

HOUSE FINANCE COMMITTEE
April 15, 2009
5:21 p.m.

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CALL TO ORDER

Co-Chair Hawker called the House Finance Committee meeting to order at 5:21 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 Richard Foster
Representative Les Gara
Representative Reggie Joule
Representative Mike Kelly
Representative Woodie Salmon

MEMBERS ABSENT

None.

ALSO PRESENT

PRESENT VIA TELECONFERENCE

SUMMARY

SB1 "An Act increasing the minimum hourly wage, and creating an annual adjustment to the minimum hourly wage based on the rate of inflation; and providing for an effective date."

SB1 was SCHEDULED but not HEARD.

SB183 "An Act authorizing the Department of Environmental Conservation to award grants for the control of air emissions or the development and administration of air quality control programs; and providing for an effective date."

HCS for CSSB183 was REPORTED out of committee with individual recommendations and accompanying fiscal note.

HB207 "An Act increasing the allowances for injury, disability, or heart attack payable from the fisherman's fund; and providing for an effective date."

HB207 was REPORTED out of committee with recommendations of individual members.

SB75 "An Act making and amending appropriations, including capital appropriations, supplemental appropriations, and appropriations to capitalize funds; and providing for an effective date."

SB75 was SCHEDULED but not HEARD.

#hb207

HOUSE BILL NO. 207

"An Act increasing the allowances for injury, disability, or heart attack payable from the fisherman's fund; and providing for an effective date."

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Co-Chair Hawker solicited any discussion requests from committee members. None being offered, he discussed the order of business.

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JOHN BITNEY, DIRECTOR, LEGISLATIVE OFFICE, OFFICE OF THE GOVERNOR provided a brief summary of the bill. The fisherman's fund is in effect a workers compensation fund for commercial fishermen. It is financed by fees applied to required commercial fishing licenses and permits. Since 1959, the amount that can be claimed for injuries has been capped at \$2,500. Given the rise in medical costs since 1959, the bill would increase the claim cap to \$10,000. Mr. Bitney pointed out that currently, claims exceeding \$2,500 must be taken before a review board for validation of possible compensation.

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Mr. Bitney felt that by increasing the compensation cap the need for fishermen to stand before the review board would be eliminated in most cases. This would simplify the process for fishermen attempting to receive compensation for medical costs due to a work related injury.

JAKE HAMBURG, STAFF TO SENATOR PASKVAN, stated that Senator Paskvan supports the bill for a number of reasons. There are 135 commercial fishing permit holders in the Fairbanks North Star borough. He added that commercial fishermen from the district brought in 1.2 million pounds of caught fish in

2008 and that commercial fishing impacts the cost of numerous things around the state.

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Co-Chair Hawker asked how the fisherman's fund is financed. Mr. Bitney replied that surcharges and fees from required crew licenses and permits finance the fund. Co-Chair Hawker wondered if the cost of the permits and licenses would need to be raised in order to counterweigh a raise in the compensation cap. Mr. Bitney replied that in recent years more has been paid into the fund than has been paid out. The fund has been maintaining itself well and currently holds \$11,592,000.

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Co-Chair Hawker opened public testimony. There being none, public testimony was closed.

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Representative Foster MOVED to REPORT HB 207 out of committee with the attached fiscal notes.

Vice-Chair Thomas OBJECTED. He wondered if he had a vote in committee as a commercial fisherman. Co-Chair Hawker informed the committee that the legislative legal ruling states that the conflict of interest rules do not apply in committee.

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Vice-Chair Thomas commented that the fund has existed since 1951. He shared that required health insurance for deckhands has forced him to hire only Alaska Native deckhands because they receive public health services. He said insurance for non-Native deckhands can cost up to \$3,000 per year.

HB 207 was REPORTED out of committee with recommendations of individual members and attached fiscal note.

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#SB183
SENATE BILL NO. 183

"An Act authorizing the Department of Environmental Conservation to award grants for the control of air emissions or the development and administration of air quality control programs; and providing for an effective date."

Co-Chair Hawker stated that funding for the bill is available under the federal economic stimulus package. He said that the Department of Environmental Conservation (DEC) desires the ability to issue grants to municipalities and public entities outside of the state in order to fully distribute the stimulus funds. The current program is small enough that the funds available have been distributed through reimbursable service agreements (RSAs). He shared that the bill had been sitting in the House Rules Committee awaiting a full committee hearing.

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DARWIN PETERSON, STAFF TO SENATOR STEDMAN, testified that the senate finance committee supports the amendment to add a sunset date to the bill.

Co-Chair Hawker shared that the committee has expressed concern with permitting the department an open ended authority for grants.

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Vice-Chair Thomas MOVED to ADOPT the CSSB 183, 26-LS0846/R.

Representative Gara OBJECTED. He remarked that he had been unaware of the amendment. He asked for discussion as to the merit of the amendment. Co-Chair Hawker replied the amendment speaks to committee concerns about granting ongoing authority to the department. If in the future there is a sustained funding source available to the state for the department to issue grants, it is incumbent of the legislature at that time to decide if the authority should be extended. He felt that the sunset date would allow for time to see how the program works.

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Mr. Peterson stated that the senate finance committee believed that the precautionary sunset date was prudent.

Representative Gara wondered if the federal stimulus money would be fully distributed by January 1, 2011, in time of the sunset date. Co-Chair Hawker said that the money would be distributed as quickly as possible. He relayed that the appropriations for the funds run until 2010. He believed that the Jan 1, 2011 date was fair. Representative Gara requested that the commissioner of the department be available for questioning. Co-Chair Hawker said that that was possible.

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Representative Foster felt that the \$2 million dollar appropriation for grants was inadequate when considering the price of materials and equipment. He wondered if the grants would be worth applying for at all.

LARRY HARTIG, COMMISSIONER, DEPARTMENT OF ENVIRONMENTAL CONSERVATION explained that the program already exists and that it would not be necessary to hire new staff or create a new program. For the federal fiscal year the department has \$295,000 for grants. He said that there is a strong interest in the program from other state agencies and various communities. He shared that not all the projects funded by grants require large sums of money and that small, inexpensive repairs can provide great economic benefits. Representative Gara asked if the department supports the sunset date. Commissioner Hartig replied no. He believed that the department would be able to distribute the funds from the stimulus, associated with the grants, before the sunset date. He stated that the department anticipates the continuation of funds from the Environmental Protection Agency for diesel grants. Without the ongoing grant authority the department will be forced to regress back to RSAs for distribution. This would make it difficult for the department to provide financial assistance to municipalities and private entities.

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Co-Chair Hawker acknowledged the department's desire for expanded authority, but felt that the need for additional authority should be discussed on a case by case basis.

Representative Gara understood that the department has the authority to make grants within the state, but not to local governments. Commissioner Hartig stated that that was true. Currently, the department must RSA the money to another agency for distribution and cannot directly provide a grant. He stated that the requests for grants are motivated by energy savings and health benefits. He gave several examples.

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Representative Gara acknowledged that the bill only allows the department to accept grants that other entities provide the funding for. Subsequently, the department can distribute those funds to local governments. He felt that the passing the bill would be of no cost to the state which makes the sunset date irrelevant. He reiterated his opposition to the sunset date and maintained his OBJECTION to ADOPTING the CS.

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Representative Gara WITHDREW his OBJECTION.

CSSB 183, 26-LS0846/R was ADOPTED as a working document.

[5:54:23 PM](#)

Co-Chair Hawker introduced new Amendment 1, 26-LS0846\R.2 (copy on file).

Co-Chair Stoltze OBJECTED for discussion.

[5:55:49 PM](#) AT EASE

[5:57:21 PM](#) RECONVENE

Co-Chair Hawker WITHDREW new Amendment 1, 26-LS0846\R.2. He stated that the rules of order require opening public testimony for SB 183 before offering amendments. There being no public testimony, Co-Chair Hawker MOVED new Amendment 1, 26-LS0846\R.2. Co-Chair Stoltze OBJECTED for discussion.

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Co-Chair Hawker discussed the benefits of the amendment. The bill would put at least one state resident to work as an Ocean Ranger. He stated that because the bill is specifically designed to create Alaskan jobs under the economic stimulus package, and that the bill is geared toward environmental improvement, the amendment does not violate the single subject rule as interpreted by the Department of Law.

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Representative Foster shared that he was concerned with local hire under the bill. He wondered how many Ocean Rangers there are in the state, and of those, how many are Alaskan residents.

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LYNN KENT, DIRECTOR, DIVISION OF WATER, DEPARTMENT OF ENVIRONMENTAL CONSERVATION replied that last year there were 32 Ocean Rangers, one of which was an Alaskan resident. She shared that one administrative position had been filled by and Alaskan resident and that the manager of the program was also a resident of Alaska.

Representative Foster requested a copy of a typical Ocean Ranger report at the end of a voyage. Ms. Kent noted his request.

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Co-Chair Hawker asked that a copy of the report also be sent to both co-chair offices for committee distribution.

Representative Austerman wondered if changing the title of the position of marine engineer, to Ocean Ranger, would increase the chances of hiring Alaskan residents.

Co-Chair Hawker explained that the Cruise Ship Initiative established the qualifications for Ocean Rangers. It required that the ranger must be a marine engineer licensed by the United States Coast Guard. The amendment would include individuals holding degrees in environmental safety and protection or an equivalent course of study, approved by the department, from an accredited maritime educational institution as qualified applicants.

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Ms. Kent relayed that the education and experience necessary to be an Ocean Ranger requires and individual have knowledge of marine safety and safety of life at sea, a familiarity with the mechanical and electrical equipment onboard the vessels, and knowledge of the environmental health and sanitation rules and practices aboard vessels. She furthered that there is not an established four year university program to train Ocean Rangers. The marine engineers that are currently employed have the necessary training in safety and vessel equipment but not the environmental training. The changes proposed by the amendment would enhance the overall knowledge required of an Ocean Ranger and increase the potential for hiring Alaskan residents.

[6:06:29 PM](#)

Co-Chair Hawker echoed that if the amendment were passed it would ensure the employment of an Alaskan resident as an Ocean Ranger.

[6:07:01 PM](#)

Representative Austerman spoke of the contract put out by DEC for the hiring of Ocean Rangers. He pointed out that the contract goes to an out-of state contractor, who then does the hiring. He said that DEC should make a stronger effort to hire in-state.

Representative Gara wondered about the purpose of requiring a degree from a maritime institution. He queried whether the same education could be acquired at an Ivy League school.

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Ms. Kent explained that a degree from an Ivy League school does not offer the marine safety training that is taught in

maritime institutions. Representative Gara understood that applicants would be required to have a degree in marine safety and environmental protection. He maintained that a degree from a four year university might meet the requirements sought by the department.

Co-Chair Hawker shared that the sponsors of the Cruise Ship Initiative support the amendment.

[6:10:48 PM](#)

Co-Chair Stoltze felt that a maritime education was paramount for marine pilots and that an Ivy League education has its limitations in training Ocean Rangers.

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Representative Joule reminded the committee that the objective was to put Alaskan residents to work.

Representative Austerman said that he would be a member of the sub-committee next year. He stressed that he would be diligent in making the program a success at putting Alaskans to work.

Representative Kelly warned that the program was "a waste of a good engineer". He pointed out that the program has been expensive and ill conceived.

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Representative Foster wondered if other states have similar Ocean Ranger programs. Ms. Kent stated that Alaska is the only state to have an Ocean Ranger program.

[6:14:06 PM](#)

Mr. Peterson shared that Senator Stedman expressed support for the amendment by stating that "it might make him squirm, but it won't make him faint."

[6:15:00 PM](#)

Co-Chair Stoltze WITHDREW his OBJECTION.

New Amendment number 1, 26-LS0846\R.2 was ADOPTED.

SB 183 was brought back before the committee as amended.

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Vice-Chair Thomas wondered if a program could be created at the University of Alaska using funds from the cruise ship

tax. He felt that in-state training would lead to in-state hiring.

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Representative Fairclough pointed out that the marine program at the Alaska Vocational Technical Center in Seward has been successful in training marine pilots.

Co-Chair Stoltze MOVED to REPORT HCS for CSSB 183 out of Committee with individual recommendations and the accompanying fiscal note.

The House CS for SB 183 was REPORTED out of committee as amended with individual recommendations and accompanying fiscal note.

[6:18:51 PM](#) AT EASE

[6:19:55 PM](#) RECONVENED

Co-Chair Stoltze discussed housekeeping. He spoke to committee concerns about scheduling for SB75. He hoped that the need for evening meetings would be limited.

Co-Chair Hawker requested flexibility in meeting all the obligations that would be occurring simultaneously during the final days of the session.

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Representative Foster wondered if the Senate was reviewing and working on House bills. Co-Chair Hawker assured the committee that both bodies were working on the priorities of the other. Co-Chair Stoltze added that the bills were being looked in priority order.

[6:24:28 PM](#) AT EASE

[6:25:31 PM](#) RECONVENED

ADJOURNMENT

The meeting was adjourned at 6:25 PM.