

HOUSE FINANCE COMMITTEE  
April 9, 2009  
1:41 p.m.

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CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 1:41 p.m.

MEMBERS PRESENT

Representative Mike Hawker, Co-Chair  
Representative Bill Stoltze, Co-Chair  
Representative Bill Thomas, Jr., Vice-Chair  
Representative Allan Austerman  
Representative Harry Crawford  
Representative Anna Fairclough  
Representative Les Gara  
Representative Reggie Joule  
Representative Mike Kelly

MEMBERS ABSENT

Representative Richard Foster  
Representative Woodie Salmon

ALSO PRESENT

Senator Gene Therriault, Sponsor; Sharon Long, Staff, Senator Charlie Huggins; McHugh Pierre, Liaison, Department of Military and Veterans Affairs; Representative Mike Chenault; Tom Wright, Staff, Representative Mike Chenault, Sponsor; Tim Benintendi, Staff, Senator Don Olson; Frank Homan, Commissioner, Commercial Fisheries Entry Commission

PRESENT VIA TELECONFERENCE

Pat Luby, Advocacy Director, Alaska Association of Retired Persons (AARP), Anchorage; Joe Fields, Chair of Alaska Veterans Advisory Committee

SUMMARY

CSSB 45(FIN)

"An Act relating to state employment preferences for veterans, former prisoners of war, and members of the Alaska National Guard; authorizing the Department of Military and Veterans' Affairs to establish and maintain Alaska veterans' cemeteries; establishing the Alaska veterans' cemetery fund in the general fund; and authorizing the legislature to appropriate income from fees

collected for commemorative veterans' plates to the Alaska veterans' cemetery fund."

CSSB 45 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with fiscal note #1 by the Department of Military and Veterans Affairs.

HB 44 "An Act relating to investments applicable to energy; authorizing the Alaska Permanent Fund Corporation to make in-state energy project investments; and authorizing certain public corporations to issue bonds for energy projects."

HB 44 was HEARD and HELD in Committee for further consideration.

SB 3 "An Act authorizing an Alaska regional development organization to use the Alaska Commercial Fisheries Entry Commission as an informational resource."

SB 3 was REPORTED out of Committee with a "do pass" recommendation and with zero fiscal note #1 by the Department of Commerce, Community and Economic Development and zero fiscal note #2 by the Department of Fish and Game.

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#sb45

CS FOR SENATE BILL NO. 45(FIN)

"An Act relating to state employment preferences for veterans, former prisoners of war, and members of the Alaska National Guard; authorizing the Department of Military and Veterans' Affairs to establish and maintain Alaska veterans' cemeteries; establishing the Alaska veterans' cemetery fund in the general fund; and authorizing the legislature to appropriate income from fees collected for commemorative veterans' plates to the Alaska veterans' cemetery fund."

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SENATOR GENE THERRIAULT, SPONSOR, discussed the Section Summary, Legal Services Memorandum, February 3, 2009, Sections 1-9 (copy on file). Section 1 is intent language which indicates that it is the intent of the Department of Military and Veterans Affairs (DMVA) to begin planning and designing a veterans' cemetery in Fairbanks and to submit a report to the presiding officers of the legislature before December 15, 2009.

Senator Therriault reported that Sections 2-4 create a cemetery fund from revenues from veterans' license plate sales. Sections 5-9 address changes in language regarding veterans hiring preference. Section 10 is enabling language making reference to U.S. codes.

Senator Therriault related that there are 100,000 veterans in Alaska - the highest per capita the in nation. Currently, Ft. Richardson and Sitka have veterans' cemeteries. The plan is to build a cemetery in Fairbanks, which has the second densest military population and is near several bases. Many military retire in Alaska's interior.

SHARON LONG, STAFF, SENATOR CHARLIE HUGGINS, added that the overriding value of the bill is that it provides for a sacred resting place for veterans. She said that Senator Huggins was proud to be a sponsor of the bill.

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Senator Therriault referred to a letter of community support by the Fairbanks North Star Borough (copy on file). He listed people available to answer questions regarding the bill.

Vice-Chair Thomas asked if, because he was a veteran, his wife could be buried in a state veterans' cemetery. Senator Therriault deferred to Mr. Pierre to answer.

MCHUGH PIERRE, LIAISON, DEPARTMENT OF MILITARY AND VETERANS AFFAIRS, reported that wives would have burial rights in state veterans' cemeteries, similar to national veterans' cemetery benefits.

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PAT LUBY, ADVOCACY DIRECTOR, ALASKA ASSOCIATION OF RETIRED PERSONS (AARP), ANCHORAGE, testified via teleconference. He reported that AARP has a large number of veterans. He spoke strongly in favor of SB 45.

JOE FIELDS, CHAIR OF ALASKA VETERANS ADVISORY COMMITTEE, testified via teleconference. He maintained that veterans were dying at a fast pace and the potential for a resting place of honor in Alaska was important. He suggested passing the bill as quickly as possible.

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Co-Chair Stoltze closed public testimony. He requested an explanation of the Department of Military Affairs fiscal note.

Mr. Pierre commented that the fiscal note reflects the operating budget portion of \$250,000. He considered that amount seed money in order to qualify for \$5 million in federal dollars from the Veterans' Administration to design and construct the facility, as well as purchase equipment. After that the state will be responsible for maintaining the cemetery. License plate sales should offset some of the cost.

Co-Chair Stoltze welcomed group donations to this good cause and requested assistance in keeping the dignity of the project.

Mr. Pierre added that the land would be donated and no state money would be needed.

Senator Therriault referred to Section 3 of the bill, which addresses gifts and donations that can be put into the fund.

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Vice-Chair Thomas MOVED to report SB 45 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 45 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with fiscal note #1 by the Department of Military and Veterans Affairs.

[1:55:58 PM](#) AT EASE

[1:59:17 PM](#) RECONVENED

#hb44

HOUSE BILL NO. 44

"An Act relating to investments applicable to energy; authorizing the Alaska Permanent Fund Corporation to make in-state energy project investments; and authorizing certain public corporations to issue bonds for energy projects."

REPRESENTATIVE MIKE CHENAULT, SPONSOR, mentioned that the Committee has heard the bill and has made no changes yet. The proposed amendment would not let the bonds be written without approval from Legislative Budget and Audit. This would ensure a legislative review process.

Representative Chenault emphasized that it was time to make a move forward on in-state gas. He named TransCanada and the Denali Project as potential projects that, at the earliest, could be ready in 2020. He voiced concern about the Railbelt's energy needs in the next 5 years with the possibility of a gas shortage. He thought the legislature

should enlist every opportunity possible to make sure Alaskans have a long-term energy supply.

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Representative Joule asked if there has been any analysis of the cost benefit of bringing gas from the North Slope rather than importing it from somewhere else.

Representative Chenault did not have the numbers, but was sure there were studies which showed which method was more cost effective. He related that the amount of gas produced in Cook Inlet is enough to heat Alaska homes and businesses during the summer; however, the crunch time happens in winter. He was not sure which would be the cheapest, but pointed to the unlimited gas supply available in Alaska, which could benefit the Railbelt and rural areas.

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Co-Chair Stoltze Moved to adopt Amendment 1:

Page 3, line 6:

Delete "The"

Insert "Subject to (b) of this section, the"

Page 3, following line 17:

Insert a new subsection to read:

"(b) Bonds may not be issued under (a) of this section without the prior written approval of the Legislative Budget and Audit Committee."

Reletter the following subsection accordingly.

Co-Chair Hawker OBJECTED for discussion purposes.

Co-Chair Hawker read (b) and asked if the Legislative Budget and Audit Committee has the authority as written.

TOM WRIGHT, STAFF, REPRESENTATIVE MIKE CHENAULT, referred to a legal opinion in the members' packets which addresses that question. He noted that it is questionable. The LB&A Committee is being allowed veto authorization that might be improper. He pointed out that, in this case, it is a pre-authorization. The involvement of LB&A is another step in the process of approval.

Co-Chair Hawker did not agree with that opinion.

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Representative Gara explained that currently the bonds can be issued, but the bill would require legislative approval.

Mr. Wright agreed.

Representative Gara concluded that a bonding bill can be passed which requires no legislative approval; therefore, a bonding bill can be passed which requires approval from a committee. He maintained that delegating it to Legislative Council is not a problem and Amendment 1 does not make the bill more challengeable.

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Co-Chair Hawker concurred with the concerns raised in the legal opinion and agreed that it could become a matter of litigation.

Mr. Wright agreed it was challengeable. He emphasized that the bill authorizes pre-authorization for the bonds. He thought an argument could be made on other side.

Co-Chair Hawker WITHDREW his OBJECTION. There being NO OBJECTION, Amendment 1 was adopted.

Representative Kelly commented on past interactions with Alaska Natural Gas Pipeline Development Authority (ANGDA). He questioned ANGDA's usefulness. He wanted assurance regarding ANGDA's role.

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Representative Chenault reported that there was some indifference with the process and with the relationship with ANGDA. He shared that when ANGDA was put up for public vote, he voted against it due to their view of using only one route, which might have made economic sense at the time. Over time, and through the legislative process, things have been added to the ANGDA scope, such as a spur line to the Cook Inlet.

Representative Chenault stated that his first choice was for private business to build the line. As a board, ANGDA has put together some good programs, but has strayed from its original scope sometimes. However, it is the entity out there trying to get gas to communities in Alaska at a reasonable cost. They are not the only choice, but the legislature needs to step up and look at all options. This does not give ANGDA permission to go forward regardless of cost. It does not preclude ANGDA from joining a private company on this project.

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Representative Kelly asked if Representative Chenault was comfortable with LB&A's role.

Representative Chenault observed that he was more comfortable with LB&A's involvement, rather than having no legislative control once the bonds were issued.

HB 44 was HEARD and HELD in Committee for further consideration.

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#sb3

SENATE BILL NO. 3

"An Act authorizing an Alaska regional development organization to use the Alaska Commercial Fisheries Entry Commission as an informational resource."

TIM BENINTENDI, STAFF, SENATOR DON OLSON, explained that the bill provides a benefit to the state's economic development organizations, Alaska Regional Development Organizations (ARDOR's), by allowing them to obtain public information from the Commercial Fisheries Entry Commission (CFEC) without charge. The bill would provide only public information; no confidential information would be made available, and no custom research would be authorized. The information would especially benefit the eight ARDOR's which have commercial fishing as a significant portion of their economies, and would help them anticipate regional economic trends and development opportunities.

Mr. Benintendi related that AS 37.10.052 says that resource agencies shall charge for services and AS 16.43.100 (16) says the CFEC shall establish reasonable user fees for services. Thus, the provisions of SB 3 must be done by statute instead of regulation. The CFEC supports the bill, and feels the loss of fees would be negligible at less than \$10,000 per year. The bill carries two zero fiscal notes.

Co-Chair Stoltze expressed his continuing effort to reach out to the commercial fishing industry.

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FRANK HOMAN, COMMISSIONER, COMMERCIAL FISHERIES ENTRY COMMISSION, indicated full support of the bill in order to help regional economic development. The ARDOR's are funded by the state, plus donations and grants. He termed it a worthy effort.

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Representative Crawford expressed his confusion in understanding the actual effect of the bill. Mr. Benintendi replied that the main thrust was to benefit the ARDOR's as

their budgets were usually low. The ARDOR's could get this public information for free, but they would not have access to confidential information.

Representative Crawford asked for an example of what sort of information would be advantageous. Mr. Homan remarked that the ARDOR's were regional developments and their regions may or may not conform to the way data is presented. ARDOR's have unique boundaries and the information must be tailored to fit their requests.

Co-Chair Stoltze interjected that this information aids in grant requests. Mr. Homan agreed.

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Representative Crawford asked why the ARDOR's would want to know these things. Mr. Homan explained that the ARDOR's use economic information to promote their area and secure grant funds from the state or federal government.

Co-Chair Stoltze reiterated that many of these ARDOR's are in some of the most depressed areas of the state.

Representative Austerman asserted that the ARDOR's don't benefit the commercial fishermen. Mr. Homan noted that the ARDOR's had sympathy for the fishermen.

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Vice-Chair Thomas asked how the Commercial Fisheries Entry Commission (CFEC) is funded. Mr. Homan explained that CFEC was funded entirely by permit license renewal and vessel licensing. There is no general fund money at this time.

Vice-Chair Thomas emphasized that a large amount of money was put into vessel licensing and into the Department of Fish and Game fund. Mr. Homan agreed that CFEC funds itself as well as a portion of the Commercial Fisheries Division.

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Co-Chair Stoltze noted that the two fiscal notes had been discussed.

Co-Chair Hawker MOVED to report SB 3 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 3 was REPORTED out of Committee with a "do pass" recommendation and with zero fiscal note #1 by the Department of Commerce, Community and Economic Development and zero fiscal note #2 by the Department of Fish and Game.

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ADJOURNMENT

The meeting was adjourned at 2:29 PM.