

HOUSE FINANCE COMMITTEE
March 12, 2010
9:09 a.m.

[9:09:58 AM](#)

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 9:09 a.m.

MEMBERS PRESENT

Representative Mike Hawker, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Bill Thomas Jr., Vice-Chair
Representative Allan Austerman
Representative Mike Doogan
Representative Anna Fairclough
Representative Neal Foster
Representative Les Gara
Representative Reggie Joule
Representative Mike Kelly
Representative Woodie Salmon

MEMBERS ABSENT

None

ALSO PRESENT

John Coan, Staff, Representative Bill Stoltze; Bryan Butcher, Director, Government Affairs and Public Relations, Alaska Housing Finance Corporation, Department Of Revenue; Representative Bob Lynn, Sponsor; Nancy Manly, Staff, Representative Bob Lynn; Jerry Luckhaupt, Legislative Legal Staff, Division of Legal Services and Volunteer Firefighter.

PRESENT VIA TELECONFERENCE

Rick Williams, Petersburg; Dan Fauske, CEO/Executive Director, Alaska Housing Finance Corporation, Department of Revenue; Sean Wisner, Career Firefighter, Alyeska Marine Terminal and Volunteer Firefighter, Valdez Fire Department; Susie Koklich, Alaska Director, National Volunteer Fire

Council, Valdez; David Miller, Fire Chief, City and Borough of Sitka and President, Alaska State Firefighters Association; Dave Tyler, State Fire Marshall.

SUMMARY

HJR 45 OPPOSE FEDERAL CAP AND TRADE LEGISLATION

CSHJR 45(FIN) was REPORTED out of Committee with a "do pass" recommendation and with attached new zero note by the Legislative Affairs Agency.

HB 73 LICENSE PLATES

CSHB 73(FIN) was REPORTED out of Committee with a "do pass" recommendation and with attached new zero note by the Department of Administration.

HB 339 AK HOUSING FIN CORP DIVIDEND

HB 339 was HEARD and HELD in Committee for further consideration.

#hjr45

HOUSE JOINT RESOLUTION NO. 45

Urging the United States Congress not to enact Cap and Trade legislation.

9:10:38 AM

JOHN COAN, STAFF, REPRESENTATIVE BILL STOLTZE, SPONSOR, explained that the resolution was intended to send a message to Congress and to the President on an issue that would deeply affect Alaska and all Alaskans. He stressed that the Cap and Trade legislation in Congress would be detrimental across all industries.

Mr. Coan reported that Representative Stoltze's office had worked closely with the governor's office and members of the Alaska delegation to craft the resolution urging Congress not to enact the measure. He described the resolution as a straightforward expression of concerns regarding cap and trade legislation and its impact on average working families and economic growth in the state.

RICK WILLIAMS, PETERSBURG (via teleconference), spoke as a commercial fisherman in support of the resolution:

Thank you for recognizing the geographical, disproportionate impacts of mandatory greenhouse gas reductions on the state of Alaska. In Southeast Alaska, the cap and trade bill will cripple our tourism, fishing industry and barge service. Everything we buy and do will cost more. The cost-of-living increases will force many families to leave. We ordinary people are learning the goal of this cap and trade bill is to make carbon dioxide a number one commodity on the planet. Quoting the February issue of Harper's Magazine: "Unlike traditional commodities, which sometime during the course of their market exchange must be delivered to someone in physical form, the carbon market is based on the delivery of an invisible substance to no one. Its value resides entirely in the promise of its absence."

Big banks and big multinationals love the trillions of dollars tied to this bill. They can work both ends and it is ripe for abuse. China and India love it; they have made it absolutely clear that they are not going to perpetuate their poverty by initiating unrealistic regulations, and will inherit our wealth. This cap and trade bill has nothing to do with the environment and everything to do with power and greed. Furthermore, there is no scientific consensus on climate change. There is, however, a petition to the U.S. government signed by 31,478 American scientists, including 9,029 with PhDs, urging our government to reject the Kyoto Protocol and any similar proposals. Additionally, it may be good to send a copy of HJR 45 to Senators Boxer and Inhofe, the ranking members of the [U.S.] Senate Committee on Environment and Public Works.

[9:15:10 AM](#)

Co-Chair Stoltze stated that the resolution was not intended to disregard environmental concerns and the issues of climate change, but a major philosophical and practical disagreement that cap and trade is a vehicle to fix it. He thought there clearly is climate change and there are environmental concerns and worldwide environmental degradation issues. He referred to testimony by Meera Kohler [President of Alaska Village Electric Cooperative,

Inc.] regarding the impact on the delivery of electrical services to rural Alaska; she projected an additional cost of \$0.04/kWh if the cap and trade bill were implemented.

Co-Chair Stoltze MOVED Conceptual Amendment 1:

Page 3, line 26: Insert:

Senator Barbara Boxer, Chair, U.S. Senate Committee on the Environment and Public Works; and Senator James Inhofe, Ranking Member, U.S. Senate Committee on the Environment and Public Works;

There being NO OBJECTION, it was so ordered.

Representative Gara spoke in opposition to the resolution. He noted that there were various versions of the cap and trade legislation pending in Congress; he thought some were better and some worse. He stated he might support the resolution if it were amended.

Representative Gara relayed that there are versions of the legislation that people believe will encourage the expansion of natural gas production and other versions that people believe will harm natural gas pipeline prospects. He was working on an amendment that would clarify support of versions that would expand the use and demand for Alaska natural gas.

Co-Chair Stoltze put aside the bill until later in the meeting.

[9:19:39 AM](#)

Co-Chair Hawker commented that although there were various versions of the bill in Congress, HJR 45 did not target any particular version but took a stand against legislation that would negatively impact Alaskans.

#hb339

HOUSE BILL NO. 339

"An Act relating to the dividend paid to the state by the Alaska Housing Finance Corporation; and providing for an effective date."

[9:21:07 AM](#)

BRYAN BUTCHER, DIRECTOR, GOVERNMENT AFFAIRS AND PUBLIC RELATIONS, ALASKA HOUSING FINANCE CORPORATION, DEPARTMENT OF REVENUE, explained that the legislation would make a minor adjustment to statute establishing the Alaska Housing Finance Corporation (AHFC) transfer plan for paying a dividend to the state. The 2003 bill established the transfer as the lesser of 75 percent of net income or \$103 million. He reported that AHFC had come back to the legislature in 2006 to adjust statute wording because of changes to generally accepted accounting principles; similar accounting changes related to contractual obligations required additional language changes.

Co-Chair Stoltze provided information about the bill's passage through the legislature.

DAN FAUSKE, CEO/EXECUTIVE DIRECTOR, ALASKA HOUSING FINANCE CORPORATION, DEPARTMENT OF REVENUE (via teleconference), spoke in support of the added language. He noted that the language change should ensure that the dividends would not go through changes that could be harmful.

[9:24:26 AM](#)

Representative Fairclough queried the effective date. Mr. Butcher replied that the intent was to make sure the measure would apply to the current fiscal year.

Co-Chair Hawker informed the committee that the measure reflected the continuing evolution of statute sparked by continuing evolution in accounting practices. He believed the change would result in better reporting and management.

HB 339 was HEARD and HELD in Committee for further consideration.

#hb73

HOUSE BILL NO. 73

"An Act relating to honorary foreign consul license plates; and providing for an effective date."

REPRESENTATIVE BOB LYNN, SPONSOR, spoke to the bill, which provides for special license plates for firefighters and emergency service (EMS) providers. He thought the plates acknowledged good work done by individuals.

[9:27:20 AM](#)

Representative Lynn believed the measure would encourage volunteerism. He pointed to copies of the petition for firefighter and EMS provider license plates (copies on file). He mentioned the zero fiscal note.

Co-Chair Stoltze requested more information about the proposed committee substitute.

NANCY MANLY, STAFF, REPRESENTATIVE BOB LYNN, explained that the CS (version P) addresses technical changes and an effective date change:

- Page 1 line 5 - per Legal Services: there was another subsection added last year to statute so the subsection number changes from "(y)" to "(z)".
- Page 2 line 30 changes the effective date from 2009 to 2010.

Co-Chair Stoltze acknowledged the straightforward nature of the changes. He believed the measure would affect more volunteer firefighters than career firefighters in Alaska. Representative Lynn agreed.

Vice-Chair Thomas asked whether doctors were included as respondents in rural areas.

Co-Chair Hawker MOVED to adopt the CS for HB 73, 26-LS0303\P, Luckhaupt, 2/4/10, as a working draft. There being NO OBJECTION, it was so ordered.

Representative Salmon asked whether doctors and nurses were included.

[9:31:39 AM](#)

Representative Fairclough asked whether the sponsor was comfortable with adding volunteer firefighters. Representative Lynn agreed, as volunteer firefighters were the backbone of firefighting in many Alaskan communities.

Representative Fairclough wanted an amendment to explicitly include volunteer firefighters. She stated a conflict of interest as her sons were volunteer firefighters. She said her sons would be proud to have the license plate.

Ms. Manly assured her that the measure included volunteer firefighters.

Co-Chair Stoltze shared concerns regarding institutional bias against volunteer fire fighters. He wanted the language to be very clear.

[9:33:48 AM](#)

JERRY LUCKHAUPT, LEGISLATIVE LEGAL STAFF, DIVISION OF LEGAL SERVICES AND VOLUNTEER FIREFIGHTER, replied that the bill does not distinguish between volunteer and career firefighters as long as an individual is a member of a fire department. He explained that the majority of the fire departments in Alaska are volunteer departments. Some are a combination of career and volunteer members. Some states have different license plates for each group; HB 73 does not distinguish between the groups.

Co-Chair Stoltze noted that in his community the goal has been to bring the groups together.

SEAN WISNER, CAREER FIREFIGHTER, ALYESKA MARINE TERMINAL AND VOLUNTEER FIREFIGHTER, VALDEZ FIRE DEPARTMENT (via teleconference), spoke in support of the measure. He related his history as a firefighter and emergency medical technician. He believed the plates would help others recognize the service of individuals and would encourage volunteerism.

SUSIE KOKLICH, ALASKA DIRECTOR, NATIONAL VOLUNTEER FIRE COUNCIL, VALDEZ (via teleconference), testified in support of the measure. She informed the committee that there were approximately 7,200 firefighters in the state; 1,300 are paid career firefighters. Volunteers give thousands of hours of service. She shared a story related to her husband, a Vietnam veteran with a Purple Heart license plate. Because of the plate, someone had thanked him for his service. The thank you meant a great deal to him.

Ms. Koklich added that the bill would encourage volunteerism in the state. She pointed out that volunteerism was declining around the country and she did not want that to happen in Alaska.

[9:38:49 AM](#)

Ms. Koklich noted that doctors are not included unless they are an emergency responder.

Representative Gara acknowledged her contributions and her husband's.

DAVID MILLER, FIRE CHIEF, CITY AND BOROUGH OF SITKA AND PRESIDENT, ALASKA STATE FIREFIGHTERS ASSOCIATION (via teleconference), testified in full support of the measure. He believed that volunteers would be more visible in the community and that this would encourage volunteerism.

Co-Chair Stoltze suggested adding the term "career" to volunteers who have offered their services for many years. Mr. Miller agreed that many of the volunteers put in as many hours as paid workers.

[9:42:14 AM](#)

DAVE TYLER, STATE FIRE MARSHALL (via teleconference), spoke in support of the bill as a good way to recognize responders.

Co-Chair Stoltze mentioned the fire standards council.

Representative Fairclough declared her conflict of interest. Co-Chair Stoltze did not think it would be a problem.

Co-Chair Hawker MOVED to report HB 73 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHB 73(FIN) was REPORTED out of Committee with a "do pass" recommendation and with attached new zero note by the Department of Administration.

#hjr45

HOUSE JOINT RESOLUTION NO. 45

Urging the United States Congress not to enact Cap and Trade legislation.

[9:45:03 AM](#)

Co-Chair Stoltze returned to HJR 45.

Representative Gara MOVED to ADOPT Conceptual Amendment 2:

Insert page 3, line 12:

Whereas there are proposals to amend the pending legislation that would expand the demand for Alaska natural gas, and that would benefit Alaska; and

Page 3, line 16:

Insert after "enact", insert "any version of"

Co-Chair Stoltze OBJECTED.

Representative Gara explained the amendment. He believed there were versions of the cap and trade legislation in Congress that would discriminate against the use of natural gas and therefore be harmful to Alaska, and that there are proposals that may not technically be cap and trade provisions that would encourage the use of natural gas, which would be beneficial to the state. The amendment first acknowledges the existence of proposals that would expand the use of natural gas. Secondly, the Alaska delegation might work against provisions that would discriminate against natural gas and work for provisions that would move a natural gas pipeline forward. Inserting the language "any version of" would address the intent to discourage detrimental versions.

Co-Chair Stoltze MOVED to divide the amendment into two parts. There being NO OBJECTION, it was so ordered.

Representative Gara MOVED to ADOPT Amendment 2a:

Insert page 3, line 12:

Whereas there are proposals to amend the pending legislation that would expand the demand for Alaska natural gas, and that would benefit Alaska; and

Representative Gara explained Amendment 2a. He noted a number of factual statements in the "Whereas" section; he regarded the amendment as factual as well.

[9:49:28 AM](#)

Co-Chair Stoltze expressed concerns that the amendment would clutter the issue.

Representative Gara responded that the "Whereas" section made factual statements, not whether the issues were supported or not. He believed the statement in the amendment was bipartisan.

Representative Kelly spoke against Amendment 2a. He stated concerns about secondary effects and about climate change.

Co-Chair Stoltze MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Salmon, Doogan, Foster

OPPOSED: Joule, Kelly, Thomas, Austerman, Fairclough, Stoltze, Hawker.

The MOTION FAILED (4/7).

[9:52:42 AM](#)

Representative Gara MOVED to ADOPT Amendment 2b:

Page 3, line 16:

Insert after "enact", insert "any version of"

Co-Chair Stoltze believed the amendment to be technical and did not object to it. There being NO OBJECTION, Amendment 2b was adopted.

Co-Chair Hawker clarified the amendment numbers. There was a discussion about language in the amendment.

[9:55:11 AM](#)

Representative Gara maintained that a "Whereas" section beginning with line 5 on page 3 was inaccurate. The section says that cap and trade will harm the demand for natural gas, which he claimed was not true for some versions of the legislation. He wanted to distinguish between proposals.

Co-Chair Stoltze disagreed.

Representative Gara proposed inserting language to clarify that certain versions of cap and trade legislation would harm demand for natural gas.

[9:58:12 AM](#)

Co-Chair Stoltze suggested changing "would" on line 6 to "may".

Representative Gara reiterated his concerns that certain versions would be bad for Alaska.

Co-Chair Hawker MOVED conceptual Amendment 3:

Page 3, line 6:
Replace "would" with "may"

There being NO OBJECTION, it was so ordered.

Co-Chair Hawker MOVED to report HJR 45 as amended out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHJR 45(FIN) was REPORTED out of Committee with a "do pass" recommendation and with attached new zero note by the Legislative Affairs Agency.

[9:59:54 AM](#)

ADJOURNMENT

The meeting was adjourned at 10:00 AM.