

HOUSE FINANCE COMMITTEE
April 11, 2008
8:51 A.M.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [8:51:21 AM](#).

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Richard Foster

ALSO PRESENT

Senator Hollis French; Kathryn Kurtz, Assistant Statute Reviser, Legislative Legal Services; Bryan Butcher, Legislative Liaison, Alaska Housing Finance Corporation; Marie Darlin, AARP; Suzanne Armstrong, Staff, Representative Kevin Meyer; Allison Biastock, Staff, Senator Hollis French; Mary Siroky, Special Assistant, Department of Transportation and Public Facilities; Michelle Sydeman, Staff, Senator Wielechowski; Kim Garner, Director, Division of Finance, Department of Administration, Director

PRESENT VIA TELECONFERENCE

Chris Nelson, Alaskans for Tax Reform, Anchorage

SUMMARY

CS SB 120 (FIN)

An Act relating to disclosure of certain information from the records of the Department of Labor and Workforce Development and limiting the use of the disclosed information, and to the calculation and payment of unemployment compensation benefits; and providing for an effective date.

CS SB 120 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with a new fiscal note by the Department of Administration and fiscal note #2 by the Department of Labor and Workforce Development.

CS SB 201 (FIN)

An Act relating to the establishment and maintenance of an Internet website providing public finance information; and identifying the information to be available on the Internet website.

CS SB 201 (FIN) was REPORTED out of Committee with a "no recommendation" and with zero note #1 by the Department of Administration.

CS SB 218 (FIN)

An Act relating to use of child safety seats and seat belts.

CS SB 218 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with a new zero note by the House Finance Committee for the Department of Transportation and Public Facilities.

CS SB 231 (HES)

An Act relating to the Alaska housing trust fund and to the Alaska Council on the Homeless; and providing for an effective date.

CS SB 231 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with a new zero note by the House Finance Committee for the Alaska Housing Finance Corporation, zero note #2 by the Department of Public Safety, zero note #3 by the Department of Health and Social Services

and zero note #4 by the Department of Corrections.

SB 259 An Act repealing certain provisions relating to applications for medical assistance coverage; making certain provisions of ch. 96, SLA 2006, retroactive; providing for an effective date by repealing an effective date section in ch. 96, SLA 2006; providing for an effective date for certain sections of ch. 96, SLA 2006; and providing for an effective date.

SB 259 was REPORTED out of Committee with a "do pass" recommendation and with zero note #1 by the Department of Health and Social Services and zero note #2 by the Legislative Affairs Agency.

#SB259

[8:52:29 AM](#)

SENATE BILL NO. 259

An Act repealing certain provisions relating to applications for medical assistance coverage; making certain provisions of ch. 96, SLA 2006, retroactive; providing for an effective date by repealing an effective date section in ch. 96, SLA 2006; providing for an effective date for certain sections of ch. 96, SLA 2006; and providing for an effective date.

KATHRYN KURTZ, ASSISTANT REVISER OF STATUTES, LEGISLATIVE LEGAL SERVICES, clarified that SB 259 addresses an effective date problem. In the original 2006 bill, there was an effective date that was suppose to start on either July 1st, when the State received federal approval of the revised plan or whatever came later. The problem is that the federal approval process was piece-mealed. Many of the changes in the original billed did not need to be approved by the federal government. The manner in which the bill was worded left some sections without an effective date. SB 259 provides the effective date for those sections. The Department of Law supports the bill.

[8:54:15 AM](#)

Vice-Chair Stoltze MOVED to REPORT SB 259 out of Committee with individual recommendations and with the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

SB 259 was REPORTED out of Committee with a "do pass" recommendation and with zero note #1 by the Department of Health and Social Services and zero note #2 by the Legislative Affairs Agency.

#SB231

[8:54:48 AM](#)

CS FOR SENATE BILL NO. 231 (HES)

An Act relating to the Alaska housing trust fund and to the Alaska Council on the Homeless; and providing for an effective date.

Vice-Chair Stoltze MOVED to ADOPT work draft 25-GS2006\M, Cook, 4/10/08 as the version of the bill before the Committee. There being NO OBJECTION, it was adopted.

BRYAN BUTCHER, PUBLIC AFFAIRS DIRECTOR & LEGISLATIVE LIAISON, ALASKA HOUSING FINANCE CORPORATION (AHFC), ANCHORAGE, explained the bill. He stated that the legislation creates a housing trust fund within AHFC to address concerns of homelessness in the State of Alaska. The bill increases AHFC's flexibility in addressing long term solutions for homelessness. SB 231 would codify the role of the Governor's Council on the Homeless, which has been operating under Administrative Order. The original bill is the culmination of many years of work by several statewide advocacy groups and is a recommendation of the Governor's Council on the Homeless.

Mr. Butcher noted that homelessness is one of the most important social issues facing Alaska.

- 3,500 Alaskans are homeless on any given night, including 1,600 people in families with children;
- 4,000 Alaskan households are on the waiting list for public housing programs, most are families with children; and
- 20,000 low-income Alaskan households spend more than half their income on housing, placing them at risk of homelessness.

Mr. Butcher pointed out that the development of housing alone is not enough to provide permanent solutions to homeless crisis. People who are homeless or at risk of

becoming homeless, frequently need supportive services to be successful, such as treatment, crisis intervention, tenant education, financial literacy, job counseling and life skills training. Placing a housing trust within AHFC expands the services of the State without expanding government's size. SB 231 provides AHFC the flexibility to address homelessness in Alaska.

Mr. Butcher concluded that the Governor's proposed FY09 capital budget includes a \$10 million dollar request for the establishment of the Housing Trust Fund. The \$10 million is made up of funds from four different sources:

- AHFC dividends
- Mental Health Trust Authority receipts
- State General Funds
- Contributions from other private sources

[8:57:00 AM](#)

Representative Hawker asked how the draft differed from the original version of the bill. The original request was for a \$150 million dollar commitment for a ten year project.

Mr. Butcher explained that the State currently offers a Homeless Assistance Program. AHFC has been administering the residential side of that program. AFHC is the agency for the State in dealing with homelessness. The bill no longer includes putting the Governor's Council on the Homeless into statute. That action is not necessary since it was created by an Administrative Order.

Representative Hawker offered his continued assistance in addressing homelessness in the State of Alaska. He proposed a greater buy-in from the Department of Health and Human Services. He encouraged that the Mental Health Trust Authority (AMHTA) expand their outreach to legislators. If embarking on a \$150 million dollar building program, the entire legislature will need to accept it. He pointed out that the capital budget added \$6 million dollars to the homeless programs at AHFC for foundation building.

[9:02:30 AM](#)

Mr. Butcher added that Jeff Jesse, Executive Director, Alaska Mental Health Trust Authority, was supportive of the program.

Co-Chair Chenault directed comments to the conversations his office has had with the Mental Health Trust Board funding for the program. He acknowledged the outreach needs.

Representative Kelly indicated that he was not in support as the program appears to be a State "entitlement". He noted for the record that he is "very concerned" with the long-term effect the program will have on the State.

[9:04:40 AM](#)

Representative Gara understood from testimony that there would be no funding included for the Housing Trust in the current budget. Mr. Butcher explained that yesterday [5/10/08], during the Mental Health Conference Committee meeting established a Homeless Assistance Program that would operate on \$2 million dollars per year. The amount would be generated from \$1 million AHFC dividend dollars, \$500 hundred thousand dollars of General Fund Mental Health and \$500 thousand from the AMHTA receipts. Funding would have ceased if the \$10 million for the Trust had been funded. The Conference Committee moved \$6 million dollars of that amount to \$2 million and moved \$2.5 million of AHFC raised funds from private sources, which moves the program from \$2 million funding dollars to \$8 million funding dollars. Next year, AHFC will come back to revisit the situation. He added, the Governor's Council has been increased to a membership of an additional five members.

[9:06:14 AM](#)

Representative Gara emphasized that the work draft puts the Housing Trust on hold for another year. Mr. Butcher said yes. Representative Gara strongly disagreed with that, noting that the Housing Trust has been deliberating on the issue for a long time. The intent is to transition the homeless into permanent housing. He stressed that the program is good and that he strongly disagrees with putting it off for another year.

Co-Chair Meyer responded it is an attempt to transition the program.

[9:07:59 AM](#)

MARIE DARLIN, CAPITAL CITY TASK FORCE, AARP, voiced support for the intention behind the bill. The bill addresses the situation from a long-term plan at providing supportive services. She maintained it is important to accomplish addressing the concerns with homelessness. She urged passage of the bill from the Committee.

[9:09:49 AM](#)

PUBLIC TESTIMONY CLOSED

RECESS: [9:10:13 AM](#)
RECONVENE: [10:49:52 AM](#)

SUZANNE ARMSTRONG, STAFF, REPRESENTATIVE KEVIN MEYER, addressed the fiscal note, which enumerates information on the additional funds added to HB 312 for the current program. HB 231 allows AHFC to expand the general power of limitations. The additional funds will be used for that expansion.

[10:51:36 AM](#)

Vice-Chair Stoltze MOVED to REPORT HCS CSSB 231(FIN) out of Committee with individual recommendations and with the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CS SB 231(FIN) was REPORTED out of Committee with a "do pass" recommendation and with a new zero note by the House Finance Committee for the Alaska Housing Finance Corporation, zero note #2 by the Department of Public Safety, zero note #3 by the Department of Health and Social Services and zero note #4 by the Department of Corrections.

#SB218
[10:56:19 AM](#)

CS FOR SENATE BILL NO. 218 (FIN)

An Act relating to use of child safety seats and seat belts.

SENATOR HOLLIS FRENCH, SPONSOR, introduced SB 218, stating that booster seats save lives. The National Highway Traffic Safety Administration recommends that children under 80# and under 57" tall use a child safety seat or belt positioning booster seat.

SB 218 stipulates that:

- Children under one year of age or older but under 20#, shall be secured in a rear facing child safety seat;
- Children one to four years old who weight over 20# shall be secured in a child restraint device or seat;
- Children four to eight who are under 57" tall and under 80# shall be secured in a booster seat or a child restraint system;
- Children over 4 who are taller than 57" and weigh over 80# shall be properly secured in a seat belt, just like adults;
- Children over eight years of age but under sixteen years old, who are under 57" tall and 80# shall be restrained by the proper safety device or a seat belt, whichever is appropriate.

Senator French pointed out that all safety devices, boosters and child seats must meet or exceed the standards set out by the United States (U.S.) Department of Transportation. At the present time, thirty nine other states mandate booster seat use. While any restraint is better than none, national studies have shown booster seats are 60% safer than seat belts alone. The cost of a booster seat ranges from \$25 to \$100 dollars, depending on the model. Senator French urged support of the legislation.

Co-Chair Chenault asked if the bill imposes any new fines. Senator French replied it does not; it remains the same penalty for someone having a baby behind a seat belt instead of being placed in a booster chair. The penalty is a \$50 dollar ticket for the first time offense and if the seat is purchased, the fine does away.

Co-Chair Chenault asked if there was an educational program available to inform parents about the new federal requirement. Senator French explained that there is a

group that provides information and funnels money if the parent needs help purchasing the seat.

[10:59:47 AM](#)

ALLISON BIASTOCK, STAFF, SENATOR HOLLIS FRENCH, added that the main group operating in Alaska is called Safe Kids. It is a non profit & devoted to child safety. They operate through statewide hospitals. Another group is called Kids on the Move program, which offers booster seat assistance to families on a sliding scale base.

[11:00:27 AM](#)

Representative Thomas inquired if there were federal funds tied to conforming the program. Senator French responded there are and that the State of Alaska will receive \$200 thousand dollars per year from the federal government.

Representative Thomas pointed out in previous years, funding went to the Driving While Intoxicated (DWI) programs and Bush Alaska never received any of those funds.

[11:01:32 AM](#)

Vice-Chair Stoltze recalled when the bill was presented in the 13th Legislature. He did not want to see the issue micro-managed. Senator French shared those concerns; however, pointed out that safety is the main issue.

Vice-Chair Stoltze worried about children that have handicaps and how the bill would impact them. Senator French indicated that language on Page 2 addresses that concern; the choice is actually left to the parents.

[11:04:54 AM](#)

Representative Gara concluded that the "education" actually happens when the person is pulled over, at which time they are given a "fixable" ticket. Senator French acknowledged that was correct and added that the fine could be off-set by purchasing a safety chair.

In response to Representative Gara, Ms. Biastock explained that current State law clarifies that children four and under need to be in an appropriate device. The bill adopts

the federal guidelines and adds the age group four to eight for booster use or appropriate devices.

Representative Gara pointed out the letter of support from Automobile Dealer's Association.

[11:06:49 AM](#)

Vice-Chair Stoltze recalled that in the 1980's, the peek-a-boo program provided free child seats. He commented that the best use for the funds is to provide free seats through the Department of Transportation and Public Facilities.

[11:08:04 AM](#)

MARY SIROKY, SPECIAL ASSISTANT, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, explained that 50% of the federal funds would be used for purchasing child protection devices and the remainder dollars used for educational purposes.

Vice-Chair Stoltze asked if the educational effort would be weaned after the second year. Ms. Siroky did not know the specifics of the federal requirement. Senator French agreed the split between purchasing seats and education was a fair use of funds.

[11:09:06 AM](#)

Co-Chair Chenault asked if the funding could be used to enhance the current program. Ms. Siroky did not know the amount currently allocated for education and seat belt use.

[11:10:03 AM](#)

PUBLIC TESTIMONY CLOSED

[11:10:15 AM](#)

Ms. Armstrong explained the zero note from the Department of Transportation and Public Facilities, clarifying that \$194 thousand dollars had been included in HCS SB 221 (FIN) allocation.

[11:11:33 AM](#)

Vice-Chair Stoltze MOVED to REPORT CS SB 218(FIN) out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CS SB 218(FIN) was REPORTED out of Committee with a "do pass" recommendation and with a new zero note by the House Finance Committee for the Department of Transportation and Public Facilities.

#SB120

[11:12:47 AM](#)

CS FOR SENATE BILL NO. 120 (FIN)

An Act relating to disclosure of certain information from the records of the Department of Labor and Workforce Development and limiting the use of the disclosed information, and to the calculation and payment of unemployment compensation benefits; and providing for an effective date.

[11:13:05 AM](#)

Representative Hawker suggested that future concerns with the legislation be addressed through the regulatory process in upcoming sessions.

[11:14:05 AM](#)

Vice-Chair Stoltze MOVED to REPORT CS SB 120(FIN) out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CS SB 120(FIN) was REPORTED out of Committee with a "do pass" recommendation and with a new fiscal note by the Department of Administration and fiscal note #2 by the Department of Labor and Workforce Development.

#SB201

[11:14:53 AM](#)

CS FOR SENATE BILL NO. 201 (FIN)

An Act relating to the establishment and maintenance of an Internet website providing public finance information; and identifying the information to be available on the Internet website.

[11:15:06 AM](#)

MICHELLE SYDEMAN, STAFF, SENATOR BILL WIELECHOWSKI, explained the intent of SB 201, the Alaska Open Government Act, to mandate creation of a free, searchable website that provides Alaskans with easy access to detailed information on State spending. She pointed out that such websites are happening across the country. In 2006, President Bush signed the Federal Funding Accountability and Transparency Act. The Act calls for creation of a searchable website for federal contracts and grants of more than \$25 thousand dollars. Ms. Sydeman reported that the legislation had been introduced years ago by a bipartisan team of four U.S. senators, including John McCain and Barak Obama.

She added, real accountability and good decision-making requires an informed public with access to information on government spending. The Governor endorses the bill. SB 201 places the requirement for free, publicly searchable database in statute, so that all future governors show the same commitment to transparency and accountability.

Ms. Sydeman maintained the bill is good public policy as it provides guidance as to the type of information that a public finance website should contain. The bill calls for inclusion of information that will provide a context for the lay person regarding daily spending expenditures. The fiscal note is zero because it can be accomplished by using the existing webmasters and finance staff. She urged support for the bill.

[11:18:44 AM](#)

Representative Thomas referenced the title "public finance"; he wondered if it could open-up the possibility of public financing for elections. Ms. Sydeman had not heard of anyone discussing or considering that possibility; she added, Senator Wielechowski would not support it. Representative Thomas worried that it could come forward as an amendment on the House floor. Representative Gara believed that any language such as that would not pass the House floor.

Representative Hawker was not convinced that he should support the bill. Crossing the line and forcing disclosures often does not mesh with statewide regulations. He pointed out that the State is being asked to create a new type of information and accounting reporting system on information given in isolation without context. He worried that adopting the change would not be good; clarifying that it becomes a "professional issue" for him. He proposed an alternative, requesting that the Department determine a better "cap stone" index for the State system currently used.

[11:23:27 AM](#)

Ms. Sydeman advised that the Senate Finance Committee (SFC) did determine a number of items that are clear for the public to understand & determined what the public should know from State accountants to help put the State spending in context. Nothing has been duplicated in the proposed system and there are no risks associated with the proposal.

Representative Hawker argued that once the integrity of the document is violated by removing it out of context, the document then no longer carries the authority or is part of the audit.

Representative Gara advised that Sections 2 & 3, describe the information that should be made available on the website. He understood that information, the State currently prepares. Ms. Sydeman said it is and could automatically be transferred to the website through the new accounting system. There would be no additional costs for doing that.

[11:26:28 AM](#)

Representative Hawker clarified that the Administration has already undertaken an effort in that direction without making it a statutory mandate. When in statute, there is a benchmark, which could be taken to Court. He maintained that the proposed change would not be good for the State of Alaska. He recommended a professional evaluation of the language being proposed.

CHRIS NELSON, ALASKANS FOR TAX REFORM, ANCHORAGE, testified via teleconference, spoke in favor of the bill. He

explained that it is part of an effort happening nationally to provide greater public access to information. He noted that he had researched legislative spending extensively and that information is difficult to find. The legislation will organize the information and make it accessible. He commended the Legislature for its openness, but worried about future legislatures. He urged the bill pass from Committee.

[11:31:09 AM](#)

KIM GARNERO, DIRECTOR, DIVISION OF FINANCE, DEPARTMENT OF ADMINISTRATION, DIRECTOR, added comments to address Representative Hawker's concerns. She pointed out that Senator Wielechowski's office had worked closely with the Department to identify items within the financial report that would be of interest to Alaskans and that they could be lifted from a website without misleading the public. She added that the information will provide some context for the public.

Representative Gara pointed out that all the information is definable and currently in print. He stated that a concern regarding lawsuit filings was mute.

Representative Kelly referenced information provided by the Department, which the Administration does not believe should be necessary codified in statute. He asked if the Administration supports the legislation. Ms. Sydeman responded that the Governor has indicated to her personally, she supports placing it in statute. Ms. Garnero had not yet received that information to date.

AT EASE: [11:35:39 AM](#)
RECONVENE: [11:37:26 AM](#)

Representative Hawker MOVED to ADOPT Amendment 1. The amendment was drafted to Page 1, Line 7, following SHORT TITLE:

Delete "This Act may be known as the Alaska Open Government Act" and insert "This Act may be known as the Alaska Clear and Transparent Open Access to Alaskan State Government Financing for Dummies Act."

Vice-Chair Stoltze OBJECTED for discussion purposes.

Representative Hawker offered the amendment because he observed there are better ways to provide access to existing data.

Vice-Chair Stoltze cautioned against using "dummies" in the title. Representative Hawker suspected copyright violation would prevail since it is a trademark name; he WITHDREW Amendment 1.

[11:41:09 AM](#)

Co-Chair Meyer highlighted the zero note submitted by the Department of Administration.

Representative Hawker disagreed with offering a zero note when the Department is required to write a cross-referenced data system. He did not believe that the proposed scope could be accomplished with no further funding. Ms. Garnero responded that the zero note was predicated on a presentation using Microsoft Excel. She agreed that if they moved into a different type technology, the note would not be zero. She mentioned the Alaska Data Enterprise Reporting System is currently being built to replace the now used twenty-three year old system. The data warehouse has made the Department able to generate the excel spreadsheet.

Representative Hawker reiterated that the language proposed in the bill does not take the State in the direction referred to by the Department.

Representative Kelly worried if the process could drive private business away from continuing business with the State of Alaska because of the amount of information required. He recommended adding a sunset date to track the development.

Representative Gara interjected that Page 4 describes the confidentiality statement and that nothing confidential would be allowed on the website.

[11:44:56 AM](#)

Vice-Chair Stoltze MOVED to REPORT CSSB 201(FIN) out of Committee with individual recommendations and with the accompanying zero note.

Representative Hawker OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Nelson, Stoltze, Thomas, Crawford, Gara,
Joule, Meyer

OPPOSED: Hawker, Kelly

Representative Chenault and Representative Foster were not present for the vote.

The MOTION FAILED (7-2).

CS SB 201(FIN) was REPORTED out of Committee with a "no recommendation" and with zero note #1 by the Department of Administration.

#

ADJOURNMENT

The meeting was adjourned at 11:47 A.M.