

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

February 1, 2007

2:03 p.m.

MEMBERS PRESENT

Senator Johnny Ellis, Chair
Senator Gary Stevens
Senator Con Bunde
Senator Bettye Davis
Senator Lyman Hoffman

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 24

"An Act relating to the amount of the state's business license fee."

SCHEDULED BUT NOT HEARD

SENATE BILL NO. 39

"An Act relating to the amount of the state's business license fee."

MOVED CSSB 39(L&C) OUT OF COMMITTEE

SENATE BILL NO. 41

"An Act repealing the fee imposed on the sale of studded tires."

MOVED CSSB 41(L&C) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 24

SHORT TITLE: BUSINESS LICENSE FEE

SPONSOR(S): SENATOR(S) WILKEN

01/16/07	(S)	PREFILE RELEASED 1/5/07
01/16/07	(S)	READ THE FIRST TIME - REFERRALS
01/16/07	(S)	L&C, FIN
01/25/07	(S)	L&C AT 1:30 PM BELTZ 211
01/25/07	(S)	Heard & Held
01/25/07	(S)	MINUTE(L&C)
01/30/07	(S)	L&C AT 1:30 PM BELTZ 211
01/30/07	(S)	-- Rescheduled to 02/01/07 --

02/01/07 (S) L&C AT 2:00 PM BELTZ 211

BILL: SB 39

SHORT TITLE: BUSINESS LICENSE FEE

SPONSOR(S): SENATOR(S) WIELECHOWSKI

01/16/07 (S) PREFILE RELEASED 1/5/07
01/16/07 (S) READ THE FIRST TIME - REFERRALS
01/16/07 (S) L&C, FIN
01/25/07 (S) L&C AT 1:30 PM BELTZ 211
01/25/07 (S) Heard & Held
01/25/07 (S) MINUTE(L&C)
01/30/07 (S) L&C AT 1:30 PM BELTZ 211
01/30/07 (S) -- Rescheduled to 02/01/07 --
02/01/07 (S) L&C AT 2:00 PM BELTZ 211

BILL: SB 41

SHORT TITLE: REPEAL STUDDERED TIRE FEE

SPONSOR(S): SENATOR(S) WIELECHOWSKI

01/16/07 (S) PREFILE RELEASED 1/5/07
01/16/07 (S) READ THE FIRST TIME - REFERRALS
01/16/07 (S) L&C, TRA, FIN
01/25/07 (S) L&C AT 1:30 PM BELTZ 211
01/25/07 (S) Heard & Held
01/25/07 (S) MINUTE(L&C)
01/30/07 (S) L&C AT 1:30 PM BELTZ 211
01/30/07 (S) -- Rescheduled to 02/01/07 --
02/01/07 (S) L&C AT 2:00 PM BELTZ 211

WITNESS REGISTER

DANA OWEN

Staff to Senator Ellis

Alaska State Capitol

Juneau, AK 99801-1182

POSITION STATEMENT: Explained CSSB 39(L&C) and SB 41.

JOHN BITNEY, Legislative Liaison

Office of the Governor

Juneau AK

POSITION STATEMENT: Supported CSSB 39(L&C) and CSSB 41(L&C).

SENATOR WIELECHOWSKI

Alaska State Capitol

Juneau, AK 99801-1182

POSITION STATEMENT: Sponsor of SB 41.

ACTION NARRATIVE

CHAIR JOHNNY ELLIS called the Senate Labor and Commerce Standing Committee meeting to order at [2:03:14 PM](#). All members were present.

SB 39-BUSINESS LICENSE FEE

[2:03:59 PM](#)

CHAIR ELLIS announced SB 39 to be up for consideration. He said a new committee substitute - CSSB 39(L&C) 25-LS0351\K, addresses concerns that Legal Services Attorney, Terry Bannister, had regarding the version 25-LS0351\E and Senator Bunde's amendment.

DANA OWEN, staff to Senator Ellis, explained that version K addressed Ms. Bannister's concern that the intent was to have \$300 be the sole fine. It does this by removing the other penalties. It includes Senator Bunde's amendment regarding enforcement. He said this version should have no additional fiscal impact, according to the Administration.

CHAIR ELLIS asked him to explain Ms. Bannister's concern more fully.

MR. OWEN explained that several other provisions in law also applied to penalties for not having a business license along with Senator Bunde's amendment, which he understood was intended to have the \$300 fine be the sole penalty for not having a business license. So the first five sections of version K address each of the sections of statute where there are other penalties for not having a business license and removes them.

[2:06:34 PM](#)

SENATOR BUNDE said his amendment was at the request of the Administration and the department that felt this would be more effective. "So whatever they're in agreement with, I'm certainly in agreement with."

SENATOR WIELECHOWSKI had no objections.

SENATOR STEVENS moved to adopt CSSB 39(L&C) version K as the working draft with individual recommendations. There were no objections and it was so ordered.

[2:07:54 PM](#)

SENATOR WIELECHOWSKI didn't have any comments.

[2:08:50 PM](#)

CHAIR ELLIS related that Senator Wilken wrote a memo asking that his SB 24 not be moved forward in lieu of SB 39 - focusing on getting the job done, not who did it. However, he would continue to be a co-sponsor on SB 39.

[2:09:16 PM](#)

JOHN BITNEY, Legislative Liaison, Office of the Governor, stated that if the bill gets passed, the budget would be built around an effective date of July 1, 2008.

[2:10:14 PM](#)

SENATOR DAVIS moved to pass CSSB 39(L&C) version K out of committee with individual recommendations and attached fiscal notes.

[2:10:48 PM](#)

SENATOR BUNDE objected and explained he did not believe that the current cost of business licenses caused their numbers to go down. Any cost of business is passed on to the customer or the business goes out of business. Also he said that the one investigator the department has is swamped and he thought it would be an advantage to hire another one to enforce compliance. Reducing the fee would create a loss of revenue to the state which could have a budget deficit as early as next year. It is not good public policy to change the fee every time the budget goes down.

[2:13:29 PM](#)

CHAIR ELLIS said he supported reducing the fee and said it sets a good tone in the state.

[2:13:46 PM](#)

SENATOR STEVENS expressed that the cost causer should be the cost payer and the program now costs less with the efficiencies brought with technology.

A roll call vote was taken. Senators Davis, Stevens, Hoffman and Ellis voted yea; Senator Bunde voted nay; and CSSB 39(L&C) moved from committee.

SB 41-REPEAL STUDED TIRE FEE

[2:15:13 PM](#)

CHAIR ELLIS announced SB 41 to be up for consideration.

SENATOR WIELECHOWSKI, sponsor of SB 41, explained that the tire tax generated about \$436,000 in 2005 and \$446,000 in 2006. A final report commissioned by the legislature came out after the bill had been adopted called "The Socio-economic Effects of Studded Tire Use in Alaska" and found an overall positive impact on the Alaskan economy from the use of studded tires. Many studies from all over the world find the use of studded tires has an overall positive impact because they prevent accidents. They have better braking, traction, and acceleration. He said a professor from the University of Alaska testified against the previous bill when it was passed. He also said a Department of Transportation and Public Facilities (DOTPF) report in 1996 found that prohibiting studs would result in a significant increase in accidents.

[2:18:30 PM](#)

SENATOR WIELECHOWSKI said discouraging the use of studded tires has another impact he found in talking to shop owners who said it was difficult for them to account for all their tires under this tax program. Some were fined because they couldn't figure out how to pay it.

CHAIR ELLIS asked if he worked with the administration on its idea of deleting the program entirely.

SENATOR WIELECHOWSKI responded that he had no objection to deleting the program entirely.

DANA OWEN, staff to Senator Ellis, explained that the CS is identical to the governor's bill and removes all tire fees.

JOHN BITNEY, Legislative Liaison, Office of the Governor, said the governor wants the tax repealed.

[2:22:35 PM](#)

SENATOR STEVENS moved to adopt CSSB 41(L&C), version 25-LS0355\C. There being no objection, the motion carried.

CHAIR ELLIS noted that the Administration has accounted for the loss of revenue in its FY'08 budget.

[2:23:09 PM](#)

SENATOR STEVENS moved to pass CSSB 41(L&C), version C, from committee with individual recommendations and attached fiscal note.

SENATOR BUNDE objected citing there is no free lunch and the user pay concept as reasons. He also pointed out that studs are effective only a small part of the year, but the rest of the time they cause wear and tear.

[2:27:08 PM](#)

SENATOR HOFFMAN said that Senator Bunde has one false assumption and that is that all roads in Alaska are paved. He named several villages that have dirt roads - New Stuyahok and Ekwok. The tax is applied to many individuals in communities that are not causing any wear and tear.

SENATOR BUNDE said that those roads are all maintained by the state and they should help pay for the costs they generate. This bill removes the whole tire tax program, not just the studded tax.

[2:29:02 PM](#)

A roll call vote was taken. Senators Hoffman, Stevens, Davis, and Ellis voted yea; and Senator Bunde voted nay. So, CSSB 41(L&C) moved from committee.

There being no further business to come before the committee, CHAIR ELLIS adjourned the meeting at [2:29:33 PM](#).