untimely response delays. Also, several of the funds for upgrading 911 systems have disappeared in the last couple of years.

MR. ROGERS suggested a couple of amendments. Existing statutes have a differential rate for cities with a population under 100,000 and maintaining the differential will allow smaller communities to charge in excess of \$2. He also would prefer that the election provision on page 2, lines 8-9, be eliminated for two reasons.

One, if the authorized surcharge change is proposed, municipalities don't anticipate the additional authority needs in the foreseeable future and secondly, and probably more important, is it would set the possible precedent for elections on user fee increases. That is of concern to us. It may also be a poor precedent for a future state fee increase, as well, and we think it's best to avoid that if at all possible.

[2:25:18 PM](#)

MR. DAVID TYLER, supported SB 100. But the \$2 limit would impact Fairbanks, because it won't last long. Their local public process allows them to govern themselves when setting fees. He also has concerns with the time constraints and costs associated with the voting requirements.

[2:26:59 PM](#)

MR. PAUL HARRIS, Director, Fairbanks Police Department, supported SB 100, but he wanted other issues to be addressed. He gave the committee an example of how cell phones enhance the 911 system. He also noted that the \$2 would barely cover the technology and maintenance since a good amount of the money goes back to the telephone companies to pay for trunk lines. Often people don't change their addresses when they change their phone numbers and the master street address database needs to be updated. On the receiving end of the call, someone who can deal with an emergency experience must be trained to respond properly. He supported a \$3 cap as being more realistic.

[2:31:07 PM](#)

MR. CHUCK KOPP, Kenai Chief of Police, said he also represented the Alaska Chapter of the National Emergency Numbers Association. He saw this bill as an ongoing solution to a growing problem. Public expectation is rising for emergency services such as reduced response time. He thought the \$2 cap would give all municipalities more flexibility than they have now. Technology is moving faster than the state department can respond.

[2:34:14 PM](#)

CHAIR BUNDE asked if he thought the 100,000 population differential would impact Kenai.

MR. KOPP replied that there are 50,000 people in the Kenai Borough and it definitely would impact it.

[2:35:14 PM](#)

MR. JIM ROWE, Executive Director, Alaska Telephone Association (ATA), supported a non-voter-approved cap of \$2 - recognizing the individual municipalities could exceed that cap through an election. He was concerned that the surcharge would raise the local phone bills that already have a number of surcharges. SB 100, however, is concise and addresses many needs. It's important to ATA that there is parity between wireless and hard-wired surcharges.

[2:38:04 PM](#)

MS. LINDA FREED, Manager, City of Kodiak, supported SB 100. Her dispatch system is budgeted this year at about \$600,000 and about \$50,000 will come in from the enhanced 911 surcharge. Right now the gap is being made up from their general fund. She supported the increased cap, but also strongly believed in local control and local option and encouraged the committee to consider that a little more strongly in the bill. Kodiak has a strong public process and would like to see an expansion of the use of the funds - lines 18 and 19. That has been interpreted to mean just the 911 portion of their dispatch. Emergency 911 calls are crisis calls that come into the center, but without responders to send out, there is very little use for the technology. She would like to use the funds to help pay for the additional dispatch costs. For example, Kodiak operates a regional dispatch service for the entire road system and provides services for many agencies. This would give the city the ability to raise the charge and provide funds that would operate the entire dispatch system, which is not only city, fire and police, but public works crews, the Coast Guard and State Troopers. Right now the surcharge brings in less than 10% of its annual operating cost, not including capital equipment, replacement costs for E911 and the dispatch center.

[2:41:57 PM](#)

CHAIR BUNDE thanked her for her compromise and said he would hold the bill for further work. He adjourned the meeting at [2:42:41 PM](#).

