

SENATE FINANCE COMMITTEE
March 27, 2008
1:37 p.m.

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at [1:37:08 PM](#).

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Donny Olson

ALSO PRESENT

Derek Miller, Staff, Representative Kelly Joan Nugent, Ketchikan General Hospital; Kevin Gadsey, Southeast Alaska Independent Living Coordinator Miles Baker, Staff, Senate Finance Committee;

PRESENT VIA TELECONFERENCE

Robert Wilkenson, Chief Executive Officer, Copper Valley Electric Association and Vice-President, Alaska Power Association; Marilyn Leland, Executive Director, Alaska Power Association Murat Balaban, Fisheries Industrial Technology Center, Kodiak; Ginger Fortin, Homer; David Johnson, Physician, Ketchikan General Hospital; Joan Nugent, Ketchikan General Hospital; Kevin Gadsey, Coordinator, Southeast Alaska Independent Living; Rebecca Madison, Alaska Native Tribal Health Consortium; Ron Inouye, Volunteer Coordinator, Museums Day, Fairbanks; Ann Ringstad, University of Alaska, Fairbanks; Rick Caufield, Director, Tanana Valley Campus, UAF; Beth Landon, Director Alaska Center for Rural Health, UAA; Ruth Talley, Anchorage; Rex Talley, Anchorage; Gary Olson, Chairman, Alaska Moose Federation, Anchorage; Patrick Reinhart, Director, State Independent Living Council, Anchorage; Dan Steadman, Executive Director, Health Center, Soldotna; Richard Peck, Unalaska; Sonia Hanforth-Kome, Unalaska; Marilyn Kasmar, Alaska Primary Care Association, Anchorage; Scott Davis, Ketchikan; Mark Walker, Alaska Community Services, Wrangell; Roger Wright, Jr., Kotzebue; Bonnie Woldstad, North Pole

SUMMARY

SC CSHB 233(L&C)

"An Act relating to giving notice of unclaimed net margin distributions made by electric and telephone cooperatives."

HB 233 was HEARD and HELD in Committee for further consideration.

SB 221 "An Act making appropriations, including capital appropriations, supplemental appropriations, and appropriations to capitalize funds; and providing for an effective date."

SB 221 was HEARD and HELD in Committee for further consideration.

[1:37:22 PM](#)

SENATE CS FOR CS FOR HOUSE BILL NO. 233(L&C)

"An Act relating to giving notice of unclaimed net margin distributions made by electric and telephone cooperatives."

DEREK MILLER, STAFF, REPRESENTATIVE KELLY, read from Sponsor Statement:

The purpose of HB 233 addresses the sometimes burdensome and ineffective noticing requirements of unclaimed property law regarding capital credits of electric and telephone cooperatives. Electric and telephone cooperative from time to time receive excess revenue from members that exceed the expenses of operations. The cooperative keeps these excess revenues in a member-owned capital account called capital credits, on behalf of the member.

Cooperatives may refund a portion of accumulated capital credits, but in some cases the cooperative seeking to refund the capital credits no longer has a valid address for the member. As a result, many go unclaimed. Current Alaska unclaimed property law allows the credits to revert back to the cooperative as long as the cooperative, at least six months prior to the reversion 1) mailed a notice to last known address of the member; 2) publishes a notice of proposed reversion in the same manner required for publishing a service of commons by publication; and 3) publishes a notice of the unclaimed capital credits four times, during four consecutive calendar weeks in a newspaper of local circulation.

While mailing to last known address of members sometimes result in finding members, newspaper publication does not result in a significant increase in the number of members who cash their capital credit checks, particularly for rural cooperatives. As a result, cost of compliance with this notice requirement is significant and the effectiveness is questionable. HB 233 allows cooperatives the option of using the internet, instead of newspaper publication, to notify its members of unclaimed capital credits. Alaska is the most "wired" state in the country and this bill allows for cooperative to notify its members using a method most likely to reach them.

[1:40:42 PM](#)

Co-Chair Stedman inquired how many areas in Alaska do not have internet access and if it is a problem.

Mr. Miller referred to Marilyn Leland Executive Director Alaska Power Association to better answer that question.

Co-Chair Stedman referenced page 2, line 3, and asked why the posting on the website was for 180 days.

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Mr. Miller explained that the bill was originally introduced with a thirty day posting then the House Labor & Commerce Committee amended that to 180 days. There has been no objection from cooperatives regarding the change.

[1:42:21 PM](#)

Senator Dyson asked if consideration was given to the use of the Permanent Fund Division's address list to notify those owed a credit. Mr. Miller responded that it had not been considered but he would look into the possibility.

[1:43:04 PM](#)

Senator Dyson felt the use of the Permanent Fund Division's address listing was a more effective way to find members and offered to propose an amendment to that effect.

[1:43:56 PM](#)

Co-Chair Stedman reminded the Committee that this was the first hearing HB 233 and there would be time for questions and concerns to be addressed.

Mr. Miller informed the Committee that Chugiak Consumers Consortium reviewed the bill and felt confident the consumers were being adequately notified.

[1:44:45 PM](#)

Senator Thomas expressed confusion over the term "member" noting that those needing to be contacted would no longer be members. Mr. Miller agreed.

[1:45:18 PM](#)

Senator Elton asked the notification process used by utility companies that are not cooperatives. Mr. Miller answered that the bill only covers telephone and electric cooperatives and he would need to check into how other private utilities handle notices of unclaimed capital credits.

Senator Elton wanted to assure that the state was treating both cooperative and non cooperative utilities equally. He further noted that there may be legal limitations regarding the use Permanent Fund Division information and it may require a change in the law.

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Co-Chair Stedman suggested that the bill's sponsor check with the Permanent Fund Division regarding legal limitations to release address information.

[1:47:09 PM](#)

ROBERT WILKENSON, CHIEF EXECUTIVE OFFICER, COPPER VALLEY ELECTRIC ASSOCIATION and VICE PRESIDENT, ALASKA POWER ASSOCIATION testified via teleconference in support of HB 233. He explained that the Alaska electric industry includes municipal utilities and a few investor-owned utilities but was mostly made up of nonprofit electric cooperatives. The distinguishable aspect of cooperatives is that they operate on a nonprofit basis; by law the monies received in excess of the cost of operations are a "contribution of capital" by the member. The utility policy states that the credits are allocated to customers, pending refund. He elaborated that in some cases the refunds may not be made for a generation or even longer, which presents the problem of unclaimed refunds. He indicated that the 180 day notice was arrived at from an existing statute whereby a year after a refund is declared, if unclaimed refunds have been noticed for a year, six months prior to the 180 days those funds may revert to the utilities.

He noted staff on both the House and Senate side worked with the utilities to make changes to HB 233. The goal of the utilities is to complete the contract with members and return any capital credits due. Mr. Wilkenson responded to Senator Thomas' earlier comment regarding "members" said a

differentiation could be made by using "members" and "inactive members" terminology.

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MARILYN LELAND, EXECUTIVE DIRECTOR, ALASKA POWER ASSOCIATION testified via teleconference and commented on the previously asked question regarding the number of companies without internet. She believed most companies had the internet and this bill could be an incentive to use the internet for those who do not already. She further noted that some companies are already noticing members through the internet. She described that the funds, once returned to the utility, are generally given back into the communities. She provided an example of communities using funds for school scholarships.

[1:54:55 PM](#)

HB 233 was HEARD and HELD in Committee for further consideration.

RECESS: [1:55:37 PM](#)

RECONVENED: [5:12:58 PM](#)

SENATE BILL NO. 221

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

Co-Chair Stedman announced that the Committee was waiting the arrival of the new Committee Substitute. The plan was to start public testimony and those online waiting for the Committee Substitute could call back later.

[5:14:36 PM](#)

MURAT BALABAN, FISHERIES INDUSTRIAL TECHNOLOGY CENTER, KODIAK testified via teleconference and supported the deferred maintenance request for the University of Alaska Fairbanks facilities. This money is needed to maintain the existing infrastructure.

[5:16:29 PM](#)

GINGER FORTIN, HOMER testified via teleconference in favor of the extra appropriation of \$4.2 million for the Kenicott Marine Highway Ferry to serve the Homer, Soldovia, and Kodiak areas twice a month.

[5:17:19 PM](#)

DAVID JOHNSON, PHYSICIAN, KETCHIKAN GENERAL HOSPITAL testified via teleconference in support of the \$4.4 million upgrade to the hospital's surgery unit. This request only represents half the money required. The money is critical to the community.

[5:19:02 PM](#)

JOAN NUGENT, KETCHIKAN GENERAL HOSPITAL, testified via teleconference and supported the request for the Ketchikan General Hospital surgery needs.

[5:21:06 PM](#)

KEVIN GADSEY, COORDINATOR, SOUTHEAST ALASKA INDEPENDENT LIVING testified via teleconference in support of the \$250,000 adaptive technologies grant for seniors and those with disabilities.

[5:23:31 PM](#)

REBECCA MADISON, ALASKA NATIVE TRIBAL HEALTH CONSORTIUM testified via teleconference in support of the statewide health information exchange for \$6.5 million. She emphasized that this is a cost savings program.

[5:27:13 PM](#)

RON INOUE, VOLUNTEER COORDINATOR, MUSEUMS DAY, FAIRBANKS testified via teleconference and asked for an increase of \$50,000 to \$100,000 for the state office of history and archeology to match the federal money that would not be received without this matching state funding. He also urged the consideration of the increase of \$3 million for the joint state archives and museum in Juneau

[5:28:31 PM](#)

ANN RINGSTAD, UNIVERSITY OF ALASKA, FAIRBANKS testified via teleconference in support of BIO science and medicine funding and deferred maintenance.

[5:29:38 PM](#)

RICK CAUFIELD, DIRECTOR, TANANA VALLEY CAMPUS, UNIVERSITY OF ALASKA, FAIRBANKS testified via teleconference and supported the renewal and renovation to the Tanana Valley Campus.

[5:31:35 PM](#)

BETH LANDON, DIRECTOR ALASKA CENTER FOR RURAL HEALTH, UNIVERSITY OF ALASKA testified via teleconference and supported the University funding for deferred maintenance and the funding for local health care training.

[5:33:50 PM](#)

RUTH TALLEY, ANCHORAGE testified via teleconference and strongly supported the Alaska Primary Care Association one time capital request of \$2.5 million for health information technology and facilities.

[5:35:12 PM](#)

REX TALLEY, ANCHORAGE testified via teleconference and strongly supported the Alaska Primary Care Association one time capital request of \$2.5 million for health information technology and facilities.

[5:35:41 PM](#)

GARY OLSON, CHAIRMAN, ALASKA MOOSE FEDERATION, ANCHORAGE testified via teleconference in support of moose mitigation strategy funding within the Department of Transportation strategy plan to save lives and animals.

[5:38:50 PM](#)

PATRICK REINHART, DIRECTOR, STATE INDEPENDENT LIVING COUNCIL, ANCHORAGE testified via teleconference in support of three capital projects: Center for Independent Living Project, Alaska Housing Trust Fund, and more capital funding in transportation.

[5:40:59 PM](#)

DAN STEADMAN, EXECUTIVE DIRECTOR, HEALTH CENTER, SOLDOTNA testified via teleconference and supported health information technology.

[5:42:23 PM](#)

RICHARD PECK, UNALASKA testified via teleconference and supported the \$2.5 million for health information technology infrastructure for community health centers.

[5:43:31 PM](#)

SONIA HANFORTH-KOME, UNALASKA testified via teleconference in support of the \$2.5 million for health information technology infrastructure for community health centers.

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MARILYN KASMAR, ALASKA PRIMARY CARE ASSOCIATION, ANCHORAGE testified via teleconference and supported the \$2.5 million for health information technology infrastructure for community health centers.

[5:46:23 PM](#)

SCOTT DAVIS, KETCHIKAN testified via teleconference, in support of building a local fire station for \$2 million.

[5:47:24 PM](#)

MARK WALKER, ALASKA COMMUNITY SERVICES, WRANGELL testified via teleconference and supported the \$2.5 million for health information technology infrastructure.

[5:49:17 PM](#)

ROGER WRIGHT, JR., KOTZEBUE testified via teleconference and supported the \$2.5 million for health information technology infrastructure.

[5:50:23 PM](#)

BONNIE WOLDSTAD, NORTH POLE testified via teleconference in support of Fish and Wildlife Public Safety for deferred maintenance and safety equipment.

AT EASE: [5:52:07 PM](#)

RECONVENED: [5:58:40 PM](#)

Co-Chair Hoffman MOVED to ADOPT Committee Substitute for SB 221 (FIN), 25-GS2007\M as the working document before this committee.

Co-Chair Stedman OBJECTED for discussion purposes.

[5:59:19 PM](#)

MILES BAKER, STAFF, SENATE FINANCE COMMITTEE presented a synopsis of the bill. He explained that Section 1, page 2-6 reflect capital projects added into committee substitute to protect life and property or enhance public safety. This adds a total of \$57.9 million in that category.

Mr. Baker remarked that Section 4, page 9, designates capital projects appropriated first to various departments and to named recipients, then to municipalities. There is a total of \$535 million of which \$124 million was in the Governor's budget that has been added back into this committee substitute. The \$413 million is for new legislative project additions.

Mr. Baker noted that Section 5, page 70, is the summarization by fund source of Section 4. Section 7, page 74 are the capital projects that will upgrade commercial passenger vessel services, watercraft infrastructure, passenger safety, and support cruise ship visitor

activities. These projects will be appropriated out of the Commercial Passenger Vessel Tax Account for \$23.9 million.

Mr. Baker reported that Section 10 is the language section of the bill. The only changes from the previous committee substitute on page 78. Section 11, line 18 added in the Help America Vote Act. Section 11, line 23 capitalizes the municipal harbor facility grant fund with \$10.4 million, \$400,000 more than in the Governor's budget. Section 11, line 25, page 78 appropriated \$106.4 million to the school construction grant fund that will pay for the first four schools on the Department of Education's school construction list, \$81 million more than in the Governor's budget.

[6:04:24 PM](#)

Mr. Baker indicated that Section 14, page 79 added back in the Rural Electrification Revolving Loan Fund. He noted that the total of the committee substitute is \$1.56 billion. The previous committee substitute was \$950 million.

[6:05:40 PM](#)

Senator Dyson requested the other funds figure.

Mr. Bakes replied that the total other funds is \$350.4 million that is up from \$264 million.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO further OBJECTION CSSB 221 (FIN), 25-GS2007\M was adopted as the working document before this committee.

SB 221 was HEARD and HELD in Committee for further consideration

AT EASE: [6:06:27 PM](#)

RECONVENED: [6:34:11 PM](#)

ADJOURNMENT

The meeting was adjourned at 6:34 PM