

SENATE FINANCE COMMITTEE
April 12, 2010
9:13 a.m.

[9:13:12 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:13 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

Representative Bryce Edgmon, Sponsor; Representative Beth Kerttula, Sponsor; Mindy Lobaugh, Juneau; Representative Wes Keller, Sponsor; Greg Winegar, Director, Division of Investments, Department of Commerce, Community and Economic Development; Pete Ecklund, Staff, Representative Bill Thomas

PRESENT VIA TELECONFERENCE

Monty Gates, Penn Airways; Danny Seybert, President, Peninsula Airways; Mark Palmer, Ocean Beauty Seafoods; Mary McDowell, Vice President, Pacific Seafood Processors Association

SUMMARY

SB 174 PROF STUDENT EXCHANGE LOAN FORGIVENESS

CSSB 174 (FIN) was REPORTED out of Committee with no recommendation and with a new fiscal note by Department of Education and Early Development and a new fiscal note by the University.

HB 20 FISHERIES LOANS: ENERGY EFFICIENCY/AMOUNT

HB 20 was heard and HELD in Committee for further consideration.

HB 344 SALMON PRODUCT DEVELOP. TAX CREDIT

HB 344 was heard and HELD in Committee for further consideration.

HB 52 POST-TRIAL JUROR COUNSELING

HB 52 was heard and HELD in Committee for further consideration.

HB 354 AK CAPSTONE AVIONICS REVOLVING LOAN FUND

HB 354 was heard and HELD in Committee for further consideration.

[9:13:30 AM](#)

SENATE BILL NO. 174

"An Act relating to professional student exchange program availability and conditions for loan forgiveness."

[9:14:20 AM](#)

Co-Chair Hoffman MOVE to ADOPT the CS for SB 174, labeled 26-LS0764\D, as the working document.

Co-Chair Stedman OBJECTED. He said that Section 11, which referenced loan repayments under the Washington, Alaska, Montana, Idaho (WAMI) Program, had been deleted from the bill.

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

Co-Chair Stedman noted two new fiscal notes. One is from the Department of Education and Early Development for the Alaska Commission on Post-Secondary Education, which reflects the cost of funding the AlaskAdvantage Scholarship Program and the new students in the Western Interstate Commission for Higher Education Program (WICHE), for \$11,700,000 in general funds. There is also one fiscal note from the University reflecting the general fund cost of the program for FY 11 at \$7,732,000.

[9:15:33 AM](#)

Senator Thomas shared a concern shared by the administration about the idea of structuring curriculum changes. He wished to have more merit-based components in the bill.

AT-EASE [9:16:41 AM](#)

RECONVENED [9:19:16 AM](#)

Co-Chair Hoffman MOVED to REPORT CSSB 174 (FIN) out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSSB 174 (FIN) CSSB 174 (FIN) was REPORTED out of Committee with no recommendation and with a new fiscal note by the Department of Education and Early Development and a new fiscal note by the University.

#hb20

CS FOR HOUSE BILL NO. 20(FIN)

"An Act relating to commercial fishing loans for energy efficiency upgrades and increasing the maximum amount for certain loans under the Commercial Fishing Loan Act; and providing for an effective date."

Co-Chair Hoffman MOVED to ADOPT the SCS for CS for HB 20, labeled 26-LS0124\T, Kane, 4/8/10, as the working document before the committee.

Co-Chair Stedman OBJECTED. He related that Version T limits the loans to engines and generators only.

Co-Chair Stedman WITHDREW his OBJECTION. He noted that the SCS amends the title and will require a concurrent resolution.

[9:21:00 AM](#)

REPRESENTATIVE BRYCE EDGMON, SPONSOR, explained the bill. He said the bill puts the Engine Efficiency Loan Program created in 2008 into statute and broadens the pool of eligible fishers who can participate. He explained that the bill pertains to Sections A and B of the Commercial Fishing Loan Act. It allows for low interest rate loans for vessel upgrades. He added that the bill relies on proceeds from the fund itself and requires no general fund dollars. The Division of Investments says it is possible that an additional position would be required, but it would be funded by program receipts or by the commercial fishery revolving fund.

Co-Chair Stedman noted that it was the first hearing on the bill. He highlighted one fiscal note from the Department of Commerce, Community, and Economic Development.

Co-Chair Stedman pointed out that page 2, line 4, would need a correction. He wanted to be sure the entire generator would be included where it states "for propulsion engine or generator engine". Representative Edgmon said he would support that correction.

[9:24:19 AM](#)

Senator Olson asked about the eligibility of out-of-state permit holders. Representative Edgmon noted two requirements; Alaska residency for two years, and demonstration of participation in a commercial fishery for two out of the last five years.

HB 20 was heard and HELD in Committee for further consideration.

[9:26:03 AM](#)

#hb52

HOUSE BILL NO. 52

"An Act authorizing psychological counseling for jurors serving in criminal trials who are traumatized by graphic evidence or testimony."

REPRESENTATIVE BETH KERTTULA, SPONSOR, explained that the bill was proposed as a result of a very courageous constituent and her involvement as a juror in a very traumatic court case. Representative Kerttula explained the process of trying to find counseling for jurors who have experienced trauma. She concluded that legislation would be the best course of action. She reported that she has worked with the courts to come up with a plan for counseling if a judge feels the trial was a particularly gruesome, difficult case.

Senator Olson asked if other states have this type of legislation. Representative Kerttula shared that Texas has legislation pending, but has not implemented it yet. King County also has a juror counseling program.

Co-Chair Stedman noted a fiscal note for \$15,000 in general funds.

[9:28:39 AM](#)

MINDY LOBAUGH, JUNEAU, read a prepared statement:

Mr. Chairman and members of the committee, thank you for this opportunity and all you do for the State of Alaska.

This bill represents a bridge, a bridge that I and many other jurors did not have at the end of a very traumatic trial. You arrive at the courthouse, given detailed instruction of what is expected of you as a juror and how the process of a trial works. What the court system does not do is transition the juror out of the trial. It is not uncommon to have major criminal trials run for many days.

I served as a juror on the Rachelle Waterman trial 4 years ago and it lasted approximately 10 days. For me I arrived open and ready to do my civic duty as a Juror. And for 10 days prosecutors went into excruciating detail to help the jurors relive the events of an unsuspecting Mother getting abducted from her home, tortured and finally murdered.

It was then our duty as jurors to determine if the defendant, her daughter was guilty of masterminding this tragedy against her own mother, a woman who was a

pillar of her community. By the end of the trial I left there as a victim feeling closed, mentally battered and very traumatized by the burden of knowledge I now carried.

I am here to tell you the media does not even come close to covering the depth of this trial. As jurors we had access to piles of emails detailing out various ways these men planned to kill the mother, in addition to physical evidence, photographs and of course the hours of testimony.

For quite some time during and following that trial eating for me was a near impossibility because of the constant nausea I felt. To my friends and family I became a stranger...and each night I prayed myself to sleep.

One of my fellow jury mates was pregnant with her second child. She had shared her excitement and ultrasound pictures with us early on. By the end of the trial she lost her baby and had to be excused from the trial.

When this trial finally ended, with a hung jury, I turned to the presiding judge and ask if the courts offer some kind of counseling or process to help jurors deal with all this traumatizing information and help to transition us back to our lives? The answer was NO.

For me it was like having a door slammed in my face. There would be no help in transitioning back to my life before this trial, no bridge. Rather I would have to move forward with this dark knowledge deeply entrenched in my mind and the minds of my fellow jurors. And I will never forget the feeling and look of disappointment and confusion in my fellow jurors as we wondered how we would come to terms with this trial. It was at this point I felt the court system had failed me as a juror doing my civic duty.

Mr. Chairman, members of the committee, please help me to build this bridge by supporting HB 52 Post Trial Jury Counseling. I may not have found closure with respects to this trial, but maybe you can help build that bridge for future Jurors doing their civic duty by passing HB 52.

Representative Kerttula commented on personal experiences as a lawyer and cases of traumatized jurors. She related the importance of the bill.

HB 52 was heard and HELD in Committee for further consideration.

[9:33:13 AM](#)

#hb354

HOUSE BILL NO. 354

"An Act relating to eligibility for loans from the Alaska capstone avionics revolving loan fund."

REPRESENTATIVE WES KELLER, SPONSOR, explained that HB 354 upgrades the Capstone Avionic Loan Program to include aircraft operators in Alaska that lease their aircraft. He spoke highly of the Capstone Program. He related that the two pilot programs had had great success in decreasing the number of accidents by 40 percent. The FAA covered the majority of the cost of the program. The state's part was to get aircraft in the air with the equipment in place.

[9:35:53 AM](#)

Senator Thomas understood that the bill would help leased planes in commercial operations. Representative Keller agreed. He explained that the cost to private pilots would be extreme, so this legislation would affect commercial operations.

Senator Olson asked how many of the loans were delinquent. Representative Keller didn't know.

Senator Olson recognized that the thrust of the bill was for leased aircraft. He wondered what happens to the Capstone equipment if the aircraft was leased from outside the state and was returned to another state. Representative Keller replied that it would stay with the airplane, but the debt would remain with the company that owned it. Senator Olson summarized that that the avionics would stay with the plane when it left the state. Representative Keller offered to find out.

[9:38:27 AM](#)

Co-Chair Stedman noted one zero fiscal note from the Department of Commerce, Community, and Economic Development.

GREG WINEGAR, DIRECTOR, DIVISION OF INVESTMENTS, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, addressed Senator Olson's question and reported that the delinquency rate on the loan program is zero.

Co-Chair Stedman asked how many loans have been made and when the program began. Mr. Winegar reported that the program began in 2008 and a total of nine loans have been made totaling about \$613,000. There are currently five loans on the books.

Co-Chair Stedman asked if the program was successful. Mr. Winegar thought it was. Co-Chair Stedman asked if the department supported the bill. Mr. Winegar said it did.

[9:40:15 AM](#)

MONTY GATES, PENNINSULA AIRWAYS (via teleconference), spoke in support of HB 354.

DANNY SEYBERT, PRESIDENT, PENINSULA AIRWAYS (via teleconference), spoke of the need for the Capstone system for flying in the Aleutians. He testified in favor of the lease option.

Senator Olson commented that Capstone has shown its effectiveness in decreasing the number of accidents and air carriers are definitely in favor of it.

Representative Keller noted the FAA has projected that the death rates from flying will decrease by 33 percent with this system in place.

HB 354 was heard and HELD in Committee for further consideration.

[9:43:21 AM](#)

#hb344

CS FOR HOUSE BILL NO. 344(FIN)

"An Act relating to the salmon product development tax credit; and providing for an effective date by

amending an effective date in sec. 7, ch. 57, SLA 2003, as amended by sec. 4, ch. 3, SLA 2006, and by sec. 4, ch. 8, SLA 2008."

PETE ECKLUND, STAFF, REPRESENTATIVE BILL THOMAS, explained the bill. He related that the salmon product development tax credit is an incentive to add value to Alaska salmon in Alaska. It originated with the salmon industry task force in 2002 and was one of the key bills to come out of that effort. It was put into law in 2003. At the time, market conditions were very poor and there was a lot of competition from farmed salmon. The credit allows processors to claim up to 50 percent of the cost of a qualified investment against their fisheries business tax. The taxpayer has four years to claim the credit and can deduct 50 percent of their annual tax bill until the credit is satisfied.

Mr. Ecklund listed the qualifying equipment: filet machine, pin bone machines, glazing and smoking equipment, roe equipment, and ice making systems. The equipment must be new, predominantly used for salmon, and used for making value-added products.

Mr. Ecklund related the positive outcomes of the bill. The bill would extend the program to 2015. He stressed the immediate need to extend the program in order for the industry to continue long-range investment planning.

[9:45:56 AM](#)

Senator Huggins noted the title of the bill said "salmon product". He asked if the bill applies to all fish. Mr. Ecklund said it only applies to salmon.

Co-Chair Stedman noted one zero fiscal note from the Department of Revenue.

MARK PALMER, OCEAN BEAUTY SEAFOODS (via teleconference), spoke in support of the bill. He spoke of the success of the program and future plans for his company.

[9:49:00 AM](#)

Co-Chair Stedman pointed out residual effects of the credit.

MARY MCDOWELL, VICE PRESIDENT, PACIFIC SEAFOOD PROCESSORS ASSOCIATION (via teleconference), testified strongly in favor of the bill. She added that the tax credit only covers a portion of the expense of equipment, not marketing and other costs. It does provide an economic incentive.

HB 344 was heard and HELD in Committee for further consideration.

ADJOURNMENT

The meeting was adjourned at 9:51 AM.