

MINUTES
SENATE FINANCE COMMITTEE
April 2, 2007
9:06 a.m.

CALL TO ORDER

Co-Chair Bert Stedman convened the meeting at approximately [9:06:44 AM](#).

PRESENT

Senator Bert Stedman, Co-Chair
Senator Charlie Huggins, Vice Chair
Senator Kim Elton
Senator Joe Thomas
Senator Fred Dyson
Senator Donny Olson

Also Attending: DARWIN PETERSON, Staff to Senator Lyda Green; GINNY AUSTERMAN, Staff to Senator Donny Olson; KARLEEN JACKSON, Commissioner, Department of Health and Social Services; JANET CLARKE, Assistant Commissioner, Finance and Management Services, Department of Health and Social Services; ELLIE FITZJARRALD, Director, Division of Public Assistance, Department of Health and Social Services;

Attending via Teleconference: From an offnet location: DUANE BANNOCK, Director, Division of Motor Vehicles, Department of Administration

SUMMARY INFORMATION

SB 130-RANCH, FARM, DAIRY VEHICLE REGISTRATION

The Committee heard from the sponsor and the Department of Administration. The bill was reported from Committee.

SB 4-SENIOR CARE PROGRAM

The Committee heard from the sponsor and the Department of Health and Social Services. A committee substitute was adopted and the bill was held in Committee.

#SB130

[9:07:41 AM](#)

SENATE BILL NO. 130

"An Act relating to the registration of certain vehicles owned by ranchers, farmers, or dairy workers."

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

Co-Chair Stedman announced intent to report this bill from Committee at this hearing.

[9:08:30 AM](#)

DARWIN PETERSON, Staff to Senator Lyda Green, sponsor of the bill, testified that the need for this legislation was brought to Senator Green's attention by a constituent who is also a farmer. State statute provides for licensing classifications for numerous types of vehicles. One such classification is farm vehicles.

Mr. Peterson informed that prior to 1978 statute limited the weight of vehicles registered as farm vehicles to no more than 15,000 pounds. At that time the weight limit was increased to 16,000 pounds to acknowledge that vehicles in general were getting larger. This same rationale is the impetus for the proposed increase in this legislation to a 20,000 pound limit.

Mr. Peterson reported that many owners of farm vehicles are encountering situations in which new or replacement vehicles would exceed the current weight limit. One farmer has been repairing and refurbishing old vehicles to avoid the higher registration fees imposed on non-farm commercial vehicles.

[9:10:54 AM](#)

Senator Dyson asked the difference in the licensure fee amounts of farm vehicles and non-farm vehicles.

[9:11:05 AM](#)

Mr. Peterson replied that the biannual license fee for vehicles registered as farm vehicles is \$68.

[9:11:27 AM](#)

DUANE BANNOCK, Director, Division of Motor Vehicles, Department of Administration, testified via teleconference from an offnet location that the Division has no objection to this bill. The State license fee for commercial vehicles weighing 20,000 pounds or less is \$240 biannually. Additional fees are assessed for vehicles registered in some locations by local governments.

Senator Dyson asked the term of the license.

[9:12:29 AM](#)

Mr. Bannock answered that the licenses are valid for two years.

[9:12:36 AM](#)

Senator Thomas asked if the fees were the same regardless of the number of axles on the vehicle.

[9:12:47 AM](#)

Mr. Bannock responded that the Division does not consider the number of axles but rather the weight of a vehicle. State statute contains no provisions pertaining to the number of axles.

[9:13:13 AM](#)

Co-Chair Stedman pointed out the zero fiscal note prepared by the Division and asked if this legislation would incur any costs.

[9:13:27 AM](#)

Mr. Bannock replied that programming changes would be minimal and would be made internally. Inputting of registration information is done manually whether the amount is 16,000 or 20,000 pounds. Revenue amounts were not adjusted because only approximately 600 vehicles are currently registered under this provision and less than ten percent of that number would be vehicles weighing between 16,000 and 20,000 pounds.

[9:14:17 AM](#)

Senator Olson understood that this bill would have no fiscal impact to the Division of Motor Vehicles; however, he asked the expense to other departments. He gave the Department of Transportation and Public Facilities as an example, asking about higher maintenance costs resulting from heavier vehicles traversing the roadways.

[9:14:53 AM](#)

Mr. Bannock could not address this.

Senator Olson posed the question to the sponsor.

[9:14:59 AM](#)

Mr. Peterson conveyed that the Department of Transportation and Public Facilities had reviewed this legislation and expressed no objection to its passage as the fiscal impact would be minimal.

[9:15:36 AM](#)

Senator Dyson asked if a farmer would testify.

[9:15:43 AM](#)

Co-Chair Stedman ascertained that no other parties were present to testify either telephonically or in person.

[9:15:56 AM](#)

Senator Olson asked the opinion of those who would be affected by this bill.

[9:16:06 AM](#)

Mr. Peterson told of testimony given before the Senate Transportation Committee by the farmer who brought the issue to Senator Green's attention. This farmer utilizes his farm vehicle to travel to Canada to purchase hay for use on his ranch. The Canadian government imposes a fee of \$600 per trip for vehicles not registered as farm vehicles. Farm vehicles are assessed no

such fee. He was currently traveling in Canada for this purpose and was therefore unavailable to testify at this time.

Mr. Peterson continued relaying the testimony presented to the Senate Transportation Committee from another farmer who continually repairs older vehicles that are under the current 16,000 pound weight restriction. These vehicles do not have the updated safety improvements available on newer vehicles.

[9:17:24 AM](#)

Senator Dyson announced that although the difference between farm vehicle and commercial vehicle license fees is \$85 per year, he would support this legislation because of the aforementioned \$600 fee, an amount he deemed potentially onerous.

[9:17:56 AM](#)

Senator Huggins offered a motion to report the bill, 25-LS0755\C, from Committee with individual recommendations and accompanying fiscal note.

There was no objection and SB 130 was REPORTED from Committee with zero fiscal note #1 from the Department of Administration.

AT EASE [9:18:30 AM](#) / [9:22:11 AM](#)

#SB4

[9:22:14 AM](#)

SENATE BILL NO. 4

"An Act extending the cash assistance benefit program for seniors under the senior care program and increasing the benefit amount; and providing for an effective date."

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

[9:22:23 AM](#)

Co-Chair Stedman announced that this bill would not be reported from the Committee at this hearing. The sponsor would be given

an opportunity to present the bill. The fiscal note must be addressed and the cost benefit analysis must be reviewed. This legislation represents a substantial policy issue in addition to a fiscal matter.

[9:23:23 AM](#)

Senator Olson, sponsor of the bill, testified that he had prefiled this before the start of the Twenty-Fifth Legislature to accompany another bill pertaining to the Longevity Bonus Program, which he also sponsored. He had withdrawn that legislation once Governor Sarah Palin introduced a similar measure.

Senator Olson stated that the legislation before the Committee is intended to assist senior citizens with high heating and utility costs and other expenses related to maintaining a home. He collaborated with Representative Mike Hawker to coordinate this bill with the efforts of similar legislation under consideration by the House of Representatives.

[9:24:43 AM](#)

Senator Olson offered a motion to adopt CS SB 4, 25-LS0056\C, as a working document.

Without objection the committee substitute, Version "C", was ADOPTED as a working document.

[9:25:24 AM](#)

GINNY AUSTERMAN, Staff to Senator Olson, read the sponsor statement into the record as follows.

SB 4 extends the Senior Care Program which provides financial assistance to Alaska's low income seniors.

SB 4 does three things to the Senior Care Program. It extends the program's sunset date to June 30, 2011; removes the underutilized prescription drug benefit; and increases the monthly cash benefit based on their income related to the federal poverty level guidelines adjusted for Alaska. Monthly payments are:

- \$175 per month if the individual's household income does not exceed 100 percent of the federal poverty guidelines for Alaska
- \$150 per month if the individual's household income does not exceed 135 but is above 100 percent of the federal poverty guidelines for Alaska
- \$100 per month if the individual's household income does not exceed 150 but is above 135 percent of the poverty guidelines for Alaska

The Senior Care Program is strictly a needs based program. No Asset Test will be in place.

SB 4 covers eligible seniors who may have been part of the Longevity Bonus Program prior to its funding being eliminated, as well as individuals who meet the eligibility criteria. The Department of Health and Social Services estimates that the Senior Care Program currently serves approximately 7,000 seniors with financial assistance. The Department estimates an additional 1,800 seniors will qualify for Senior Care under SB 4. The Senior Care Program would run concurrently, but not in addition to any Longevity Bonus Program that may be redeveloped. An individual who is receiving a Longevity Bonus payment is not eligible for the benefits of the Senior Care Program.

[9:27:31 AM](#)

Senator Olson summarized that this bill would extend the lapse date of the Senior Care Program to 2011, would establish the Program as needs-based with no asset test requirement, and provide benefits in amounts ranging from \$100 to \$175 per month depending on the recipient's income in comparison to the federal poverty level guidelines. Additionally, if the Alaska Longevity Bonus Program was reinstated, recipients of that benefit would not be eligible to receive Senior Care Program benefits.

[9:28:18 AM](#)

Senator Elton asked for a comparison of the committee substitute to the original version of the bill.

[9:28:51 AM](#)

Senator Olson spoke of several differences. The original version contained no lapse or "sunset" provision. This would ensure that in the event of unanticipated occurrences, the Program could be

reviewed and changed or eliminated if necessary. The committee substitute also provides for graduated payment amounts in correlation to the amounts under consideration by the House of Representatives in similar legislation. Additionally, no asset test is required to allow those seniors with investments to retain those funds for purposes such as future funeral costs.

[9:30:11 AM](#)

Ms. Austerman added that the original version of this bill would have continued the current practice of utilizing the federal policy level figures established for 2005. The committee substitute contains no such "freeze".

[9:30:44 AM](#)

Senator Huggins asked the federal poverty income amounts utilized for this legislation.

[9:31:00 AM](#)

Ms. Austerman deferred the Department of Health and Social Services.

[9:31:05 AM](#)

Co-Chair Stedman cited analysis language in the fiscal note listing the federal poverty level in 2005 as \$16,133 for an individual and \$21,641 for a two-person household.

[9:31:21 AM](#)

Senator Huggins asked if this figure represented 100 percent of the federal poverty level.

Co-Chair Stedman answered it did.

[9:31:37 AM](#)

KARLEEN JACKSON, Commissioner, Department of Health and Social Services, offered the Department's assistance.

[9:31:58 AM](#)

Co-Chair Stedman asked the federal poverty guidelines.

[9:32:07 AM](#)

JANET CLARKE, Assistant Commissioner, Finance and Management Services, Department of Health and Social Services, listed the 2007 federal poverty annual income levels as \$12,770 for a single person household and \$17,120 for a two income household.

[9:33:20 AM](#)

Senator Huggins supported this legislation, as the Senior Care Program "serves a useful purpose". However, many senior citizens do not want to be characterized as "needy". He asked the Department's opinion on this.

[9:33:50 AM](#)

Commissioner Jackson agreed that some senior citizens and some Alaskans in general, share this sentiment. However, other federally administered benefit programs are also needs based. Like those programs, the Senior Care Program is needs based and participation is optional.

[9:34:27 AM](#)

Senator Huggins assumed that information about participants is not public.

[9:34:41 AM](#)

Ms. Clarke replied that although information on participants in the Alaska Longevity Bonus Program was deemed to be public, information pertaining to participants of federally administered needs-based programs is subject to some measure of confidentiality. The Senior Care Program is State administered and she was therefore uncertain of the confidentiality requirements for its information.

[9:35:37 AM](#)

ELLIE FITZJARRALD, Director, Division of Public Assistance, Department of Health and Social Services, testified that information regarding individual participants is confidential for State administered needs-based programs such as the Senior Care Program. Data listing the number of participants

categorized by community that does not contain any personal identifiers is not confidential.

[9:36:18 AM](#)

Senator Elton asked the estimated number of participants in the Senior Care Program who would otherwise participate in the Alaska Longevity Bonus Program in the event it was reinstated, although at less than the maximum benefit amount of \$250 provided for in the Bonus program.

[9:36:57 AM](#)

Ms. Clarke replied that the Department had conducted an analysis to the original version of this bill. An updated analysis had not been prepared for the committee substitute. She predicted that a participant eligible to receive a Longevity Bonus payment of \$150 for example, would not chose to participate in the Senior Care Program if the benefit would be reduced to \$100. She offered to prepare a scenario.

[9:37:51 AM](#)

Senator Olson asked if the Department was prepared to make preliminary comments on the revised fiscal note just distributed to Members.

[9:38:07 AM](#)

Co-Chair Stedman directed the explanation to also reference the original fiscal note.

[9:38:16 AM](#)

Ms. Clarke explained that the original fiscal note contained negative cost estimates because it assumed the extension of the Senior Care Program and reinstatement of the Alaska Longevity Bonus Program. This caused some confusion and also the situation had changed. Therefore a new fiscal note was prepared to the original version of the bill to demonstrate the estimated expense of only the Senior Care Program. However, the estimates were calculated utilizing assumptions that had been changed and as a result the new fiscal note was not valid to the committee substitute.

[9:39:38 AM](#)

Co-Chair Stedman indicated the Committee would receive an updated fiscal note.

[9:39:55 AM](#)

Ms. Clarke pointed out that the Department had provided a spreadsheet containing preliminary information, including the benefit costs and the administrative expenses. The total cost to implement the provisions of the committee substitute would be \$17,398,900, an amount over \$4 million higher than the cost to implement the original version of the bill.

[9:40:27 AM](#)

Senator Dyson, referring to the last paragraph of the sponsor statement commenting on the correlation between the Senior Care Program and the Longevity Bonus Program, surmised that an otherwise eligible senior citizen could not participate in both programs concurrently.

[9:40:58 AM](#)

Senator Olson deferred to Ms. Austerman.

[9:41:28 AM](#)

Ms. Austerman affirmed Senator Dyson's assumption.

[9:41:39 AM](#)

Co-Chair Stedman reminded the Committee that no action would be taken on this legislation during this hearing. He established that no additional testimony was forthcoming.

[9:42:18 AM](#)

Ms. Austerman reported that the Alaska chapter of AARP is in support of this bill.

[9:42:29 AM](#)

Senator Dyson disclosed his efforts of the past three years to implement a process to develop a long-range fiscal plan for

operating and capital expenditures. Until such a system was established, he would be reluctant to support legislation such as the bill before the Committee. Caution should be exercised when considering "institutionalizing" a program into the operating budget.

[9:43:31 AM](#)

Senator Elton remarked that the Executive Branch has been skillful in estimating expenses for the first years following enactment of legislation. However projected benefits of a program are not reported. Elders, in retirement and with no further employment connection to Alaska, economically impact local businesses and service providers when they move out of the state. Those who leave are spending their retirement investments and health care funds elsewhere. The economic consequence of encouraging seniors to move away must be understood.

[9:45:45 AM](#)

Co-Chair Stedman contributed that operating budget increases were problematic. Costs must be contained and although reducing spending to amounts less than that of the previous year would be difficult to accomplish, efforts are necessary to address formula-driven programs to avoid a "runaway train". He had been collaborating with Senator Olson to ensure that the Senior Care Program would have a minimal fiscal impact in balance with the "social issues that we're faced with our seniors."

[9:47:34 AM](#)

Senator Dyson expected this effort from the Co-Chair, as Senator Stedman understood the fiscal issues more than others. Most legislators are sympathetic to the needs of seniors. Senator Dyson warned that in three to five years, the State's fiscal condition could be "if not desperate, at least difficult" and that either "draconian cuts" to this and other programs would be necessary, or that State taxes would be levied. A sales tax would have a disproportionate impact on those "living on the margin" and an income tax would have a disproportionate impact on those who are employed and whom should be encouraged and retained as residents.

Senator Dyson remarked that failing to consider the future would be "irresponsible". The FY 08 operating budget would be at least

\$600 million higher than the previous year's budget, despite efforts of Governor Palin. The Legislature has a responsibility to address not just individual needs but the total future impact as well.

[9:50:01 AM](#)

Senator Olson appreciated the views expressed. He cautioned however that someday, Members could be in a similar situation to those this program intends to assist. His concern was less on the issue of supporting the local economy and more on those elders barely able to financially maintain their independence. Seniors want to remain in their homes for as long as possible. The cost of institutionalization is significantly higher than the cost of the Senior Care Program.

[9:51:29 AM](#)

Co-Chair Stedman ordered the bill HELD in Committee.

AT EASE [9:52:42 AM](#)

#

ADJOURNMENT

Co-Chair Bert Stedman adjourned the meeting at [9:52:46 AM](#)