

HOUSE FINANCE COMMITTEE  
March 6, 2007  
1:43 P.M.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [1:43:21 PM](#).

MEMBERS PRESENT

Representative Mike Chenault, Co-Chair  
Representative Kevin Meyer, Co-Chair  
Representative Bill Stoltze, Vice-Chair  
Representative Harry Crawford  
Representative Richard Foster  
Representative Les Gara  
Representative Reggie Joule  
Representative Mary Nelson  
Representative Bill Thomas Jr.

MEMBERS ABSENT

Representative Mike Hawker  
Representative Mike Kelly

ALSO PRESENT

Representative Paul Seaton; Representative Max Gruenberg; Brodie Anderson, Staff, Representative Scott Kawasaki; Rick Urion, Director, Division of Occupational Licensing, Department of Commerce, Community & Economic Development; Kay Kanne, Executive Director, Juneau Family Birth Center, Juneau; Pat Davidson, Legislative Auditor, Legislative Audit Division; Steve Smith, Deputy Chief of Administration, Anchorage Police Department, Anchorage; Norm Cohen, Staff, Representative Max Gruenberg

PRESENT VIA TELECONFERENCE

Dana Brown, Chair, Board of Midwives, Anchorage; Steve Van Sant, State Assessor, Department of Commerce, Community and Economic Development, Anchorage

SUMMARY

HB 35        An Act extending the termination date for the Board of Certified Direct-Entry Midwives; and providing for an effective date.

HB 35 was reported out of Committee with a "do pass" recommendation and with a new fiscal note by

the House Finance Committee for Department of Commerce, Community & Economic Development.

HB 48 An Act amending the powers of the board of trustees of the Alaska Retirement Management Board to authorize purchase and sale of transferable tax credit certificates issued in conjunction with the production tax on oil and gas; and providing for an effective date.

CS HB 48 (FIN) was reported out of Committee with a "no recommendation" and with a new indeterminate note by the Department of Revenue and a new zero note by the Department of Administration.

HB 67 An Act relating to an optional exemption from municipal property taxes on certain residences of law enforcement officers.

HB 67 was HEARD and HELD in Committee for further consideration.

[1:44:05 PM](#)

#HB48

HOUSE BILL NO. 48

An Act amending the powers of the board of trustees of the Alaska Retirement Management Board to authorize purchase and sale of transferable tax credit certificates issued in conjunction with the production tax on oil and gas; and providing for an effective date.

Co-Chair Meyer noted that the Committee had previously considered the legislation and was waiting for correspondence now received from the Alaska Retirement Management Board. (Copy on File).

REPRESENTATIVE PAUL SEATON, SPONSOR, summarized the bill's intent given the fiscal condition of refunding tax credits. The Alaska Retirement Management (ARM) Board is supportive of both the percentage and the mechanism proposed to accomplish it. Amendment 1, 25-LS0259\E.1, Bullock, 2/12/07, transfers the tax under the exploration tax credits, not addressed in the original bill. The Administration requested it be included.

Representative Gara voiced concern binding the ARM Board and offering only 92% of the credit value because they would get out bid often. His inclination was to allow the Board to bid higher for getting credits. He questioned provision inclusion requiring after the first year, the bidding higher than the 92%.

Co-Chair Meyer inquired if Representative Gara hoped to attach that language as a Letter of Intent. Representative Gara thought it could be included as a sectional of un-codified law.

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Representative Seaton understood that the Legislature could at any time ask the ARM Board to provide a report. He thought it would be identified if not working and that the investment tax credit would work over time. Co-Chair Meyer agreed and asked that the consideration be held. Representative Gara said he would not offer an amendment at this time.

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Co-Chair Meyer MOVED to ADOPT Amendment 1 on behalf of Representative Seaton. (Copy on File). Co-Chair Chenault OBJECTED for an explanation.

Representative Seaton explained that the amendment would change the reference to allow the application of the ARM Board for credits issued under Exploration Tax Credits for the Petroleum Production Tax (PPT) credits.

Co-Chair Chenault WITHDREW his OBJECTION. There being NO further OBJECTION, Amendment #1 was adopted.

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Co-Chair Meyer noted the new fiscal note.

Representative Crawford hoped that the bill could provide necessary flexibility, indicating that he supports the concept of the legislation. He worried that it might "entrench" the PPT and the net profits tax. He urged a tax on the gross be adopted.

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Representative Foster MOVED to REPORT CS HB 48 (FIN) out of Committee with individual recommendations and with the new accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CS HB 48 (FIN) was reported out of Committee with a "no recommendation" and with a new indeterminate note by the Department of Revenue and a new zero note by the Department of Administration.

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#HB35

HOUSE BILL NO. 35

An Act extending the termination date for the Board of Certified Direct-Entry Midwives; and providing for an effective date.

BRODIE ANDERSON, STAFF, REPRESENTATIVE SCOTT KAWASAKI, explained that the bill would extend the sunset date of the Board of Certified Direct-Entry Midwives to June 30, 2015, in accordance with the request made by the Legislative Audit Division.

The purpose of the Board is to protect the health and safety of the public by identifying individuals who are willing to pursue training and meet the qualifications necessary to become a licensed midwife. The Board is composed of five members:

- Two certified direct entry midwives
- One certified nurse midwife
- One physician licensed by the Alaska State Medical Board
- One public member

Vice Chair Stoltze inquired what got Representative Kawasaki interested in midwifery. Mr. Anderson noted that the Representative works in the health care profession at Fairbanks Memorial Hospital.

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RICK URION, DIRECTOR, DIVISION OF OCCUPATIONAL LICENSING, DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT, offered to answer questions of the Committee.

DANA BROWN, (TESTIFIED VIA TELECONFERENCE), CHAIR, BOARD OF MIDWIVES, ANCHORAGE, testified in support of the bill & offered to answer questions of the Committee.

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KAY KANNE, EXECUTIVE DIRECTOR, JUNEAU FAMILY BIRTH CENTER, JUNEAU, noted she is a Certified Direct-Entry Midwife. She urged support of HB 35, a bill to extend licensing of the Board to 2015. She noted that Alaska has excellent midwifery standards resulting from past efforts of the Legislature & the Board.

The Board writes and implements regulations for the governing of Certified Direct-Entry midwives in Alaska. The Board strives for the highest standards and as a result, midwives in Alaska are professional, well trained and provide safe care for women and families.

Ms. Kanne added that Alaska has the best midwifery laws in the United States. Many other states have looked to Alaska as an example when passing midwifery legislation. She urged support of the bill.

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Co-Chair Chenault asked if midwives attend twice as many births. Ms. Kanne explained that there are about 10% midwife assisted births in Alaska; nationwide, about 5% of all births are midwife assisted.

Co-Chair Chenault asked the requirements for a midwife. Ms. Kanne noted that there are two different types of midwives:

- Certified Nurse Midwifery, regulated by the Nursing Board and can graduate with 25-30 births;
- Certified Direct Entry Midwifery, requiring 60 births before they receive their licensing.

In response to Co-Chair Chenault, Ms. Kanne explained that the standards for certified direct entry midwives is high because out-of-hospital births are not as accepted in this country and it is important that the midwives prove they really know what they are doing in order to get licensed.

Representative Foster MOVED to REPORT HB 35 out of Committee with individual recommendations and with the accompanying new fiscal note. There being NO OBJECTION, it was so ordered.

HB 35 was reported out of Committee with a "do pass" recommendation and with a new fiscal note by the House Finance Committee for Department of Commerce, Community & Economic Development.

AT EASE: [2:02:40 PM](#)

RECONVENE: [2:03:57 PM](#)

[2:04:06 PM](#)

#HB67

HOUSE BILL NO. 67

An Act relating to an optional exemption from municipal property taxes on certain residences of law enforcement officers.

REPRESENTATIVE MAX GRUENBERG, SPONSOR, noted that HB 67 is the same as HB 52 offered in the previous legislative session. The bill encourages municipalities to adopt an ordinance that designates an area within their boundaries as

an area exempt from taxation, not to exceed \$150,000 dollars for residential property, owned and occupied by a law enforcement officer. Not more than two exemptions could be granted through the bill as an expense to a municipality - no State funds would be used. The ordinance defines law enforcement officer in accordance with specifics of State law.

Representative Foster noted veteran's exemptions, which are not funded by the State. Representative Gruenberg said it would not be a mandate but rather "allows" passage of an ordinance. Representative Foster referenced other bills of this nature & worried about all other professions that would want to be included. Representative Gruenberg stated it does not include any other people and that none have requested to be included. The purpose of the bill is only to encourage law enforcement officers to buy & own homes in higher crime areas.

Representative Foster referenced an on-going problem with one of the University of Alaska regents. He added concerns with a "bad cop" in Nome, responsible for killing someone. Representative Gruenberg acknowledged there is no way to make certain if there is a "bad cop" on the force.

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Representative Gara said the concern could be addressed by adding a provision regarding someone convicted of a felony. Representative Gruenberg advised that a person convicted of a felony would have a difficult time getting hired as a police officer.

Representative Gara appreciated the idea of having law enforcement officers living in high crime neighborhoods. He stated that in the current form of the bill, the definition of eligible neighborhoods, Page 2, Line 9, is "any neighborhood that has the slightest difference, more than the community average for crime". He recommended it be more narrowly defined. Representative Gruenberg indicated the language had been recommended, reiterating the purpose is to address areas that really do need police protection. Representative Gara suggested that there are a few core neighborhoods that need officers living there. Representative Gruenberg thought it should be left up to the municipality to make the determination. The bill attempts to provide flexibility to the municipalities.

[2:13:03 PM](#)

Vice Chair Stoltze suggested that tying anything to federal standards makes it difficult as the standards do not always apply to Alaska. Co-Chair Chenault explained that the eligibility requirements were put into the legislation to

define areas within cities needing police officers. Many neighborhoods have police officers living there. Deferring crime is the intent of the bill. He agreed it was not preferable to tie it into federal programs and that the effort is to include areas needing officers. Representative Gruenberg added that ultimately, the decision will be left to the municipal assemblies to determine what the crime area should be.

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Representative Foster applauded the intention of the bill, however, noted it is strictly an urban bill. There is no incentive for the Bush areas. Representative Gruenberg acknowledged that there are no taxes in some of the areas, and that he would support any ideas to help police move into those places. The bill was drafted for places that can offer it as an incentive. It does apply in Kenai, which is considered a rural area.

Co-Chair Chenault acknowledged that it does affect Kenai, which has no city police but rather troopers circulating through the area. He pointed out that Kenai is approximately 25 miles from the Trooper Academy. Most of the new recruits, live in the Soldotna area. Having the troopers living 25-miles away, poses many problems. The bill would provide Kenai the option, which would be beneficial to his area. He did not know how it could help other areas. There is nothing in the bill that prohibits any other place in the State from assisting their police officers.

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Representative Foster followed up, pointing out that in the Bush, there are not many police or troopers but instead, armed officers such as federal fish and game personal. He noted that Nome is classified as a 1<sup>st</sup> class city. The legislation will pass the expense on to city taxes & property owners.

Representative Gruenberg clarified that the bill does not apply to rentals, only home ownership. Home ownership implies settling into an area for a longer period of time; the intent is to encourage police to own their own homes. He pointed out that brown shirts and Peace Officers are defined in AS 01.10.10060; referenced on Page 2, Line 2 of the bill.

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Co-Chair Chenault discussed the issues in Kenai, reiterating that given the location of the training facility, the

trained personnel intend to relocate when training is complete and that the training facility is 25 miles away.

Representative Gara noted that the bill provides the option to the cities. He believed that discrimination should be provided to renters also. Representative Gruenberg replied that all property exemptions must be authorized in State legislation. If it were extended to renters, it would become an administrative headache. He preferred to keep it to only home owners & that anything else should be a separate bill.

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Representative Gara thought that the municipalities who do not have a local property tax could take advantage of the option, offering an allowance to allow the landlord to rent to a peace officer, making it more applicable to different areas.

Representative Gara reiterated his concern that the bill accomplishes the intent of the sponsor. He pointed out that the high petty crime rate exists in downtown Anchorage. He inquired if the bill intends to address high petty or felony type crimes. He recommended that a "high crime area" be defined as an area with at least a 25% occurrence of higher felony crimes.

Representative Gruenberg replied that for the statistically higher occurrence of crime, the municipality would clarify a percentage. The legislation is not limited to felonies and can include misdemeanors, vandalism, and juvenile crimes not falling into felonies.

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Representative Gara supported the legislative intent but suggested that current wording might encourage people to move into downtown in order to get a property tax exemption, because 4<sup>th</sup> Avenue is a high crime area. The way the bill is written, a city would not be allowed to define an area. Representative Gruenberg said that was not the intent and that he did not want to define high crime areas as an area in the top 75%. The intent is to give the municipality the authority to define it more narrowly.

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Co-Chair Meyer inquired if a husband and wife, both police officers, would qualify for a \$300,000 dollars property tax allowance. Representative Gruenberg replied correct; it would be \$150,000 dollars for each officer, limited to two living in the same household. They do not have to be married.

Representative Foster pointed out that in Nome, nearly 59% of the residents do not pay property tax. He worried about a population minority responsible for paying all the taxes. Co-Chair Meyer agreed.

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STEVE SMITH, DEPUTY CHIEF OF ADMINISTRATION, ANCHORAGE POLICE DEPARTMENT, ANCHORAGE, shared comments that the Anchorage Police Departments agrees that HB 67 could be a useful tool for incentives to officers to live in higher crime areas. About ten years ago, there was a federal program in which some of the officers did take advantage. The thought is that the program would not be largely used but would be a useful tool to some younger officers.

Vice Chair Stoltze asked the number of officers living in areas that might qualify. Mr. Smith did not know, indicating that the bill does not define areas. He did not know of any police officers living in Mountain View.

Vice Chair Stoltze worried about the public outrage at the incentive being offered. Mr. Smith agreed with those observations noting that a high level of police officers now live in the Chugiak - Eagle River areas. He reiterated that most likely, it will be the younger officers taking advantage of the opportunity.

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STEVE VAN SANT, (TESTIFIED VIA TELECONFERENCE), STATE ASSESSOR, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, ANCHORAGE, addressed concerns on Page 1, Lines 8 & 9. He advised that all property exemptions in the State turn on the ownership & eligibility requirements. He indicated that Representative Gruenberg's support to delete "in whole or part", removing concerns of the Department.

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Co-Chair Meyer understood that in Anchorage, if a senior couple owns property, they are limited to \$150,000 dollars per property, while HB 67 proposes that a police officer couple be eligible for \$300,000 dollars. Mr. Van Sant said yes that was true under the proposed bill.

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Representative Gruenberg asked if Mr. Van Sant was recommending deletion of "in whole or part" on Page 1, Line 8 and Line 9. Mr. Van Sant said they both agree with deleting it on Line 8; on Line 9, without deletion, the officer could claim occupancy in more than one dwelling.

Representative Gruenberg argued against deletion of "in whole or part" on Line 9, noting the language "primary place of abode" would be the one primary property. Mr. Van Sant agreed, retracting the original request.

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Representative Gara inquired if a whole condominium would be exempt if a police officer owned the complex. Representative Gruenberg explained that each unit is a separately owned piece of property. Representative Gara argued that the definition of parcel refers to the whole building. Representative Gruenberg advised that the intent is not to give an exemption to the entire complex.

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Mr. Van Sant clarified that the parcel refers to the individual unit. He added that if a police officer occupied one unit of a duplex, was it intended that the entire duplex be exempted. Representative Gruenberg responded that the \$150,000 dollars would apply to the one tax unit or the entire parcel if the officer lived there.

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Co-Chair Meyer expressed concern that police officers would be given a greater exemption than seniors and disabled veterans. He asked if the sponsor would support one exemption per building. Representative Gruenberg responded that he would support the Committee's decision.

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Representative Gruenberg pointed out that there has not been a single officer living in Mountain View for the past 10 years; he thought the bill would encourage those neighborhoods to have an officer presence.

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Representative Gara expressed concern that the legislation would not give the discretion to the municipality to carve out areas where they want officers to locate. Representative Gruenberg agreed that additional language could be added, clarifying that "the ordinance may exempt all or part of any of the areas."

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Co-Chair Meyer requested that Representative Gruenberg, Co-Chair Chenault, Representative Gara, Mr. Cohen & Ms. Cunningham work together, to address crime levels & how that

relates to the bill. He supported the policy proposed by the legislation.

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Representative Nelson expressed support for the legislation and stressed that rural areas have a similar goal of attracting Village Public Safety Officers (VPSO). Representative Gruenberg noted that he would support legislation toward that goal.

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Representative Joule noted that city councils could have latitude to provide incentives for VPSO's in terms of a sales tax waiver. Representative Gruenberg noted he would support such an addition.

Representative Joule did not think statutory change was necessary, stressing the need to provide information to the communities.

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Representative Thomas spoke in support of rural incentives. Representative Gruenberg noted that a tax exemption is not considered income. Property taxes are deductible from income for tax purposes.

Co-Chair Meyer acknowledged that the legislation provides a local option opportunity.

HB 67 was HELD in Committee for further consideration.

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#### ADJOURNMENT

The meeting was adjourned at 3:10 P.M.