

SENATE FINANCE COMMITTEE  
April 10, 2010  
1:05 p.m.

1:05:27 PM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 1:05 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

George Ascott, Staff, Senator Bill Wielechowski; Ted Leonard, Director, Alaska Industrial Development and Export Authority (AIDEA); Pat Galvin, Commissioner, Department of Revenue; Miles Baker, Staff, Co-Chair Stedman

PRESENT VIA TELECONFERENCE

None

SUMMARY

SB 213 FUNDING FOR SCHOOL MEALS

CSSB 213 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with a new fiscal note by the Department of Education and Early Development.

SB 222 SEX OFFENSES; OFFENDER REGIS.; SENTENCING

CSSB 222 (JUD) was REPORTED out of Committee with a "do pass" recommendation and with zero FN 1 DOA, FN 2 COR, zero FN 3 ADM, zero FN 4 LAW, zero FN 5 CRT, and a new fiscal note by the Department of Public Safety.

SB 292 PAWNBROKERS

CSSB 292 (JUD) was REPORTED out of Committee with a "do pass" recommendation and with FN 1 CED.

SB 294 SPORT FISH GUIDE LICENSES

CSSB 294 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with FN 1 DFG.

SB 300 AIDEA LOANS

CSSB 300 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with three previously published zero fiscal notes: FN 1 CED; FN 2 REV; FN 3 DOT.

HB 10 MUNICIPAL TAXES: COSTS/EXEMPTIONS

SCS CSHB 10 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with a new zero fiscal note by the Department of Commerce, Community and Economic Development.

SB 230 BUDGET: CAPITAL, SUPP. & OTHER APPROPS

CSSB 230 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

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#213

SENATE BILL NO. 213

"An Act providing for funding for school lunch and breakfast."

Co-Chair Stedman began with SB 213. He noted that it was the second hearing on the bill.

Co-Chair Hoffman MOVED to ADOPT the CS for SB 213, labeled 26-LS1301\P, as the working document before the Committee.

Co-Chair Stedman OBJECTED.

GEORGE ASCOTT, STAFF, SENATOR BILL WIELECHOWSKI, explained that Version P was drafted jointly by the drafter and the Department of Education to correct some non-substantive problems noticed by the reviser of statutes in the CS adopted by the Senate Education Committee. The first difference between the CS and the Senate Education Committee version is that this program was removed from AS 14.30 "Pupils and Educational Programs" and moved to AS 14.03 "Public Schools Generally" because AS 14.30 does not contain a definition of "school districts," which could be misinterpreted because Regional Educational Attendance Areas are not always included in the definition of school districts.

Mr. Ascott reported that the changes could be found on page 1, lines 3 and 4 of the draft CS. Additionally, the reviser's instructions found on page 2, lines 10-12, of the Senate Education CS were removed because they no longer applied to the new section.

Mr. Ascott related that a definition of "district" found in AS 14.17.990: "a city or borough school district or a regional educational attendance area," was added. That change can be found on page 2, line 7, of the draft CS.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO further OBJECTION, the adoption of Version P was so ordered.

Co-Chair Stedman requested comments from the bill sponsor.

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Mr. Ascott noted that the legislation was a joint effort between the drafter and the Department of Education. He opined that all problems had been corrected.

Senator Olson asked if the fiscal note would change due to the new CS. Mr. Ascott said there was an error in the fiscal note which has been corrected.

Co-Chair Stedman said that Department of Education and Early Development has submitted a new fiscal note with an increased cost to fund the program. It is now estimated to be \$2,460,600.

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Co-Chair Hoffman MOVED to REPORT CSSB 213 (FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 213 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with a new fiscal note by the Department of Education and Early Development.

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#sb222

SENATE BILL NO. 222

"An Act relating to the crimes of harassment, possession of child pornography, and distribution of indecent material to a minor; relating to suspending imposition of sentence and conditions of probation or parole for certain sex offenses; relating to aggravating factors in sentencing; relating to registration as a sex offender or child kidnapper; amending Rule 16, Alaska Rules of Criminal Procedure; and providing for an effective date."

Co-Chair Stedman noted six fiscal notes: zero FN 1 DOA, FN 2 COR, zero FN 3 ADM, zero FN 4 LAW, zero FN 5 CRT, and a new fiscal note by the Department of Public Safety for \$123,500 in general funds to enhance the data collection system and to hire a one-time criminal justice specialist. He pointed out that the Corrections fiscal note is currently zero, but beginning in FY 12 the department anticipates a need for additional funding to cover the cost of an increase in the numbers of prisoners.

Co-Chair Hoffman MOVED to REPORT CSSB 222 (JUD). There being NO OBJECTION, it was so ordered.

CSSB 222 (JUD) was REPORTED out of Committee with a "do pass" recommendation and with zero FN 1 DOA, FN 2 COR, zero

FN 3 ADM, zero FN 4 LAW, zero FN 5 CRT, and a new fiscal note by the Department of Public Safety.

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#sb292

SENATE BILL NO. 292

"An Act relating to the registration and operation of pawnbrokers and to the exemption for pawnbrokers under the Alaska Small Loans Act; and providing for an effective date."

Co-Chair Stedman inquired if there were any concerns or questions about SB 292.

Co-Chair Hoffman MOVED to REPORT CSSB 292 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 292 (JUD) was REPORTED out of Committee with a "do pass" recommendation and with FN 1 CED.

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#sb294

SENATE BILL NO. 294

"An Act repealing the termination date of the licensing of sport fishing operators and sport fishing guides; and providing for an effective date."

Co-Chair Stedman asked if the Committee had any questions or concerns about SB 294.

Co-Chair Hoffman MOVED to ADOPT the CS for SB 294, labeled 26-LS1546\R, Kane, 4/9/10, as the work draft before the Committee.

Co-Chair Stedman OBJECTED.

Co-Chair Stedman reported that the CS adds a six-year sunset date.

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

Co-Chair Stedman noted one fiscal note from the Department of Fish and Game reflecting the on-going cost of continuing the licensing program at \$437,600 in interagency receipts. Funding currently exists in the FY 11 operating budget.

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Co-Chair Hoffman MOVED to REPORT CSSB 294 (FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 294 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with FN 1 DFG.

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#sb300

SENATE BILL NO. 300

"An Act relating to loan participations and development finance projects of the Alaska Industrial Development and Export Authority; and relating to loans from the rural development initiative fund."

Co-Chair Stedman stated that this was the second hearing on SB 300.

Senator Olson MOVED to ADOPT Amendment 1:

Page 1, line 2 following "Authority"  
Delete"; and relating"

Insert", to the powers of the  
authority, and" Page 1, following  
line 4:

Insert new bill section to read:

"Section 1. AS 44.88.080 is amended by adding a new paragraph to read:

(30) to consider, when exercising the powers listed in this section, the interests of local governments impacted by the authority's activities to share in the benefits of these activities, with appropriate consideration of the authority's ability to meet debt obligations, issue new debt, and fulfill the authority's purposes."

Page 1, line 5: Delete "Section I" Insert "Sec. 2"  
Renumber the following bill sections accordingly.

Co-Chair Stedman OBJECTED.

Senator Olson informed the committee that the last time the bill was heard he stated that he would have a forthcoming amendment.

TED LEONARD, DIRECTOR, ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY (AIDEA), explained that the amendment allows AIDEA the ability to take into account the impact on local governments and share the benefits while protecting their financial interests and obligations to bond holders.

Co-Chair Stedman asked if AIDEA supported the amendment. Mr. Leonard replied that it does.

[1:18:49 PM](#)

PAT GALVIN, COMMISSIONER, DEPARTMENT OF REVENUE, spoke as the chair of the AIDEA Board in support of the amendment.

Co-Chair Stedman WITHDREW his OBJECTION to adopt Amendment 1. There being NO OBJECTION, it was so ordered.

Co-Chair Stedman noted three zero fiscal notes.

Co-Chair Hoffman MOVED to REPORT CSSB 300 (FIN) out of committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSSB 300 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with three previously published zero fiscal notes: FN 1 CED; FN 2 REV; FN 3 DOT.

[1:19:43 PM](#)

#hb10

CS FOR HOUSE BILL NO. 10(FIN)

"An Act authorizing a borough to charge a city for costs of collecting certain taxes; relating to a mandatory exemption from municipal property taxes for residences of certain widows or widowers, and to optional exemptions from municipal property taxes for

property of certain fraternal organizations, for certain college property, and for certain residential property; and providing for an effective date."

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

Senator Egan MOVED to ADOPT Amendment 1:

Page 3, lines 10 - 13:

Delete all material and insert:

"(10) property not exempt under (3) of this subsection that (A) is owned by a private or nonprofit college or university that is accredited by a regional or national accrediting agency recognized by the Council for Higher Education Accreditation or the United States Department of Education, or both; and (B) was subject to a private leasehold, contract, or other private interest on January 1, 2010."

Page 5, lines 2 - 5:

Delete all material and insert:

"(10) property not exempt under (3) of this subsection that (A) is owned by a private or nonprofit college or university that is accredited by a regional or national accrediting agency recognized by the Council for Higher Education Accreditation or the United States Department of Education, or both; and (B) was subject to a private leasehold, contract, or other private interest on January 1, 2010."

Page 6, lines 18 - 23:

Delete all material and insert:

"(10) property not exempt under (3) of this subsection that [(A)] is owned by a private or nonprofit college or university that is accredited by a regional or national accrediting agency recognized by the Council for Higher Education Accreditation or the United States Department of Education, or both, except that a private leasehold, contract, or other interest in the property is taxable to the extent of the private interest [; and (B) WAS SUBJECT TO A PRIVATE

LEASEHOLD, CONTRACT, OR OTHER PRIVATE INTEREST ON  
JANUARY 1, 2010]."

Co-Chair Stedman OBJECTED.

Senator Egan explained that the amendment tightens up the private university portion of the bill. With the amendment, the bill fixes a problem that exists and makes sure a new lease does not qualify for the exemption. The sponsor, Alaska Pacific University (APU), and the mayor's office have no opposition to the amendment.

Senator Olson asked if APU was in favor. Senator Egan said it was.

Co-Chair Stedman WITHDREW his OBJECTION to Amendment 1. There being NO OBJECTION, it was so ordered.

Co-Chair Stedman noted fiscal notes.

[1:21:29 PM](#)

Co-Chair Hoffman MOVED to REPORT SCS CSHB 10 out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

SCS CSHB 10 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with a new zero fiscal note by the Department of Commerce, Community and Economic Development.

AT-EASE [1:21:59 PM](#)

RECONVENED [6:43:31 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."

[6:43:51 PM](#)

Co-Chair Stedman announced that it was the committee's third hearing on the capital budget. It was first heard on April 9. All amendments were incorporated into the new committee substitute (CS).

Co-Chair Hoffman MOVED to ADOPT CSSB 230 (FIN), labeled 26-GS2824\P, Kane, 4/10/10, as the working document before the committee.

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MILES BAKER, STAFF, CO-CHAIR STEDMAN, pointed out that there are two packets that accompanying Version P of the capital budget. The first packet shows the changes made to the CS. Column 1 is the previous CS. Columns 2, 3, and 4 show net changes from the previous CS. Column 2 is capital project changes, column 3 is \$50 million transferred to the renewable energy fund and gives AEA the authority to issue those grants. Column 4 is the biggest change, new Sections 16, 17, and 18, which add \$380 million of GO bond-funded state education and research projects. The total of the first four columns represents the total spending in Version P. Column 6 is the governor's spending and column 7 is the delta between the governor's spending and Version P.

Mr. Baker reported on the second packet which shows project changes, the bulk of columns 2, 3, and 4 in the first packet. He pointed out change locations. The renewable energy grant change is on page 18, line 20. On page 132, Section 20C is a new section of \$2.4 million appropriated from the general fund to the emerging energy technology fund as proposed in SB 220. There is corresponding contingency language on page 147, Section 49, which makes the \$2.4 million contingent on the passage of SB 220. He understood that there was a federal fund match.

Mr. Baker noted the UAA Engineering facility planning and design money of \$5 million was omitted in the last CS. It is now in Version P on page 52. Also added in on page 52 is the UAF Life Sciences classroom for \$20.6 million in University Revenue Bonds that will be used to match \$88 million of general obligation bonds.

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

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Co-Chair Hoffman MOVED to REPORT CSSB 230 (FIN) out of Committee with individual recommendations. There being NO OBJECTION, it was so ordered.

CSSB 230 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

Co-Chair Stedman thanked his staff and Legislative Finance's staff for their work on the budget.

#  
ADJOURNMENT

The meeting was adjourned at 6:51 PM.