

SENATE FINANCE COMMITTEE
March 12, 2010
9:14 a.m.

[9:14:44 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:14 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Roger Marks, Legislative Budget and Audit Legislative Consultant, Logsdon & Associates; Pat Galvin, Commissioner, Department of Revenue; Megan Stanneland, Advocate, Juneau Youth Court; Doug Wooliver, Administrative Attorney for the Court System; Senator Joe Paskvan; Senator Lesil McGuire; Senator Bill Wielechowski; Representative John Coghill; Senator Hollis French

PRESENT VIA TELECONFERENCE

Kerri Fox, Bethel Youth Court; Lisa Albert-Konecky, Mat-Su Youth Court, Wasilla

SUMMARY

SB 305 SEPARATE OIL & GAS PRODUCTION TAX

SB 305 was heard and HELD in Committee for further consideration.

SB 110 PRESERVATION OF EVIDENCE

CSSB 110 (JUD) was REPORTED out of Committee with a "do pass" recommendation and with two new zero fiscal notes by the Department of Public Safety, and a new fiscal note by the Department of Law.

SB 246 INCREASING NUMBER OF SUPERIOR CT JUDGES

SB 246 was heard and HELD in Committee for further consideration.

SB 257 YOUTH COURTS AND CRIMINAL FINES

SB 257 was heard and HELD in Committee for further consideration.

[9:14:58 AM](#)

#sb305

SENATE BILL NO. 305

"An Act relating to the tax on oil and gas production; and providing for an effective date."

Co-Chair Stedman began with the second hearing of SB 305. He noted the first hearing was on March 9. Another new CS, which will tighten up the title, will be forthcoming on Wednesday. Some issues in the CS will need further attention. One of the purposes of the hearing is to inform the public how the legislature works with the administration and the industry to solve those issues.

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Co-Chair Hoffman MOVED to ADOPT the work draft for SB 305, labeled 26-LS1577\E, Bullock, 3/10/10.

Co-Chair Stedman OBJECTED for discussion purposes.

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ROGER MARKS, LEGISLATIVE BUDGET AND AUDIT LEGISLATIVE CONSULTANT, LOGSDON & ASSOCIATES, explained the two changes in version E of the bill. The title of the bill has been modified to reduce the scope of the bill. There was some concern that the original title was too broad. It now

reads, "An Act relating to that part of the tax on oil and gas production that increases the rate of tax as the production tax value increases above \$30 and limiting the effect of that rate increase to the production of oil; and providing for an effective date." He said there were plans to tighten the title even more.

Mr. Marks addressed the second change in the bill. On page 9, Section 8, the applicability of the bill states that "Sections 1 - 7 of this Act are applicable on and after the first day of the calendar month immediately following the effective date of the Act." He clarified that under current statute and under the bill as currently written, the taxpayers calculate installment payments every month. He opined that if the taxpayers have to calculate two different progressivity factors in the same month, it would make the tax calculation burdensome for the department and for the taxpayers.

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Co-Chair Stedman REMOVED his OBJECTION. There being NO further OBJECTION, version E was adopted.

PAT GALVIN, COMMISSIONER, DEPARTMENT OF REVENUE, introduced himself.

Co-Chair Stedman commented that the process has moved rapidly. He hoped to have the particular technical changes included in the next CS.

Commissioner Galvin referred to a handout entitled, "Comments on SB 305" (copy on file). He noted that he would focus on three main topics - slide 2 - revenue projections under SB 305 and under the status quo; cost allocation; and technical issues regarding SB 305. He began with revenue projections under SB 305 - slide 3. It was decided to use the single year income statement model assumptions from a previous Department of Revenue (DOR) presentation. The question in mind is how SB 305 compares to the status quo at different oil-to-gas price parities. He highlighted income statement model assumptions - slide 4 - and pointed out that any of them could change in the future. He cautioned to keep in mind sensitivities as they relate to the relative production between oil and gas.

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Commissioner Galvin spoke of a scenario at high parity, SB 305 > status quo - slide 5. This is a situation where there is \$120/bbl oil and \$8/MMBtu gas (15:1 parity). The result, under the status quo, is combined oil and gas revenue to the state of \$5.5 billion.

Co-Chair Stedman requested a general explanation of the scenario. Commissioner Galvin returned to slide 4 to explain the assumptions. He explained that the production levels are intended to approximate what is expected at the beginning of the flow of the gas pipeline. The current oil production forecast has production approaching 500,000 barrels per day in 2020. The initial throughput on the gas pipeline is currently estimated to be 4.5 Bcf a day. The relative volumes of oil and gas are significant drivers to the analysis, as well as the price. He detailed the difference in production under oil and gas. He stated that the presentation is in order to examine the gas and oil production tax under AGIA as it currently stands and under SB 305, which stands to change the way the tax is figured.

Commissioner Galvin continued to explain how the calculations for net oil and gas tax would work. He defined how it would work under the current system and under SB 305. The status quo has a revenue factor of 5.5; under SB 305 it would be 7.5

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Commissioner Galvin turned to slide 6 to explain the scenario at lower parity under SB 305 and under the status quo. The graph shows the primary difference is that the separate tax on gas brings in less because of lack of progressivity.

Commissioner Galvin made observations about slide 7. SB 305 can lead to higher or lower state revenue compared to the status quo tax system, depending on oil price and gas parity. SB 305 provides for a lower state share compared to the status quo when profits are high and gas prices are relatively high (no gas progressivity). SB 305 imposes a higher tax burden compared to the status quo when gas prices are relatively low.

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Commissioner Galvin showed the oil/gas price parity guess depicted on slide 8. The graph projects where price parity has been from 2008 to 2010. The question is where it will be in 2020 - 2045. He did not wish to speculate.

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Commissioner Galvin turned to cost allocation issues - slide 10. This is a significant issue as it relates to having separate oil and gas taxes whose individual values will affect their respective tax rates. As costs move from a profitable side to a less profitable side, the result is that more revenue is generated by the tax system.

Commissioner Galvin explained that the current status quo does not address how to determine how the costs would be allocated between oil and gas, which could result in uncertainty, disputes, and delays. Cost allocation should be specified in the statute and is a very important policy decision.

Commissioner Galvin proposed different cost allocation options - slide 11. He first discussed the detailed item by item attribution methods, followed by the formula or rule-based attribution methods. He stressed that attribution differences have and could lead to a number of disputes among working interest owners in terms of investment decisions.

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Senator Huggins assumed that in places outside of Alaska, oil and gas taxes are separate and producers with more experience than Alaska have solved similar problems. Commissioner Galvin agreed and thought it was worth recruiting outside opinions on these matters.

Co-Chair Stedman pointed out that this is an early stage of this particular legislation.

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Commissioner showed on slide 12 how the item by item attribution methods work. Many places have moved away from a detailed item by item attribution method because of the issues it creates, and have moved toward a formula or rule-based method.

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Commissioner Galvin continued with slide 13 - formula or rule-based methods. A consequence of not accurately reflecting the true purpose of the cost is that it could lead to disputes. He provided examples of ways to attribute costs: proportion of production, proportion of sales, proportion of reserves, rule of dominant use - either gas or oil, deemed oil unless item is 100 percent gas relate, and a combination of any of the above.

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Commissioner Galvin explained the impact of cost allocation choices - slide 14. The current bill requires a cost allocation between oil and gas, but does not describe the allocation method or guiding principles. He compared three cost allocation possibilities: costs allocated based on relative BOE production, costs allocated based on relative gross value at Point of Production (PoP), and assumed "actual" cost split of 90/10 between oil and gas.

Co-Chair Stedman requested an explanation of how the current cost allocation system works. Commissioner Galvin clarified that the current system does not deal with cost allocation. He cautioned, however, that there is one area with cost allocation, provisions that hold Cook Inlet harmless. The provision worked by determining what the tax would be under the current production tax and requiring a comparison with the ELF-derived tax. Whichever tax was lower, would be paid. A way to split the current allocation between oil and gas had to be found, so it was split on a production volume basis.

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Commissioner Galvin showed cost allocation examples on slide 15, which explain how the cost breakdown is derived under the three potential scenarios.

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Commissioner Galvin turned to slide 16 - the impact of the allocation method on SB 305 revenue. At \$120/bbl oil and 15 to 1 parity there is \$8.5 billion of revenue generated by SB 305 using the BOE basis. Using the PoP methodology, the revenue decreases to \$7.9 billion. Using the 90/10 split, the revenue decreases even further to \$7.5 billion. It is a

reflection of the relative profitability of oil being reduced by adding more costs to that side of the ledger, bringing down progressivity and affecting the separate oil tax calculation.

Commissioner Galvin explained slide 17 - the impact of allocation method on SB 305 revenue using the 8 to 1 parity with gas at \$15. There is still a significant effect moving from one allocation method to another. There is almost \$1 billion difference between the two extreme methods of allocation.

Commissioner Galvin stressed the importance, complexity, and stakes associated with the cost allocation decision.

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Commissioner Galvin addressed the technical issues of SB 305 - slide 19. He explained the issue of inconsistent treatment of negative production tax values.

Commissioner Galvin turned to slide 20 - another technical issue. This one deals with the timing of adjustments under AS 43.55.170, the reimbursements section. The current bill is unclear if the adjustment is to occur before or after the allocation process. If after, then the department needs the authority and direction to allocate those adjustments between oil and gas.

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Commissioner Galvin concluded with slide 21. He observed that separating oil and gas taxes is not a panacea, and can raise new and different risks to state revenues, compared to the status quo. With uncertainties in the oil and gas markets and wildly fluctuating price forecasts, the tax system needs to be responsive to a wide range of potential price scenarios. To achieve the state's objectives, the tax system must balance the desire for revenue with creating an attractive investment climate for a gas line.

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Senator Thomas appreciated the complexity of the cost allocations and stated appreciation for the industry's expertise. He voiced concern about parity, as shown on slide 6. He questioned what impact shale gas would have on

Alaska's oil and gas production. He noted that the suggestion was to increase the price of gas by 325 percent.

Senator Thomas asked how the Commissioner arrived at the expected gas and oil prices used in the 15 to 1 scenario, with the large increase in gas price compared to oil price, considering the amount of shale gas being discovered.

Commissioner Galvin responded that in the forecasting world the perception that the dynamics that exist today will be long-standing and will affect future markets is the dominant presumption. He maintained that the world does not work that way. He thought the dynamics between supply and demand would change. The hope is that there will be an abundant supply of gas. It remains to be seen. He predicted changes in expectations on the supply side and a transition from oil-based demand to natural gas. He suggested not setting policy on one expected outcome. Senator Thomas said that uncertainty was his concern.

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Co-Chair Stedman asked Mr. Marks to comment on cost allocation.

Mr. Marks remarked on cost allocation under the current ACES production tax. He said it was necessary in some circumstances to allocate upstream costs between oil and gas, such as the example that Commissioner Galvin mentioned regarding Cook Inlet. There is one other application where instate gas, which is subject to a different rate regardless of where it's produced, has to have its costs allocated. Under current statute AS 43.55.165(h) the department has the authority to allocate costs between oil and gas for these purposes. He agreed that the magnitude of the dollar impact and how costs are allocated is magnified under SB 305. There are current regulations that could be applied to SB 305 which are reasonable and give the option of cost allocation. He agreed with Commissioner Galvin's view of future allocations.

Mr. Marks stressed that the value of SB 305 is to point out the difference between oil and gas and the necessity to separate the two for tax purposes. He referred to slide 6 where money could be lost under SB 305 in a scenario with no progressivity. He said that SB 305 could cause a loss of

money to the state and create an additional burden to the industry. He thought that warranted further examination.

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Co-Chair Stedman pointed out that the committee has the language to insert progressivity on gas into the bill if it decides to do so.

SENATOR BILL WIELECHOWSKI asked at what point progressivity kicks in with gas. Co-Chair Stedman suggested using the current statute to answer.

Commissioner Galvin said progressivity kicks in at \$30 bbl. He explained that when looking at oil and gas in terms of relative value, the statute provides a 6 to 1 value basis. From a rough perspective on net production tax value, there is a \$5/MMBtu profit, taking transportation and upstream costs into account. A \$10 - \$12 market price is needed in order to return to a gas price that could stand on its own weight in the progressivity realm. Because it is a six to one price relationship, the dollar increase in the price of gas has a six-times affect on the progressivity. For every dollar increase in MMBtu above the \$30 kickoff yields a 2.4 percent increase in progressivity on gas.

Senator Wielechowski summarized Commissioner Galvin's answer. Commissioner Galvin agreed. Senator Wielechowski noted that as gas prices increase, stripping out progressivity under SB 305, there is a loss to the state of \$1.6 billion. Commissioner Galvin agreed. Senator Wielechowski inquired what the loss to the state would be if the price of gas increases. Commissioner Galvin explained that he has a full range of models. Senator Wielechowski calculated that at \$125 oil and \$20 gas, the loss after stripping out progressivity would be about \$5 billion per year. Commissioner Galvin thought that was accurate.

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Co-Chair Stedman suggested running progressivity numbers on gas.

Senator Wielechowski asked what the impact of SB 305 on Cook Inlet gas would be. Commissioner Galvin reported that

it was examined as an issue, but not as individual tax payer information.

Co-Chair Stedman informed the committee that a consultant was working on a rough model for Cook Inlet for consideration in the next CS. There is currently a dissolution effect going on in Cook Inlet and also in the Arctic. The analysis of that model is under way and work is being done with the administration on projections and on a fiscal note.

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Senator Wielechowski requested the Commissioner's opinion if decoupling could legally occur after May 1, without incurring any penalty under the AGIA definition of gas production tax. Commissioner Galvin opined that the legislature could change the tax system after the open season. He stressed that the question was - what would the tax be changed to. A future obligation would need to be compared to the current system. It would be important to address the value of the exemption. Under SB 305 a significant exemption is not created if a new tax is adopted after the open season.

Senator Wielechowski summarized that no income would be lost and no penalty incurred. Commissioner Galvin agreed, but clarified that "penalty" is not the right word; he used the idea of an acceptable exemption to the shipper.

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Senator Wielechowski asked what the impact on regulations would be if SB 305 were to pass. Commissioner Galvin replied that it would raise the issue of cost allocation and cause the legislature to make tax decisions and the department to choose the methodology to use. The current methodology was used for a very small impact to the overall gas production tax in terms of revenue to the state. He suggested revisiting the question from a policy standpoint.

Commissioner Galvin addressed the implications for lease expenditures and other regulations if SB 305 were to pass. The one regulation affected would be the impact on the tax inducement. He doubted an attribution formula on the tax would be used, but rather a determination of the size of the exemption. He predicted that adding gas progressivity

after the open season would create an exemption that would probably eliminate the progressivity increase.

Senator Wielechowski asked if SB 305 is passed without progressivity, whether it is locked into that status after May 1, 2010. He also inquired if progressivity were to be added later on, whether all who bid at the open season would be exempt from paying progressivity for ten years. Commissioner Galvin replied it would to the extent that the legislature leaves the inducement intact. To the extent that the AGIA 10-year tax exemption remains in place, it would result in the exemption applying to the increase in the progressivity for gas. The actual tax paid would be what is generated under SB 305.

Senator Wielechowski gave an example of gas at \$15 and oil at \$120 per barrel where the state would be locked into a system where it would lose about \$1.6 billion for a decade. Commissioner Galvin agreed, to the extent that the exemption was left intact.

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Senator Wielechowski asked how the bill would affect Point Thomson in cost allocation. Commissioner Galvin explained that until there is gas production, any costs for oil and gas are combined and the combined production tax is figured. Next, the gas expenditures are taken out and progressivity on oil alone is figured. If a cost allocation method is used based on either barrel of oil equivalent, or a production tax value, or a point of production value, until there is any gas production, all of it is going to go towards the oil. For example, all of the development costs in Point Thomson would be deductible against oil and would bring down the oil tax and the progressivity aspect of the taxes that are paid for the partners who are existing producers. Once there is gas production, then the cost allocation method becomes critical. It raises a question about allowing gas field development costs to be deductible against oil production leading up to gas production and not have the gas bear those costs when they are actually producing.

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Senator Wielechowski asked if, under the current system where gas and oil taxes are coupled, future oil production

and exploration are incentivized. He wondered if SB 305 would be a deterrent. Co-Chair Stedman stated that SB 305 was an inducement.

Commissioner Galvin discussed investment risks and the way the current system works by providing a lower tax burden when gas is relatively less valuable. This provides a positive impact on the economics when it's needed the most. He thought it was possible to create the same positive impact for gas, even though it could be complicated and costly. He maintained that the current system is better than SB 305 regarding those economics.

Senator Wielechowski asked if SB 305 creates a negative, positive, or no impact on the upcoming open season. Commissioner Galvin said it was not possible to give a single answer. He thought the effect of making any change going into an open season was a negative. The economic impact of SB 305 at the low end of the price expectation for the gas line is a negative. When prices are favorable for a gas line, there are positives under SB 305 from an investment standpoint.

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Co-Chair Stedman referred to a letter from BP Exploration (copy on file) which reviews the bill.

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Senator Huggins stated his impressions about AGIA and the ability of all players to suggest changes. Commissioner Galvin said it was possible that after the open season the producers would work with the administration and the legislature to craft a different fiscal system than what is currently in place. He thought it was in the state's interest to put a tax system in place that is appropriate for this project, the state, and the producers.

Senator Huggins thought the conversation should have taken place earlier, not just before the open season. Co-Chair Stedman pointed out that the legislature has not set a gas tax policy, but has spent a great deal of time discussing oil. He maintained that a gas tax is a very complicated injection into the fiscal regime. He agreed with Senator Huggins that legislators wanted to deal with the gas tax structure at an earlier date.

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Senator Ellis requested information about the new CS. He inquired if the changes included cost allocation, a tighter title, and an effective date of decoupling. Co-Chair Stedman added that work has also been done to include the progressivity structure. Senator Ellis asked if there are other issues to think about. Co-Chair Stedman said that the legislature would be working with the administration on cost allocation. There could be other concerns brought forward by the administration, the consultants, the industry, or the public.

Senator Thomas asked about how capital expenditures for gas facilities, such as treatment plants, would be dealt with. Co-Chair Stedman asked Commissioner Galvin to address credits that would apply to the gas line, treatment plant and other gas facilities.

Commissioner Galvin spoke about upstream costs. The point of production will be located at the inlet of the gas treatment plant. The treatment plant and pipeline are downstream and not deductible as lease expenditures. They are deductible as incremental costs of the transportation system.

Co-Chair Stedman added the dilution effect in Cook Inlet to Senator Ellis' list. He noted that the committee would work with the administration on fiscal notes.

SB 305 was heard and HELD in Committee for further consideration.

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RECONVENED [1:01:39 PM](#)

#sb110

SENATE BILL NO. 110

"An Act relating to the preservation of evidence."

SENATOR HOLLIS FRENCH, sponsor, explained that the bill puts new provisions in the criminal code for the preservation of evidence. It requires state agencies and municipal law enforcement agencies to preserve all evidence in the most serious cases, such as unsolved murder, first

degree sexual assault, and first degree sexual abuse of a minor. The bill requires that biological evidence be retained as long as a person remains a prisoner in the Department of Corrections or subject to registration as a sex offender. The bill provides that evidence that is impractical due to its size, or other characteristics, may be destroyed after the removal and preservation of portions that are likely to contain relevant evidence. The bill allows for remedies to be provided for by judges after they have heard both sides and protects agencies from civil immunity due to an unintentional failure to comply with the provisions. It allows for innocent people to prove their innocence. Twenty-five other states have similar laws. The bill is supported by the Department of Law, the Department of Public Safety, the Association of Chiefs of Police, the Alaska Innocents Project, the ACLU, and by the Alaska Network on Domestic Violence and Sexual Assault.

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Senator Huggins MOVED to ADOPT Amendment 1:

Page 6, line 13, following "December 31,"
Delete: "2011"
Insert: "2012"

Page 6, line 24, following "January 1,"
Delete: "2011"
Insert: "2012"

Co-Chair Stedman OBJECTED for discussion purposes. He said that the amendment corrects the dates.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered.

Co-Chair Stedman reviewed the three fiscal notes: one fiscal note is from the Department of Law for \$5,000 to cover travel costs associated with the task force, a zero fiscal note from Alaska State Troopers Division, and one fiscal note from the Department of Public Safety, statewide support, for \$134,200 to cover the cost of a new position and storage. The committee requested an updated fiscal note, but it was not provided. He reported that the governor also has a bill that requires the preservation of evidence and the same fiscal note provided by the department for that bill is zero. To be consistent the

committee has drafted a zero fiscal note to be adopted in lieu of the department's note. There are a total of three fiscal notes.

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Senator Ellis MOVED to report CSSB 110(JUD) out of committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSSB 110 (JUD) was REPORTED out of Committee with a "do pass" recommendation, and with two new zero fiscal notes by the Department of Public Safety and a new zero fiscal note by the Department of Law.

[1:08:26 PM](#)

#sb257

SENATE BILL NO. 257

"An Act relating to funding for youth courts; and relating to accounting for criminal fines."

Senator Dennis Egan, sponsor, read the sponsor statement.

- Senate Bill 257 provides a sustainable source of funding for Alaska's youth courts.
- Every youth court in the state is a little different, but they share the same basic idea: Young people picked up for misdemeanors, violations, and alcohol offenses get a trial by their peers.
- Youth courts work. Only 10 percent of juveniles who go through these programs reoffend.
- That saves the state money - roughly \$10,000 per offender.
- It also means the Juvenile Justice professionals at the Department of Health & Social Services don't have to dedicate resources to the little stuff.

- o That's a 2-way benefit - real attention and real consequences for young people who otherwise don't always get a hard look.
- o And our well-trained youth corrections people are available for the 'hard cases.'
- There's another great benefit for Alaska - the kids who volunteer in these programs get great training in the basics of criminal law, research, writing, and public speaking.
- The bill chooses a funding source for these courts - a portion of criminal fines.
 - o Currently adults' criminal fines are unrestricted general fund.
 - o SB 257 designates up to 25% of those fines for youth courts.
 - o Making criminals pay for crime prevention makes sense
 - o I look forward to hearing from the public, and answering committee members' questions.

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Co-Chair Stedman noted three zero fiscal notes, one from the Department of Law, one from the Department of Health and Social Services, and one from the Court System.

KERRI FOX, BETHEL YOUTH COURT, (via teleconference), testified in support of the bill. She shared that Bethel has been trying to get a youth court started for several years. Some progress has recently been made. She did not want to lose that momentum.

Senator Ellis asked how the court connects the elders with youthful offenders. Ms. Fox replied that when youth are charged with minor consuming, they come before a panel of elders and youths. Guidance is offered.

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LISA ALBERT-KONECKY, MAT-SU YOUTH COURT, WASILLA, (via teleconference), testified in favor of the bill. Youth courts show a strong community-supported program. The youth court in Wasilla is struggling for funding. Each youth court reflects their community's needs. She urged support of the bill.

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MEGAN STANNELAND, ADVOCATE, JUNEAU YOUTH COURT, testified in support of the bill. She stressed that youth courts are youth advocating for youth, which gives the program power and momentum. The youth courts attempts to find creative sentencing using community service that fits the individual.

Senator Thomas pointed out that youth courts are supported by pro bono trial lawyers. Youth courts reduce recidivism dramatically.

Senator Egan agreed. The recidivism rate is 10 percent compared to 30 percent in regular court cases.

SB 257 was HEARD and HELD in Committee for further consideration.

[1:18:55 PM](#)

#sb246

SENATE BILL NO. 246

"An Act increasing the number of superior court judges designated for the third judicial district; and providing for an effective date."

DOUG WOOLIVER, ADMINISTRATIVE ATTORNEY FOR THE COURT SYSTEM, presented an overview of the bill. He pointed out that the legislation was introduced by the Rules Committee at the request of the Supreme Court. The bill would add one new Superior Court Judge in Anchorage and the intent is to have that judge sit on the civil bench and hear civil cases. Anchorage Superior Court Judges are the busiest in the state due to the number of cases and case types. Two case types in particular draw a considerable amount of judicial time.

Mr. Wooliver explained that the amount of time needed for Child In Need of Aid (CINA) cases and Family Law cases has increased significantly over the years. Appearing before the same judicial officer better serves families and facilitates the whole process. Close court supervision helps to keep families on track. This closer supervision takes more time, but will help the family get back together as the goal is to unify the family.

Mr. Wooliver informed the committee that Family Law cases have increased due to the number of people who appear without an attorney. This creates an increased amount of work for the judges; however, they realize that adding another judge is expensive, but necessary. An attempt will also be made to find more case managers.

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Co-Chair Stedman requested more information about case load per judicial district. Mr. Wooliver mentioned that Anchorage, followed by Juneau and Fairbanks had the heaviest loads. He assumed that it would be necessary to return to the legislature next year to request more judges.

Senator Hoffman asked for information about the growth of Superior Court Judges in the state for the past 10 years. Mr. Wooliver said he would get back to the committee with that information.

Co-Chair Stedman also asked for a 10-year history of court loads by judicial district.

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Co-Chair Stedman noted that there was one zero fiscal note from the Judicial Council and one fiscal note for \$499,100 in general funds reflecting the cost of a new judge and support staff.

Senator Olson asked if there would be enough physical space for a new judge. Mr. Wooliver said they were making a new superior court available in the Nesbit Court House, so there is one court room available for this new seat.

Senator Thomas asked if the need for more judges and prisons was because of a population increase or due to other factors.

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Mr. Wooliver noted that the therapeutic court has a lower recidivism rate but does not affect a large part of the population. The Department of Corrections has refocused on treatment issues as a way to help reduce recidivism rates. The system does work, but it is a long road.

SB 246 was HEARD and HELD in Committee for further consideration.

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ADJOURNMENT

The meeting was adjourned at 1:29 PM.