

SENATE FINANCE COMMITTEE
April 9, 2010
4:42 p.m.

4:42:21 PM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 4:42 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

Esther Kim, Staff, Senator Lesil McGuire; Denise Liccioli, Staff, Senator Donny Olson; Senator Hollis French, Sponsor; Darwin Peterson, Staff, Co-Chair Stedman; Senator Lesil McGuire, Sponsor; Senator Bill Wielechowski, Sponsor; Miles Baker, Staff, Co-Chair Stedman

PRESENT VIA TELECONFERENCE

None

SUMMARY

SB 63 TRANSFER RESTRICTIONS ON TRUSTS

CSSB 63 (JUD) was REPORTED out of Committee with a "do pass" recommendation and with zero FN 1 LAW.

SB 172 ALASKA HEALTH CARE COMMISSION

CSSB 172 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with a new fiscal note by the Department of Health and Social Services.

SB 184 INTERNET ACCESS TO LEG COMMITTEE MTGS

SB 184 was REPORTED out of Committee with a "do pass" recommendation and with a new zero fiscal note by the Legislature.

SB 220 ENERGY EFFICIENCY/ ALTERNATIVE ENERGY

CSSB 220 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with zero FN 3 DEC, indeterminate FN 6 DHS, two new fiscal notes by the Department of Commerce, Community, and Economic Development, two new zero fiscal notes by the Department of Revenue, a new zero fiscal note by the Administration, and a new fiscal note by the Department of Transportation and Public Facilities.

SB 230 BUDGET: CAPITAL, SUPP. & OTHER APPROPS

SB 230 was heard and HELD in Committee for further consideration.

[4:42:31 PM](#)

#sb63

SENATE BILL NO. 63

"An Act relating to transfer restrictions on trust interests."

Co-Chair Stedman noted that it was the second hearing on SB 63.

ESTHER KIM, STAFF, SENATOR LESIL MCGUIRE, thanked the committee for hearing the bill.

Co-Chair Stedman said that there was one zero fiscal note from the Department of Law.

Co-Chair Hoffman MOVED to REPORT CSSB 63 (JUD) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 63 (JUD) was REPORTED out of Committee with a "do pass" recommendation and with zero FN 1 LAW.

[4:44:35 PM](#)

#sb172

SENATE BILL NO. 172

"An Act establishing the Alaska Health Care Commission in the Department of Health and Social Services; and providing for an effective date."

Co-Chair Stedman said it was the second hearing on the bill.

Senator Olson, sponsor, commented that Alaska is in a serious situation regarding the health care industry and the AHC Commission is overdue.

[4:45:25 PM](#)

Senator Huggins MOVED to ADOPT Amendment 1:

Page 3, line 6:
Delete "12"
Insert "13"

Page 3, line 8:
Delete "nine"
Insert "10"

Page 4, line 3:
Delete "and"

Page 4, following line 3:
Insert a new subparagraph to read:
"(J) one member who represents community health centers in the state; and"

Page 4, line 17:
Delete "AS 18.09.020(1)(B)-(I)"
Insert "AS 18.09.020(1)(B)-(J)"

Co-Chair Stedman OBJECTED for discussion purposes.

Senator Huggins explained that there are 26 community health centers around the state. He spoke in support of the idea that they be incorporated into the AHC Commission. The governor's office does not support the amendment. He stated that the intention of the amendment is to add an additional member from the community health centers.

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

[4:46:37 PM](#)

Senator Olson requested that his staff present an explanation of the bill.

DENISE LICCIOLI, STAFF, SENATOR DONNY OLSON, explained that the bill establishes in statute an Alaska health care commission that can help to plan and guide the state's future health care policies.

Co-Chair Stedman noted a new fiscal note by the Department of Health and Social Services reflecting the cost of hiring an executive director and an administrative assistant, funded with \$335,000 in general funds and \$165,000 in federal receipts.

[4:48:01 PM](#)

Co-Chair Hoffman MOVED to REPORT CSSB 172 (FIN) out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSSB 172 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with a new fiscal note by the Department of Health and Social Services.

[4:48:36 PM](#)

#sb184

SENATE BILL NO. 184

"An Act relating to public access to legislative committee meetings during regular legislative sessions by Internet broadcast."

SENATOR HOLLIS FRENCH, SPONSOR, stated that the intention of the bill is to bring Alaska to the capital through web cams in every committee room where a hearing is taking place, so that throughout the state, the proceedings can be watched.

Co-Chair Hoffman MOVED to REPORT SB 184 out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

SB 184 was REPORTED out of Committee with a "do pass" recommendation and with a new zero fiscal note by the Legislature.

[4:50:03 PM](#)

#sb220

SENATE BILL NO. 220

"An Act declaring a state energy policy; relating to energy efficiency and alternative energy; establishing the energy efficiency grant fund, an emerging energy technology fund, a renewable energy production tax credit, and an energy use index; and relating to a fuel purchasing cooperative, to energy codes and efficiency standards, to energy conservation targets in public buildings, to a state agency energy use reduction plan, to the alternative energy revolving loan fund, and to the renewable energy grant fund."

Co-Chair Stedman noted that this was the second hearing.

Co-Chair Hoffman MOVED to ADOPT the work draft to SB 220, labeled 26-LS1197\B, Kane, 4/8/10, as the work document before the committee.

Co-Chair Stedman OBJECTED.

[4:50:47 PM](#)

DARWIN PETERSON, STAFF, CO-CHAIR STEDMAN, spoke of multiple changes in the CS. The new CS removes the legislative policy section that was found in Section 2 of the previous version. He referred to page 7 where previous Sections 11 and 12 were removed. These sections required the administration to consider using alternative energy systems

in the construction of public facilities and when purchasing equipment that uses energy. These sections were removed by the request of the administration because this work is already being done.

Mr. Peterson addressed Section 10 on page 9, a new section which refers to the contractual agreements between the state and a lessee of state land. If the lessee is a public utility engaged in the production of renewable energy, the state may not negotiate an increased lease rate based on percentage of gross revenue from a renewable energy source. Section 11, page 9, creates a Southeast Energy Fund. Subsection 5 on lines 21 and 22 of page 9 is new language making the Department of Revenue the fiduciary of the fund. Subsection (c) was amended to specify that only municipalities, joint action agencies, or member-owned electric cooperatives are eligible to receive grants from this fund. Grants can only be used to finance hydroelectric projects or electric transmission lines and they must be wholly owned by the grantee.

Mr. Peterson reported that the last change in this section is on page 10, line 1. The previous version required grant money to lapse back into the fund if on-going work to the project had not begun within 5 years. This change bumps that up to 7 years.

[4:53:03 PM](#)

Mr. Peterson highlighted the removal of Sections 15 and 16 from the previous CS. These sections reference the existing renewable energy fund and cause concern that it would have shifted the focus of the program to projects in urban areas with better economies of scale. Section 17 of the previous version of the bill would have added a new section to AS.42.45 requiring the Alaska Energy Authority (AEA) to facilitate the organization of a statewide purchasing cooperative. That section has been deleted in the new CS at the request of the administration due to concerns about the state's involvement in private sector competition. Furthermore, nothing in statute prevents AEA from providing technical assistance if requested.

Mr. Peterson continued to detail changes to the CS. There are changes in Section 12, page 10, the Emerging Energy Technology Fund, beginning with the first sentence. The language "in order to promote the expansion of energy

sources available to Alaskans" was added. The second change is found on lines 16-22 on page 10. The new language narrows the focus of what the grants can be used for. Grants can only be awarded for demonstration projects of technologies that have a reasonable expectation of being commercially viable within 5 years and are designed to test emerging technology and prove existing technology, or deploy existing technology that has not been previously demonstrated in the state. The reason for the change is because the purpose of the fund is to test and deploy equipment, not to support theoretical research or studies that don't result in demonstration projects.

Mr. Peterson turned to the third change in Section 12, found on page 11, lines 1 and 2. The CS instructs the university to provide data acquisition and analysis of projects to the advisory committee. The fourth change is the deletion of subsection (f) from the previous version. That section was old language taken from the now-defunct Alaska Science and Technology Foundation. It was appropriate for a grant that funds basic research that is high risk to investors. Now the program excludes these projects and the subsection no longer applies. The fifth change is found on page 11 of Section 12, subsection (i), lines 27 and 28. This new language states that members of the advisory committee cannot award themselves grants from the fund. The last change in this section is an addition of a four-year sunset date on page 18, Section 25.

[4:56:11 PM](#)

Mr. Peterson pointed out that Sections 20, 21, and 51 have been deleted from the previous version of the bill. They would have created the renewable energy tax credit, which requires more in-depth analysis. Section 23 has been deleted. It would have required the state to retro-fit at least 25 percent of all public facilities by 2020. At the request of the administration, it was removed because the state is currently in the process of accomplishing this goal. Section 24 has also been deleted. It would have required AEA to conduct a public education campaign on energy efficiency. It was removed because AEA is already planning on doing this type of outreach.

Mr. Peterson continued to explain that Sections 26-33 have also been deleted. These sections would have amended the Alternative Energy Revolving Loan Fund to provide loans to

owners of commercial buildings for energy efficiency improvements. The administration suggested this particular loan fund has not been active since 1987 and would require a thorough review before implementing.

Mr. Peterson related that Sections 26-28, beginning at the bottom of page 18, have been amended. Now, the Office of Management and Budget, the Office of the Governor, and the Department of Transportation will have sufficient time to develop their required reports. The due dates for the reports are now January 31, 2011. Also in Section 27, the CS instructs the governor's energy report to include an examination of the powers, duties, and structure of AEA and the Alaska Industrial Development and Export Authority (AIDEA). The intent is to help the legislature decide whether or not AEA and AIDEA could be more effective if they had separate boards of directors.

Mr. Peterson reported that the CS has a new Section 30, found on page 21, which asks the Department of Revenue to submit a report to the legislature on January 31, 2011 with recommendations regarding the feasibility of a municipal energy improvements financing program. Sections 31 and 32 are also new sections. Section 31 gives the Department of Health and Social Services the authority to adopt transitional regulations. Section 32 instructs the department to replace the name "Alaska Heating Assistance Program" with "Alaska Affordable Heating Program". The new CS has an amended title to reflect the changes.

[4:59:31 PM](#)

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

Co-Chair Stedman noted nine fiscal notes, some of which have to be amended or deleted.

SENATOR LESIL MCGUIRE, SPONSOR, thanked the committee and their staff for their work. She termed the bill a work in progress and called it a good start. It is the first energy policy put forth in the state of Alaska. There are provisions in the bill representing suggestions from Alaskans statewide. She commended the Senate and the bi-partisan working group for addressing the issue.

SENATOR BILL WIELECHOWSKI, SPONSOR, noted that the bill had been pared back quite a bit. He said that he was looking forward to passage of the bill in the Senate.

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Co-Chair Stedman recalled the history of working on the state energy policy. Quite a few Senators have participated in this legislation and have traveled to various areas of the state. It is one of several pieces of legislation. He spoke of the next step to achieve the outcome. He thanked the sponsors.

Senator McGuire thanked her staff and others who worked on the bill. Senator Wielechowski added his thanks to the administration.

[5:04:18 PM](#)

Co-Chair Hoffman MOVED to REPORT CSSB 220 (FIN) from Committee with individual recommendations and the attached fiscal notes. There being NO OBJECTION, it was so ordered.

CSSB 220 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with zero FN 3 DEC, indeterminate FN 6 DHS, two new fiscal notes by the Department of Commerce, Community, and Economic Development, two new zero fiscal notes by the Department of Revenue, a new zero fiscal note by the Administration, and a new fiscal note by the Department of Transportation and Public Facilities.

AT-EASE [5:04:52 PM](#)

RECONVENED [5:17:01 PM](#)

#sb230

SENATE BILL NO. 230

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

Co-Chair Stedman said it was the second hearing on the bill.

Co-Chair Hoffman MOVED to ADOPT the CS to SB 230, labeled 26-GS2824\S, Kane, 4/9/10, as the work draft before the Committee.

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MILES BAKER, STAFF, CO-CHAIR STEDMAN, pointed out two reports that accompany the bill (copy on file). He explained that the new CS has a net addition of \$76 million; \$68 million is general funds. The second report shows funding by House District. Section 1 is the FY 10 Supplemental. Section 2 is the Deferred Maintenance section - primarily the governor's deferred maintenance bill with an additional \$24 million. Section 3 is the FY 11 Capital Budget. Section 4 consists of grants to named recipients, to unincorporated entities, and to municipalities. Section 5 is the Cruise Ship Head Tax spending, which contains no new changes. Column 6 is the total.

Mr. Baker referred to page 4 of packet 1, which shows funding changes for specific projects. He highlighted several changes. The Blood Bank of Alaska received \$13 million for a new building in Anchorage, an amount that was omitted in the last CS. There is an additional \$5 million for the University of Alaska engineering facility and design in Anchorage. There is \$2 million for Pipeline Training Center in Fairbanks, in addition to the \$2 million in the previous CS. There is an additional \$10 million for the Port of Anchorage, which brings their total to \$20 million. There is \$9 million for long-term care facility planning for the Alaska Native Tribal Health Consortium. He stated that those were the large additions to the new CS.

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

SB 230 was heard and HELD in Committee for further consideration.

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ADJOURNMENT

The meeting was adjourned at 5:22 PM.