

HOUSE FINANCE COMMITTEE
April 13, 2009
8:40 a.m.

8:40:49 AM

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 8:40 a.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 Richard Foster
Representative Les Gara
Representative Reggie Joule
Representative Mike Kelly
Representative Woodie Salmon

MEMBERS ABSENT

None

ALSO PRESENT

Conrad Jackson, Staff, Representative Kurt Olson; Tyson Fick, Legislative Liaison, Department of Commerce, Community and Economic Development; Melanie Lesh, Legislative Liaison, Department of Natural Resources (DNR)

PRESENT VIA TELECONFERENCE

Lorie Hovanec, Director, Divisions of Banking & Securities, Department of Commerce, Community and Economic Development; Patrice Walsh, Consumer Finance Chief, Division of Banking & Securities, Department of Commerce, Community and Economic Development; Chris Maisch, Director, Division of Forestry, Department of Natural Resources

SUMMARY

HB 221 "An Act relating to the state's participation in the federal Nationwide Mortgage Licensing System and Registry, and to mortgage lending regulation and licensing; and providing for an effective date."

CSHB 221 (L&C) was REPORTED out of Committee with "no recommendation" and with fiscal note #1 by the Department of Commerce, Community and Economic Development.

HB 162 "An Act establishing the Southeast State Forest and relating to the Southeast State Forest; and providing for an effective date."

HB 162 was REPORTED out of Committee with "no recommendation" and with zero fiscal note #1 by the Department of Natural Resources.

HB 212 "An Act modifying the Alaska unemployment insurance statutes to comply with the requirements of the federal economic stimulus bill by redefining the base period for determining eligibility for unemployment benefits; and providing for an effective date."

HB 212 was scheduled but not heard.

[8:42:10 AM](#)

#hb221

HOUSE BILL NO. 221

"An Act relating to the state's participation in the federal Nationwide Mortgage Licensing System and Registry, and to mortgage lending regulation and licensing; and providing for an effective date."

CONRAD JACKSON, STAFF, REPRESENTATIVE KURT OLSON, SPONSOR, introduced HB 221. He reported that the bill is a quick fix at the request of the Department of Commerce, Community and Economic Development so that Alaska can participate in the National Mortgage Licensing System (NMLS).

[8:42:49 AM](#)

TYSON FICK, LEGISLATIVE LIAISON, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, related that shortly after the state passed its own mortgage licensing law, the federal government passed their own version called the Secure and Fair Enforcement of Mortgage Licensing Act of 2008 (SAFE). This Act sets a floor level for compliance made up of database, registry, and national background check, as well as statutory changes. He explained that the time sensitive piece of the bill is joining the database. He drew attention to the fiscal note for \$98,000 from receipt supported services to pay for a \$50,000 one-time fee, \$20,000 to update the computer system, and the remainder for travel for training.

[8:44:08 AM](#)

Representative Austerman noticed that the bill was introduced on April 8. He wondered when the federal act was passed. Mr. Fick thought it was last July. He related that HB 221 is part of a larger bill and deals only with the time-sensitive piece.

Representative Austerman requested the bill number of the larger bill. Mr. Fick said it was HB 145 and SB 149.

[8:45:23 AM](#)

Representative Fairclough asked how much research had been done regarding the exchange of information when Alaska provides information to a national database.

LORIE HOVANEK, DIRECTOR, DIVISIONS OF BANKING & SECURITIES, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT testifying via teleconference, requested clarification of the question.

Representative Fairclough restated the question to ask how data is shared with the rest of the nation. She was looking for "strings attached".

Ms. Hovanek explained the purpose of the national data base is to share information about mortgage professionals and companies nationally, provide transparency, and streamline the licensing process.

Representative Fairclough asked if the information would be shared with other national organizations. Ms. Hovanek assured that it was a closed, secure system.

[8:47:42 AM](#)

Co-Chair Stoltze asked if there were any questions of policy concern.

Representative Fairclough pointed out a letter of good faith from the Alaska Association of Mortgage Brokers which noted that HUD has the authority to grant an extension to the states. She wondered where the bill was held up.

Representative Olson related that HB 145, a thirty-six page bill, was in Labor and Commerce. It was felt that the smaller bill would have an easier time moving through the system and would show a good faith effort to the federal government.

Representative Fairclough wondered if there was a back out clause. Mr. Fick did not know.

[8:50:29 AM](#)

Ms. Hovanec stated that there is no choice whether to join or not. Alaska is scheduled to join the national licensing system on August 1, which is very close to the July 30 deadline.

Representative Fairclough voiced concerns about the consequences of not thoroughly understanding the issues related to mortgage lending. Ms. Hovanec opined that it is a great system. The intent is to handle all licensing through the national data base, but the state can still issue the license. The mortgage companies and professionals will submit their license information and their fingerprint cards to the national database. The FBI will do the background check, and then the information is passed back to the state. Current state statutes apply until the state comes into compliance with the SAFE Act. It is a federal requirement that the applicant submit the license information to the national database.

[8:53:11 AM](#)

Representative Kelly asked what happens if the state does not join. Ms. Hovanec explained that if the state does not join, the US Department of Housing and Urban Development (HUD) will set up its own requirements, which would not be good for the industry.

[8:53:57 AM](#)

Representative Austerman spoke of the issue of dealing with rogue companies. He wondered what options the state has to turn a company down.

[8:54:29 AM](#)

PATRICE WALSH, CONSUMER FINANCE CHIEF, DIVISION OF BANKING & SECURITIES, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, testified via teleconference, and explained the way suitability for licensing is determined. She related that the same criteria found in current mortgage statutes would be used to screen applicants. If an applicant has had a banking-related felony the license is denied. The national database will provide information about problems an applicant may have had in another state.

Representative Fairclough noted that Representative Olson agrees with the bill.

[8:56:24 AM](#)

Representative Fairclough MOVED to report CSHB 221 (L&C) out of Committee with individual recommendations and the accompanying fiscal note.

Representative Austerman OBJECTED to comment. He spoke against the idea of "nationalization one step at a time".

Representative Austerman WITHDREW his objection.

There being NO OBJECTION, it was so ordered.

CSHB 221 (L&C) was REPORTED out of Committee with "no recommendation" and with fiscal note #1 by the Department of Commerce, Community and Economic Development.

AT-EASE: [8:57:53 AM](#)

RECONVENED: [8:59:27 AM](#)

#hb162

HOUSE BILL NO. 162

"An Act establishing the Southeast State Forest and relating to the Southeast State Forest; and providing for an effective date."

MELANIE LESH, LEGISLATIVE LIAISON, DEPARTMENT OF NATURAL RESOURCES (DNR), introduced HB 162, which would establish a new Southeast State Forest (SESF). The bill is the state's effort to ensure that timber processing continues to be part of the economy in Southeast Alaska. She noted a zero fiscal note by DNR. There was a very thorough hearing of the bill previously in the House Resources Committee and in the Senate Community and Regional Affairs Committee.

Ms. Lesh reported that the majority of timber in southern Southeast is on federal land, but federal timber sales have been in decline. Local mills now depend heavily on state timber for survival. Demand for Southeast timber for wood energy is also increasing, further raising the need for securing a timber base for this region.

Ms. Lesh explained that the proposed bill consists of 20 parcels that are currently classified as general use state land. She referred to maps of those parcels contained in the members' packets. Regarding this proposal, DNR has briefed many statewide groups. Letters of support are also included in the packet.

[9:01:55 AM](#)

Co-Chair Stoltze inquired about the major harvesting and processing forestry projects. Ms. Lesh deferred to Mr. Maisch.

CHRIS MAISCH, DIRECTOR, DIVISION OF FORESTRY, DEPARTMENT OF NATURAL RESOURCES, testified via teleconference, and reported that about 50,000 acres of forestry land in Southeast are currently managed by the state. This proposal would designate about 25,000 acres as state forest. There are three midsize or larger mills in Southeast, as well as numerous small mills.

Mr. Maisch shared that the legislation is part of a multi-faceted strategy. He related the process used to discuss the proposal. He explained communities' concerns about municipal entitlement. The bill will grandfather in any communities for municipal entitlement selection. He pointed out that Wrangell was currently going through the selection process. He noted a zero fiscal note accompanying the bill.

Mr. Maisch emphasized the importance of transferring from old growth to second growth management in Southeast. He discussed pre-commercial thinning.

[9:07:33 AM](#)

Vice-Chair Thomas asked why all the state land was not included in the proposed state forest. Mr. Maisch discussed how the land was assigned to become state forest.

Vice-Chair Thomas pointed out that recently a bill giving up 41,000 acres of state land was passed. He wondered why university lands were not included. Mr. Maisch thought it was due to a recent Supreme Court ruling and lack of time. He suggested that lands could be added in the future.

Vice-Chair Thomas asked what the sustained yield would be. Mr. Maisch thought there would be 13 million board feet per year.

Mr. Maisch added that all 50,000 acres would be managed, including the 25,000 not within the state forest.

[9:10:17 AM](#)

Vice-Chair Thomas pointed out that a lot of land was left out. He suggested that all lands should be included now, in order to prevent future battles.

Representative Kelly asked if the land is still open to mining once it goes into the state forest category. Mr. Maisch said it was.

Representative Kelly asked what would happen if this bill does not pass. Mr. Maisch explained that the bill allows for the start of commercial thinning. A percentage of timber receipts are prioritized for reforestation work. It

would allow DNR to be able to harvest the trees in the future.

Representative Kelly asked what happens if the state wants to do a remote cabin release. He wondered if the bill would prevent that. Mr. Maisch believed it would. It would take legislative change. He pointed out that many other lands are set aside for that purpose. Representative Kelly commented on problems with access to those areas.

[9:15:26 AM](#)

Co-Chair Stoltze echoed those sentiments.

Representative Gara asked about a parcel near Thorne Bay. He wondered if it was in the Thorne River drainage. Mr. Maisch said it does not appear to be. Representative Gara pointed out that the Thorne River is a Steelhead and Salmon drainage. He wondered if the 70-foot clear-cut buffer was in place. Mr. Maisch reported that all regulations would apply.

[9:17:43 AM](#)

Representative Gara asked about rules that say other options have to be looked at before cutting the old growth. Mr. Maisch reported on regulations relating to managing old growth. The Alaska Department of Fish and Game looked at water quality issues and supports this legislation.

Representative Gara asked about replanting requirements. Mr. Maisch shared the restoration regulations. He commented that in Southeast, forests reforest well on their own.

Representative Gara voiced concern about care needed in dealing with drainage.

Co-Chair Stoltze noted who was in support of the bill. Mr. Maisch listed others who have endorsed the bill.

[9:21:00 AM](#)

Co-Chair Stoltze noted a zero fiscal note by the Department of Natural Resources. He requested assurance that more money would not be requested in the future. Mr. Maisch reviewed the funding sources, which require no additional funding.

[9:21:53 AM](#)

Vice-Chair Thomas MOVED to report HB 162 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 162 was REPORTED out of Committee with "no recommendation" and with zero fiscal note #1 by the Department of Natural Resources.

HB 212 was scheduled but not heard.

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ADJOURNMENT

The meeting was adjourned at 9:22 AM.