

SENATE FINANCE COMMITTEE  
March 23, 2010  
1:34 p.m.

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CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 1:34 p.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

Senator Joe Paskvan; Tyson Fick, Legislative Liaison, DCCED; Patrice Walsh, Chief Examiner, DCCED; Bryan Butcher, Director, Government Affairs and Public Relations, Alaska Housing Finance Corporation, Department Of Revenue; Joe Dubler, Director of Finance, Alaska Housing Finance Corporation; Senator Hollis French.

PRESENT VIA TELECONFERENCE

Scott Smith, Alaska Broadcaster's Association; Alpheus Bullard, Legislative Legal Services; Matt Wallace, Alaska Public Interest Research Group; Jason Brune, Resource Development Council.

SUMMARY

SB 217      GUARANTEED REVENUE BONDS FOR VETERANS

SB 217 was HEARD and HELD in Committee for further consideration.

SB 247 EXTENDING BOARD OF PHARMACY

SB 247 was REPORTED out of Committee with a "do pass" recommendation and with a new fiscal impact note from the Department of Commerce, Community and Economic Development.

SB 248 EXTEND BD OF MARITAL & FAMILY THERAPY

SB 248 was REPORTED out of Committee with a "do pass" recommendation and with a new fiscal impact note from the Department of Commerce, Community and Economic Development.

SB 262 EXTEND BOARD OF SOCIAL WORK EXAMINERS

SB 262 was REPORTED out of Committee with a "do pass" recommendation and with previously published fiscal impact note: FN1 (DCCED).

SB 263 EXTEND BOARD OF PROFESSIONAL COUNSELORS

SB 263 was REPORTED out of Committee with a "do pass" recommendation and with previously published fiscal impact note: FN 1 (DCCED).

SB 279 MORTGAGE LENDING

SB 279 was HEARD and HELD in Committee for further consideration.

SB 284 CAMPAIGN EXPENDITURES

SB 284 was HEARD and HELD in Committee for further consideration

HB 300 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 300 was HEARD and HELD in Committee for further consideration.

HB 302 APPROP: MENTAL HEALTH BUDGET

HB 302 was HEARD and HELD in Committee for further consideration.

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#sb279

SENATE BILL NO. 279

"An Act relating to regulation of residential mortgage lending, including the licensing of mortgage lenders, mortgage brokers, and mortgage loan originators, and compliance with certain federal laws relating to residential mortgage lending; and providing for an effective date."

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SENATOR JOE PASKVAN stated that SB 279 is an act relating to the regulation of residential mortgage lending including the licensing of mortgage lenders, mortgage brokers, and mortgage loan originators in compliance with certain federal laws relating to residential mortgage lending. The purpose of the legislation is to bring Alaska's mortgage lending regulation act into compliance with federal law. He mentioned the SAFE act which requires each state to license mortgage loan originators through a nationwide database and to amend its statutes to meet minimum licensing standards. The Division of Banking and Securities will continue to review the uniform application submitted, and state regulators will continue to issue the licenses. This legislation is supported by the National Conference of State Legislators and the National Conference of Insurance Legislators.

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TYSON FICK, LEGISLATIVE LIAISON, DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT (DCCED), explained the legislation further. He pointed out that abuses in the industry led to the current financial crisis in the United States. He explained the licensing regulation agency and their responsibilities. The national licensing system and registry increases consumer protection, enhances supervision, and streamlines the licensing process for licensees. He mentioned the passage of HB 221 which joined Alaska with the national registry. He noted that SB 229 will bring the state into compliance with the federal SAFE act by amending our statutes to reach the minimum

standards. The objectives of the amendments are to provide increased accountability, education, and tracking of mortgage lending professions, reduce fraud, and provide consumers with free and accessible information.

PATRICE WALSH, CHIEF EXAMINER, DCCED, delivered a sectional analysis. She explained that the changes were the minimum standards required by the federal government. She pointed out Page 5, Section 7, Line 9 and the reference to "transfers of mortgage loan originators license" where "mortgage loan" was added to "originator". She pointed out Page 6, Section 11, Line 14 referencing an annual license where the state requires renewal each year on December 31. She continued with Section 11, Line 24 regarding permit regulation to set application, examination, and license fees. She detailed Page 6, Line 31, Section 12 which requires 20 hours of pre licensing education. She continued with Page 10, Section 18, Line 22 which is a new section allowing for a provisional license while a background check is performed.

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Ms. Walsh continued with Section 22, Page 12, Line 23 referring to paper licenses. The national registry has a section of consumer access where a licensee's licensing credentials can be accessed online.

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Co-Chair Stedman asked if licenses will be posted in the licensee's office or would the public rely on the online version. Ms. Walsh explained that the department is striving to eliminate paper licenses. She commented that many businesses operate online.

Ms. Walsh continued with Page 14, Section 29, Line 10 which is an addition permitting a branch office to track activity. She continued with Page 15, Section 35, Line 26 which modifies continuing education requirements. Currently the law offers 24 hours of continuing education for a two year time period. She pointed out Page 41, Section 85, Line 20 which includes the repealed sections.

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Co-Chair Stedman asked about a potential sales transaction with an out of state licensee. Ms. Walsh answered that an out of state licensee must apply for a license in Alaska.

Co-Chair Stedman asked if a licensee must be licensed in Alaska to solicit mortgage business. Ms. Walsh concurred that the person must have an Alaskan license to sell Alaskan property.

Senator Huggins asked if the bill allows a person to handle the mortgage on their neighbor's house. Ms. Walsh stated that a person must have a license to sell a house that does not belong to them.

Senator Thomas noted that real estate agents are not considered mortgage loan originators. Ms. Walsh concurred.

Senator Olson asked about the education requirements listed on Pages 6 and 15. He asked about potential changes. Ms. Walsh responded that continuing education requirements already exist and she noted the changes.

Senator Olson asked about classes. Ms. Walsh noted that classes are offered through a national mortgage licensing system. The classes are offered in a classroom, a classroom equivalent, or an instructor led webinar.

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Senator Olson asked about Page 14 and the licensing of branch offices. He asked how the Alaska branch might address issues from the lower 48. Ms. Walsh responded that the branch application process requires branch identification although licensing and registration numbers are not used. A formal process would include a separate registration to allow observation of the branch activity.

Senator Olson did not understand how this would cut down on fraud.

Co-Chair Stedman asked about potential reciprocity between the states. Ms. Walsh noted that there is not reciprocity, but many companies are licensed in multiple states. Co-Chair Stedman asked why no reciprocity exists for the real estate industry.

Ms. Walsh responded that the state has requirements about obtaining a license. She added that the steps for obtaining a license may be similar throughout various states.

Co-Chair Stedman asked if the steps in the statute refer to the examination.

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Ms. Walsh responded that an application for licensure requires financial statements and fingerprints. Felonies or bankruptcies can lead to denial of license.

Co-Chair Stedman asked if a person licensed in another state is required to sit for an additional exam in Alaska. Ms. Walsh noted that the mortgage loan originator is required to take two tests. One test is a national test recognized in every state. The second component of testing is the Alaska state test.

Co-Chair Stedman asked if other states have similar requirements. Ms. Walsh responded yes.

Senator Paskvan stressed that the intent of the bill is to bring Alaska into conformance with the national SAFE act. Alaska's laws with respect to real estate can differ from other state's laws.

Co-Chair Stedman mention one fiscal impact note from the Department of Commerce, Community and Economic Development for \$131 thousand.

SB 279 was HEARD and HELD in Committee for further consideration.

[2:01:34 PM](#)

AT EASE

[2:02:36 PM](#)

RECONVENE

#hb300

#hb302

CS FOR HOUSE BILL NO. 300(FIN)

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; and providing for an effective date."

CS FOR HOUSE BILL NO. 302(FIN)

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

Co-Chair Hoffman explained the changes in the CS with the incorporation of the subcommittee recommendations.

[2:03:46 PM](#) AT EASE

[2:04:11 PM](#) RECONVENED

Co-Chair Stedman proposed senate committee substitute for committee substitute, work draft number 26-GH-2823\U. There being NO OBJECTION, it was so ordered.

Co-Chair Stedman proposed senate committee substitute for committee substitute, work draft number 26-GH-2825\T. There being NO OBJECTION, it was so ordered.

CSHB 300 was HEARD and HELD in Committee for further consideration.

CSHB 302 was HEARD and HELD in Committee for further consideration.

#sb217

SENATE BILL NO. 217

"An Act relating to the issuance of state-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans; and providing for an effective date."

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BRYAN BUTCHER, DIRECTOR, GOVERNMENT AFFAIRS AND PUBLIC RELATIONS, ALASKA HOUSING FINANCE CORPORATION, DEPARTMENT OF REVENUE, reviewed the legislation. He explained that SB 217 requests approval through general election of bond sales for Alaska Housing Finance Corporation's (AHFC) veteran mortgage program. He provided history on the veteran mortgage program, which provided a lower interest rate to veterans. He explained that five states opted in; Texas, California, Oregon, Wisconsin, and Alaska. Alaska can sell up to \$100 million in bonds for the program;

however, federal law requires a general obligation of the state's citizens.

Co-Chair Stedman asked about the current number of veteran loans outstanding.

JOE DUBLER, DIRECTOR OF FINANCE, ALASKA HOUSING FINANCE CORPORATION, responded that \$341 million of outstanding veteran loans exist at an average rate of six percent. The current interest rate is 4.625 percent. The bonds issued are \$2.6 million. Current outstanding bonds equal \$338 million. The remaining authorization from prior voter approvals is \$95 million. He informed of \$11 million in delinquent loans.

Co-Chair Stedman asked if the corporation was seeking authorization for the \$600 million.

Co-Chair Stedman mentioned the one fiscal note from Department of Revenue requesting authorization to use \$150 thousand in AHFC receipts to cover the cost of voter education. He asked about marketing or information dissemination to encourage public participation.

Mr. Butcher spoke to the process in 2002, which involved mailers for every Alaska household along with limited television and radio advertising.

Senator Egan assumed that the funding would be used for instruction and information. Mr. Butcher concurred.

SB 217 was HEARD and HELD in Committee for further consideration.

#sb284

SENATE BILL NO. 284

"An Act relating to state election campaigns, the duties of the Alaska Public Offices Commission, the reporting and disclosure of expenditures and independent expenditures, the filing of reports, and the identification of certain communications in state election campaigns; and providing for an effective date."

[2:12:51 PM](#)

SENATOR HOLLIS FRENCH discussed the legislation. The bill addresses issues relating to corporations and unions and the independent expenditures made for and against candidates during an election. He pointed out Section 4 and disclosure of expenditures made by unions and corporations for and against candidates. He noted replacement of old language on Page 2, Line 6 concerning dues of commission. He described many instances in the bill where similar changes occur. He stated that "person" refers to everyone with a broad definition. He mentioned added provisions that require that the expenditures be made from an independent account as shown in Section 8. Section 10 prohibits expenditures by foreign nationals.

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Senator French referred to Section 13, the disclaimer section. He mentioned that the disclaimer refers to the "paid for by" section of campaign advertising. He noted that the disclaimer necessary in radio ads was shortened.

[2:18:16 PM](#)

Co-Chair Stedman asked about Page 9, Section 18. Senator French explained the Section describes a current provision that replaces the phrase "candidate, group, or individual" with "person" to bring in the corporations and unions working with elections.

Co-Chair Stedman asked about punishment for unscrupulous behavior. Senator French responded that campaign misconduct in the second degree is a Class B misdemeanor punishable by a \$1000 fine and 90 days in jail.

Senator Huggins asked about the \$100 plateau. He noted that many candidates receive \$99 contributions. He asked why all contributions are not reportable. Senator French responded that all contributions are reportable; the \$100 plateau requires information such as the contributor's occupation and employer. He expressed comfort in total disclosure of contributions to corporations and unions.

Senator Huggins asked how this provision applies to the Pebble Mine. Senator French answered that those expenditures would not be immediately identified by this bill.

Senator Huggins asked how the bill affects a phone bank. Senator French responded that if the phone bank was sponsored by a candidate, this bill would have no impact. He supposed that the phone bank communication transmitted by auto media must be accompanied by a disclaimer as shown on Page 8, Lines 4, 5, 6, and 7.

[2:22:29 PM](#)

Co-Chair Stedman mentioned one zero fiscal note from the Office of the Governor and one fiscal impact note from the Department of Administration requesting one additional staff person for the Alaska Public Offices Commission for the amount of \$131,200.

[2:23:02 PM](#)

SCOTT SMITH, ALASKA BROADCASTER'S ASSOCIATION (via teleconference) requested clarification of Page 1, Line 11 specifying the effect of the legislation on ballot propositions. Senator French noted that the mentioned piece exists already in statute. The change on Page 1, Lines 9, 10, 11 is the elimination of qualifiers. The chapter now applies to any person making a communication for or against a ballot proposition.

Mr. Smith communicated that the broadcasters agree with the need for transparent elections and full disclaimer of messages for the general population. He expressed a small concern about the percent of a given message required for multiple contributors. He suggested that an alternative dimension of the commercial message communicate the additional contributors. The clarification would then allow the limit of the disclaimer not to exceed 33 percent of any given 30 second message.

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MATT WALLACE, ALASKA PUBLIC INTEREST RESEARCH GROUP (via teleconference) testified in support of the legislation.

[2:28:11 PM](#)

JASON BRUNE, RESOURCE DEVELOPMENT COUNCIL (via teleconference), testified in support of the legislation. He pointed out Section 15, Page 5 appears to potentially impact an investor's ability to fight an initiative that targets them because they are a domestic subsidiary of a

foreign corporation. The Resources Development Council (RDC) supports open disclosure and transparency in election campaigns, however are opposed to a law prohibiting contributions that allow RDC members to fight initiatives that target their industries.

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Senator Huggins discussed Mr. Brune's testimony and asked if Alaska is in compliance with the Federal Government's process.

ALPHEUS BULLARD, LEGISLATIVE LEGAL SERVICES responded that Paragraph 5 applies to a domestic subsidiary of an entity described in Paragraph 2 of 4. The entity described is a foreign national. The paragraph does not prohibit domestic subsidiaries or corporations.

Senator Huggins requested further clarification. Senator French stressed the importance of creating a bill that can be easily understood. He offered to provide further assistance and explanation for Senator Huggins.

SB 284 was HEARD and HELD in Committee for further consideration.

#sb247

SENATE BILL NO. 247

"An Act extending the termination date of the Board of Pharmacy; and providing for an effective date."

[2:33:14 PM](#)

Senator Olson spoke to the necessity of the legislation. He noted that the Board of Pharmacy is a necessary component of the health care delivery system.

[2:34:04 PM](#) AT EASE

[2:35:09 PM](#) RECONVENED

Co-Chair Stedman mentioned one fiscal note from the Department of Commerce, Community and Economic Development showing the cost of \$130,300 in receipt supported services for the continuation of the board. Funding is included in the FY11 operating budget.

Co-Chair Hoffman MOVED to report CSSB 247 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 247 was REPORTED out of Committee with a "do pass" recommendation and with a new fiscal impact note from the Department of Commerce, Community and Economic Development.

#sb248

SENATE BILL NO. 248

"An Act extending the termination date of the Board of Marital and Family Therapy; and providing for an effective date."

[2:36:30 PM](#)

Co-Chair Stedman mentioned one fiscal note from the Department of Commerce, Community and Economic Development showing the cost of continuing the board at \$23,200 in receipt supported services.

Co-Chair Hoffman MOVED to report CSSB 248 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 248 was REPORTED out of Committee with a "do pass" recommendation and with a new fiscal impact note from the Department of Commerce, Community and Economic Development.

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#sb262

SENATE BILL NO. 262

"An Act extending the termination date of the Board of Social Work Examiners; and providing for an effective date."

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Co-Chair Stedman mentioned one fiscal note from the Department of Commerce, Community and Economic Development showing the cost of continuing the board at \$58,800 in receipt supported services.

Co-Chair Hoffman MOVED to report CSSB 262 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 262 was REPORTED out of Committee with a "do pass" recommendation and with previously published fiscal impact note: FN1 (DCCED).

#sb263

SENATE BILL NO. 263

"An Act extending the termination date of the Board of Professional Counselors; and providing for an effective date."

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Co-Chair Stedman noted that this is the second hearing on the bill. He noted the fiscal impact note from the Department of Commerce, Community and Economic Development with the cost of \$50,900 in receipt supported services.

Co-Chair Hoffman MOVED to report SB 263 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 263 was REPORTED out of Committee with a "do pass" recommendation and with previously published fiscal impact note: FN 1 (DCCED).

[2:40:10 PM](#)

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ADJOURNMENT

The meeting was adjourned at 2:40 PM.