

SENATE FINANCE COMMITTEE
April 16, 2009
9:40 a.m.

9:40:39 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:40 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Charlie Huggins, Vice-Chair
Senator Johnny Ellis
Senator Donny Olson
Senator Joe Thomas

MEMBERS ABSENT

None.

ALSO PRESENT

John Bitney, Staff, Representative John Harris; Juli Lucky, Staff, Representative Mike Hawker; Darwin Peterson, Staff, Senator Bert Stedman; Karen Lidster, Staff, Representative John Coghill; Konrad Jackson, Staff, Representative Kurt Olson; Lorie Hovanec, Director, Division of Banking and Securities, Department of Commerce, Community and Economic Development; Katie Koester, Staff, Representative Paul Seaton; Diane Barrans, Executive Director, Postsecondary Education Commission, Department of Education and Early Development.

PRESENT VIA TELECONFERENCE

Steve VanSant, State Assessor, Department of Commerce, Community and Economic Development; Marty McGee, Assessor, Municipality of Anchorage; Sharon Weddelton, Chief Fiscal Officer, Municipality of Anchorage.

SUMMARY

SB 10 "An Act requiring health care insurers to provide insurance coverage for medical care received by a patient during certain approved clinical trials designed to test and improve prevention, diagnosis, treatment, or palliation of cancer; directing the Department of Health and Social Services to provide Medicaid services to persons

who participate in those clinical trials; relating to experimental procedures under a state plan offered by the Comprehensive Health Insurance Association; and providing for an effective date."

CS SB 10(HSS) was REPORTED out of Committee with no recommendation and attached zero note 1 by the Department of Health and Social Services and zero note 2 by Department of Commerce, Community and Economic Development.

HB 26 "An Act repealing the repeal of preventative and restorative adult dental services reimbursement under Medicaid; providing for an effective date by repealing the effective date of sec. 3, ch. 52, SLA 2006; and providing for an effective date."

HB 26 was REPORTED out of Committee with a "do pass" recommendation and with attached fiscal note 1 by the Department of Health and Social Services.

HB 109 "An Act relating to eligibility for the Alaska supplemental education loan program and to the interest rate for a loan made under the Alaska family education loan program; and providing for an effective date."

HB 109 was REPORTED out of Committee with no recommendation and attached zero note 1 by the Department of Education and Early Development.

CS HB 121(FIN)

"An Act relating to and authorizing certain municipalities to provide a property tax credit for an improvement that aids in improving air quality."

CS HB 121(FIN) was HEARD and HELD in Committee for further consideration.

CS HB 134(RES)

"An Act relating to the terms and conditions of commercial passenger vessel permits for the discharge of graywater, treated sewage, and other wastewater; establishing a science advisory panel on wastewater treatment and effluent quality in the Department of Environmental Conservation; and providing for an effective date."

SCS CS HB 134(FIN) was REPORTED out of Committee with a "do pass" recommendation and with attached zero note by the Department of Environmental Conservation.

CS HB 172(FIN)

"An Act relating to an investment in the education loan fund; relating to authority for the commissioner of revenue to enter into a bond purchase agreement and letter of credit with the Alaska Student Loan Corporation; and providing for an effective date."

SCS CS HB 172(FIN) was REPORTED out of Committee with a "do pass" recommendation and with attached indeterminate fiscal note 3 by the Department of Education and Early Development and indeterminate fiscal note 4 by the Department of Revenue.

CS HB 221(L&C)

"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."

CS HB 221(L&C) was HEARD and HELD in Committee for further consideration.

#sb10

SENATE BILL NO. 10

"An Act requiring health care insurers to provide insurance coverage for medical care received by a patient during certain approved clinical trials designed to test and improve prevention, diagnosis, treatment, or palliation of cancer; directing the Department of Health and Social Services to provide Medicaid services to persons who participate in those clinical trials; relating to experimental procedures under a state plan offered by the Comprehensive Health Insurance Association; and providing for an effective date."

[9:41:24 AM](#)

Co-Chair Stedman noted that the bill had been heard previously and asked if members concerns had been satisfied.

Co-Chair Hoffman MOVED to report CS SB 10(HSS) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CS SB 10(HSS) was REPORTED out of Committee with no recommendation and attached zero note 1 by the Department of Health and Social Services and zero note 2 by Department of Commerce, Community and Economic Development.

#hb134

CS FOR HOUSE BILL NO. 134(RES)

"An Act relating to the terms and conditions of commercial passenger vessel permits for the discharge of graywater, treated sewage, and other wastewater; establishing a science advisory panel on wastewater treatment and effluent quality in the Department of Environmental Conservation; and providing for an effective date."

[9:43:06 AM](#)

Co-Chair Stedman provided history of the legislation.

JOHN BITNEY, STAFF, REPRESENTATIVE JOHN HARRIS, SPONSOR, spoke briefly in support of the legislation.

Co-Chair Hoffman MOVED to report SCS CS HB 134(FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SCS CS HB 134(FIN) was REPORTED out of Committee with a "do pass" recommendation and with attached zero note by the Department of Environmental Conservation.

#hb26

HOUSE BILL NO. 26

"An Act repealing the repeal of preventative and restorative adult dental services reimbursement under Medicaid; providing for an effective date by repealing the effective date of sec. 3, ch. 52, SLA 2006; and providing for an effective date."

[9:44:24 AM](#)

JULI LUCKY, STAFF, REPRESENTATIVE MIKE HAWKER, SPONSOR, made herself available for questions regarding the legislation.

Co-Chair Hoffman MOVED to report HB 26 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 26 was REPORTED out of Committee with a "do pass" recommendation and with attached fiscal note 1 by the Department of Health and Social Services.

[9:45:24 AM](#)

AT EASE

[9:46:20 AM](#)

RECONVENED

#hb121

CS FOR HOUSE BILL NO. 121(FIN)

"An Act relating to and authorizing certain municipalities to provide a property tax credit for an improvement that aids in improving air quality."

[9:46:27 AM](#)

Co-Chair Hoffman MOVED to adopt Work Draft 26-LS0540\T, Cook, 4/14/09. Co-Chair Stedman OBJECTED for discussion.

DARWIN PETERSON, STAFF, SENATOR BERT STEDMAN, explained that the CS adds one section to the bill, section 2. The section provides a municipal tax exemption for non-profit universities. The municipality must enact the exemption by ordinance. The provision would put the Alaska Pacific University on the same property tax footing as the University of Alaska in the municipality of Anchorage. He referred to a letter endorsing the legislation from former municipal mayor Mark Begich (Copy on File). In addition, the Anchorage municipal assembly enacted a resolution endorsing the measure (Copy on File). University of Alaska president Mark Hamilton also wrote in support (Copy on File). He did not think there was opposition.

Senator Thomas asked for more information regarding lines 23 to 25 in the CS.

STEVE VANSANT, STATE ASSESSOR, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (testified via teleconference), replied that he had not seen the amendment, although he assumed the language was the same as the language in HB 10. The language would allow municipal taxation on lands that the universities may lease to private industry for private business. He gave an example of how the provision could work.

[9:50:29 AM](#)

Senator Huggins asked if Alaska Pacific University falls in the category of property of a private, nonprofit four-year college. Mr. VanSant replied in the affirmative.

[9:51:00 AM](#)

AT EASE

[9:51:13 AM](#)

RECONVENED

Co-Chair Stedman removed his OBJECTION to the adoption of the CS. There being NO further OBJECTION, it was so ordered.

Co-Chair Hoffman MOVED that the committee request a title change resolution as a title change would be needed. There being NO OBJECTION, it was so ordered.

KAREN LIDSTER, STAFF, REPRESENTATIVE JOHN COGHILL, SPONSOR, explained that the CS includes the municipal tax; when the

bill became HB 121, it was a request by the municipality of Fairbanks and an attempt to deal with issues of non-attainment, or specifically air quality called 2.5PM. The bill would allow the municipalities to adopt an ordinance and provide a tax credit to individuals that made improvements in heating mechanisms to help with air quality. The bill deals only with municipalities that have within their boundaries areas that fail to meet federal or state quality standards for fine particulates known as 2.5PM.

Co-Chair Stedman asked which municipalities qualify. Ms. Lidster answered that at this time the municipalities of Fairbanks and Juneau qualify.

[9:54:10 AM](#)

MARTY MCGEE, ASSESSOR, MUNICIPALITY OF ANCHORAGE (testified via teleconference), stated that he was surprised by the amendment which appears to carry the language from HB 10. He reported that the municipality had worked with the committee and the sponsor to modify the language in HB 10. To the extent that the language is the same, the municipality does not object to the proposal.

SHARON WEDDELTON, CHIEF FISCAL OFFICER, MUNICIPALITY OF ANCHORAGE (testified via teleconference), echoed surprise that the municipality was not notified about the amendment. She stated disappointment. She had no additional comments.

Co-Chair Stedman explained that things can, on occasion, move quickly late in the session.

CS HB 121(FIN) was HEARD and HELD in Committee for further consideration.

#hb221

CS FOR HOUSE BILL NO. 221(L&C)

"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."

[9:56:39 AM](#)

KONRAD JACKSON, STAFF, REPRESENTATIVE KURT OLSON, reported that at the end of July 2008, new federal law went into effect called the Secure and Fair Enforcement for Mortgage Licensing Act (SAFE). The act includes the Nationwide Mortgage Licensing System and Registry. House Bill 221 was the minimum that the state needs to comply with the licensing system. The deadline for compliance is July 30, 2009.

LORIE HOVANEK, DIRECTOR, DIVISION OF BANKING AND SECURITIES, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, noted that the division licenses mortgage loan originators, professionals, and their companies, and administer the state's current mortgage lending statute. She reported that a number of years ago, state regulators developed the national mortgage licensing system. Since its implementation, 30 states have joined. Alaska would like to join August 1 and needs the legislation in order to do so. State regulators are in favor of the provision. She referred to her April 14, 2009 memo describing the benefits of HB 221 (Copy on File).

Senator Thomas queried the benefit to the state of being a member of the network. Ms. Hovanec responded that the main benefit is that there would be a database of the activities and disciplinary actions regarding mortgage companies and professionals doing business in Alaska. She compared the provision with the security system in place for investment advisors.

[10:00:36 AM](#)

Co-Chair Stedman asked if the department supported the bill. Ms. Hovanec responded yes.

Senator Huggins asked how many states have complied with the federal act. Ms. Hovanec replied that approximately 15 have complied and others have legislation pending. Some states have joined the licensing system and do not appear to need statutory enabling to do so.

Co-Chair Stedman mentioned the fiscal note for \$98,000 from the Department of Commerce, Community and Economic Development.

CS HB 221(L&C) was HEARD and HELD in Committee for further consideration.

#hb109

HOUSE BILL NO. 109

"An Act relating to eligibility for the Alaska supplemental education loan program and to the interest rate for a loan made under the Alaska family education loan program; and providing for an effective date."

[10:02:37 AM](#)

KATIE KOESTER, STAFF, REPRESENTATIVE PAUL SEATON, CHAIR, HOUSE EDUCATION COMMITTEE, summarized the legislation as addressing the Alaska Commission on Postsecondary Education's inability to get financial backing for alternative student loans. The legislation requires

borrowers for an Alaska student loan to have either good credit or a co-signer. House Bill 109 also sets the interest rate of the Family Education Loan (FEL), which allows an individual to borrow on behalf of another family member. Currently, the interest is rate is 7.3 percent; the provision would allow the rate to be set in the same manner as the Alaska student loan.

Co-Chair Stedman mentioned the zero fiscal note.

Senator Thomas asked what loans would be affected by the legislation. Ms. Koester replied that the Stafford loan would not change as it is federally guaranteed. The changes would apply to the Alaska student loan and the FEL.

[10:06:28 AM](#)

DIANE BARRANS, EXECUTIVE DIRECTOR, POSTSECONDARY EDUCATION COMMISSION, DEPARTMENT OF EDUCATION and EARLY DEVELOPMENT, elaborated that the credit criteria that is currently applied to supplemental education loans would change. Applicants would not qualify for loans if found to have adverse credit. Qualification would begin at the low end of the good credit scale.

Co-Chair Hoffman MOVED to report HB 109 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 109 was REPORTED out of Committee with no recommendation and attached zero note 1 by the Department of Education and Early Development.

#hb172

CS FOR HOUSE BILL NO. 172(FIN)

"An Act relating to an investment in the education loan fund; relating to authority for the commissioner of revenue to enter into a bond purchase agreement and letter of credit with the Alaska Student Loan Corporation; and providing for an effective date."

[10:07:48 AM](#)

Co-Chair Hoffman MOVED to ADOPT Work Draft 26-GH1211\S, Cook, 4/15/09. Co-Chair Stedman OBJECTED for discussion.

Darwin Peterson, Staff, Senator Bert Stedman, detailed that the work draft would make three changes in the original bill. The first two changes are found on page 3, sub-Section H, Lines 2-5, will lessen the terms for investments, from 5 years to 4 years. The third change is found in Section 3, page 3, line 15, which requires the Alaska Student Loan Corporation to develop a proposal for repayment of student

loans during the legislative interim, to be reviewed on January 19, 2010 by the legislature.

Co-Chair Stedman pointed out that at that the time the legislature would consider forgiveness of student loans for particular situations.

Mr. Peterson agreed that this was Uncodified law, asking for the Alaska Student Loan Corporation to provide input before legislation is drafted in the 2010 legislative session.

Co-Chair Stedman removed OBJECTION.

[10:10:28 AM](#)

Diane Barrans, Executive Director, Postsecondary Education Commission, Department of Education and Early Development commented that the department and the committee should work to make the program maximally accessible to Alaskans with incentives beyond what the corporation could provide internally.

Co-Chair Hoffman reminded of questions delinquency rates and in-state and out-of-state loans that had yet to be answered.

[10:11:55 AM](#)

AT EASE

[10:12:18 AM](#)

RECONVENED

Co-Chair Stedman requested further clarification on committee questions be presented by the department in the proposal scheduled to be presented in January 2010.

Co-Chair Hoffman MOVED to report SCS CS HB 172(FIN) out of Committee with individual recommendations and the accompanying fiscal note.

[10:13:20 AM](#)

AT EASE

[10:13:39 AM](#)

RECONVENED

Co-Chair Hoffman WITHDREW the motion.

Co-Chair Hoffman MOVED to request resolution for title change. There being NO OBJECTION, it was so ordered.

Co-Chair Hoffman MOVED to report SCS CS HB 172(FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SCS CS HB 172(FIN) was REPORTED out of Committee with a "do pass" recommendation and with attached indeterminate fiscal note 3 by the Department of Education and Early Development and indeterminate fiscal note 4 by the Department of Revenue.

[10:14:53 AM](#)

ADJOURNMENT

The meeting was adjourned at 10:14 AM.