

SENATE FINANCE COMMITTEE
April 13, 2010
9:37 a.m.

[9:37:22 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:37 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; Peter Ecklund, Staff, Representative Bill Thomas, Sponsor; Hannah McCarty, Staff, Representative Beth Kerttula, Sponsor; Representative Wes Keller, Sponsor; Matt Johnson, Staff, Representative Wes Keller, Sponsor; Senator John Coghill, Sponsor; Representative Bob Herron, sponsor; William Streur, Deputy Commissioner, Division of Health Care Services, Department of Health and Social Services; Wilda Laughlin, Legislative Liaison, Department of Health and Social Services; Chris Rose, Executive Director, Renewable Energy Alaska (REAP); Steve Haagenson, Executive Director, Alaska Energy Authority; Representative Jay Ramras, Sponsor; Representative Mike Kelly, Sponsor; Derek Miller, Staff, Representative Mike Kelly; Gary Marbut, Shooting Sports Association, Montana; Representative Mike Hawker, Sponsor; Dan Boone, Juneau

PRESENT VIA TELECONFERENCE

Dr. Frank Sacco, Alaska Trauma Systems Review Commission;
Brian Bjorkquist, Senior Assistant Attorney General, Labor
and State Affairs Section, Department of Law; Kathy
Monfreda, Chief, Criminal Records and Identification
Bureau, Division of Statewide Services, Department of
Public Safety

SUMMARY

HB 20 FISHERIES LOANS: ENERGY EFFICIENCY/AMOUNT

SCS CSHB 20 (FIN) was REPORTED out of Committee
with a "do pass" recommendation and with
previously published FN 2 CED.

HB 344 SALMON PRODUCT DEVELOP. TAX CREDIT

CSHB 344 (FIN) was REPORTED out of Committee with
a "do pass" recommendation and with previously
published FN 2 REV.

HB 52 POST-TRIAL JUROR COUNSELING

HB 52 was REPORTED out of Committee with a "do
pass" recommendation and with previously
published FN 1 CRT.

HB 354 AK CAPSTONE AVIONICS REVOLVING LOAN FUND

HB 354 was REPORTED out of Committee with a "do
pass" recommendation and with previously
published zero FN 1 CED.

HB 168 TRAUMA CARE CENTERS/FUND

HB 168 was heard and HELD in Committee for
further consideration.

HB 306 STATE ENERGY POLICY

HB 306 was heard and HELD in Committee for
further consideration.

HB 114 USE STATE TRANS FACILITY FOR DISASTER AID

HB 114 was heard and HELD in Committee for
further consideration.

HB 186 AK FIREARMS EXEMPT FROM FED. REGULATION

HB 186 was heard and HELD in Committee for further consideration.

HB 319 FIREARMS

HB 319 was heard and HELD in Committee for further consideration.

HB 315 PUBLIC ACCOUNTING

HB 315 was scheduled but not heard.

[9:37:37 AM](#)

#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 Stedman related that this was the second hearing on HB 20. He noted one previously published fiscal note.

[9:39:36 AM](#)

REPRESENTATIVE BRYCE EDGMON, SPONSOR, addressed a question brought up from the previous meeting regarding the definition of engines and generators. He related that he had checked with the Division of Investments director and discovered that generators are sufficiently covered in terms of the statutory language in the bill.

Co-Chair Hoffman MOVED to report SCS CSHB 20 (FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SCS CSHB 20 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with previously published FN 2 CED.

[9:40:33 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."

Co-Chair Stedman said it was the second hearing on the bill. He noted one fiscal note from the Department of Revenue.

PETER ECKLUND, STAFF, REPRESENTATIVE BILL THOMAS, SPONSOR, thanked the committee for hearing the bill.

Co-Chair Stedman requested a summary of the bill.

Mr. Ecklund stated that the bill proposes to extend the existing salmon product development tax credit four years, from 2011 to 2015. The tax credit would give 50 percent tax credit for a qualified investment for value-added equipment to add value to salmon products. Fish processors could deduct 50 percent of their fisheries business tax against the tax credit. There is also a change that adds to existing statute that ice machines would also qualify for the tax credit.

Co-Chair Hoffman MOVED to report CSHB 344 (FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHB 344 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with previously published FN 2 REV.

[9:42:27 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."

Co-Chair Stedman said it was the second hearing on the bill. He noted one fiscal note for \$15,000 in general funds.

HANNAH MCCARTY, STAFF, REPRESENTATIVE BETH KERTTULA, SPONSOR, reviewed the purpose of HB 52. The bill would allow for up to ten hours of counseling for a juror who experiences a trial that is excessively graphic, gruesome, or has emotional testimony or evidence.

Co-Chair Hoffman MOVED to report HB 523 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 52 was REPORTED out of Committee with a "do pass" recommendation and with previously published FN 1 CRT.

[9:43:59 AM](#)

#hb354

HOUSE BILL NO. 354

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

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

REPRESENTATIVE WES KELLER, SPONSOR, summarized HB 354. The bill changes the eligibility for funds so that those who lease an aircraft can also qualify to use the loan to equip their airplane.

MATT JOHNSON, STAFF, REPRESENTATIVE WES KELLER, SPONSOR, addressed a previous concern about Capstone avionics placed in an aircraft that leaves the state. There is a provision that allows 120 days to pay the loan in full, to re-up the lease, or purchase the aircraft.

[9:46:36 AM](#)

Senator Olson asked who was taking advantage of the Capstone loan. Representative Keller did not know.

Co-Chair Hoffman MOVED to REPORT HB 354 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 354 was REPORTED out of Committee with a "do pass" recommendation and with previously published zero FN 1 CED.

[9:47:35 AM](#)

#hb168

CS FOR HOUSE BILL NO. 168(FIN)

"An Act relating to state certification and designation of trauma centers; creating the trauma care fund to offset trauma care provided at certified and designated trauma centers; and providing for an effective date."

Co-Chair Stedman noted the committee heard the companion bill, SB 168 on March 10.

SENATOR JOHN COGHILL, SPONSOR, said the sponsor from the House would explain the bill.

REPRESENTATIVE BOB HERRON, SPONSOR, related that HB 168 would create a trauma care fund which could reimburse trauma centers for uncompensated or undercompensated services and create incentives for becoming a certified trauma center.

Senator Coghill related the purpose of the bill to give incentives to hospitals to raise their level of designation for trauma. The request is for \$2.5 million and the authorization to go after disproportionate share money. He spoke of a 50 percent match. He said the approach is incentive driven, which works best in Alaska.

[9:50:54 AM](#)

Senator Ellis MOVED to ADOPT Amendment 1:

Page 1, line 13

Following "AS 18.08.082(c)" insert "that is a higher level than a designation received by the center in the preceding fiscal year."

Co-Chair Stedman OBJECTED for discussion purposes.

Senator Ellis voiced support for the bill. He explained the amendment would require hospitals to show improvement in the level of trauma care to be eligible for the funds.

Co-Chair Stedman asked if the bill sponsor was supportive of the amendment. Senator Coghill said he was.

Senator Thomas understood that there was a professional organization that designates the various levels of trauma care. Senator Coghill explained that it is a national organization that entails a rigorous examination and review.

[9:53:06 AM](#)

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

Co-Chair Stedman reviewed the two zero fiscal notes, one from the Department of Health and Social Services and one from the Department of Revenue. There is also one fiscal note from the House Finance Committee reflecting the need for \$2.5 million in general funds to match \$2.5 million from federal funds.

WILLIAM STREUR, DEPUTY COMMISSIONER, DIVISION OF HEALTH CARE SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, introduced himself.

WILDA LAUGHLIN, LEGISLATIVE LIAISON, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, reported that the department supports the legislation, but is neutral on the fiscal note.

[9:55:42 AM](#)

DR. FRANK SACCO, ALASKA TRAUMA SYSTEMS REVIEW COMMISSION (via teleconference), shared information about the Alaska Trauma System. He said that trauma is a huge problem in Alaska and is the number two cause of death. Alaska has the second highest trauma rate in the country. Evidence shows that trauma centers decrease mortality by 15 to 25 percent for those seriously injured. A review of trauma care in Alaska by the College of Surgeons shows that Alaska is behind other states and is the only state without a level two trauma center that serves the majority of the population. The report suggested ways to improve and some

of those changes have been made. Having an incentive for hospitals not currently participating will improve care and improve outcomes. The bill will provide the means for an incentive. Other states have mandated this program. He concluded that 40 to 50 lives a year can be saved by this program.

Senator Olson commented that the bill goes a long ways toward improving health care in rural Alaska. He agreed that a number of lives would be saved.

[9:59:09 AM](#)

Senator Coghill reported that a lot has been invested in EMS Systems and First Responders; however, there is a great need for trauma systems in hospitals. He stressed that the bill is one step in the process and would bring consistency to trauma care and contribute to preventative care.

HB 168 was heard and HELD in Committee for further consideration.

[10:01:35 AM](#)

#hb306

CS FOR HOUSE BILL NO. 306(RES)

"An Act declaring a state energy policy."

Representative Bryce Edgmon, Sponsor, explained that the bill would create a statewide energy policy. The bill is a product of a working group from the energy sector of Alaska. It ties together all the facets of energy moving forward in the 21st Century, including conservation, efficiency, renewable and non-renewable energy, and community-level involvement. The bill addresses the fact that Alaska is a resource development state and energy is tied to economic development. He pointed out the legislative intent language in the bill. The bill passed the House unanimously and has a zero fiscal note.

Co-Chair Stedman noted one zero fiscal note by the House Energy Committee.

[10:04:51 AM](#)

CHRIS ROSE, EXECUTIVE DIRECTOR, RENEWABLE ENERGY ALASKA PROJECT (REAP), testified in support of HB 306. He

explained the process of working on the bill and how consensus was attained. He stressed the importance of the bill due to the fact that the state does not have an energy policy. The goal of the bill was to provide a framework or vision in which to put strategic goals. Those goals can be implemented through projects. He listed the benefits of the bill, which promotes both renewable and non-renewable alternative fuels. Energy efficiency and conservation is foremost. The bill also supports training and workforce development and works on coordinating government functions so that the goals can be efficiently implemented.

[10:07:48 AM](#)

STEVE HAAGENSON, EXECUTIVE DIRECTOR, ALASKA ENERGY AUTHORITY, testified in favor of HB 306.

Co-Chair Stedman pointed out that the bill targets 50 percent of the state's electrical generation to be from renewable energy sources by 2025. He questioned where the state currently is and how that goal might be attained.

Mr. Haagenson reported that the state is currently at 24 percent energy from renewable sources, including hydro electricity. He stated that it was a realistic goal. He talked about the Railbelt's renewable resource plan.

Co-Chair Stedman commented that there was currently \$10 million in the capital budget for hydro electric projects. Mr. Haagenson agreed. He added that there is a goal to develop renewable energy plans for each community in Alaska, not just Southeast and the Railbelt.

[10:11:19 AM](#)

Co-Chair Stedman asked if there had been much integration with the idea of a bullet line or a major gas line and gas-fired electric turbines. Mr. Haagenson responded with information on natural gas energy in the Railbelt. He noted that the bill does not include bullet lines or pipelines.

Senator Thomas requested further explanation of the 24 percent. Mr. Haagenson state that only .3 percent is non-hydro; the majority is hydro-driven.

BRIAN BJORKQUIST, SENIOR ASSISTANT ATTORNEY GENERAL, LABOR AND STATE AFFAIRS SECTION, DEPARTMENT OF LAW (via teleconference), introduced himself.

Co-Chair Stedman asked what exposure Alaska has if the 50 percent goal is not met by 2025. Mr. Bjorkquist reported that that information is found in Section 1 of the bill, which is part of the legislative intent. If the state did not meet that goal, there isn't a statutory mandate or liability that could arise. The legislative intent would not have been met and the consequences would be political, rather than legal in nature.

Mr. Bjorkquist made two additional comments. He said on page 3, line 22, the word "national" is problematic. He suggested deleting that word, otherwise the word may impose upon the state an obligation to meet federal targets.

Mr. Bjorkquist addressed the goal of 50 percent. He suggested it could be used to suggest that the policy points would affect litigation. He suggested codifying it in order to prevent unintended consequences.

[10:16:51 AM](#)

Senator Thomas asked about national issues and its affect throughout the bill. He cited page 2, lines 15 and 16 as an example. Mr. Bjorkquist concurred. He said that obligations could cross over to other state agencies and be unintended consequences.

HB 306 was heard and HELD in Committee for further consideration.

[10:18:20 AM](#)

#hb114

CS FOR HOUSE BILL NO. 114(TRA) am

"An Act relating to availability of state transportation facilities and state-owned or state-operated transportation modes for delivering compassionate aid."

Co-Chair Stedman noted it was the first hearing on the bill.

REPRESENTATIVE JAY RAMRAS, SPONSOR, explained the content of HB 114. The need for the legislation came out of an economic disaster in Western Alaska. He shared problems experienced when trying to move food and aid to the villages. The bill "passionate aid" would allow, at the governor's discretion, the use of state transportation to transport food and aid. He noted a zero fiscal note. He shared his involvement with delivering food to the sites.

[10:21:43 AM](#)

Senator Olson commented about how frustrating it was during the crisis. He spoke strongly in favor of the bill.

Senator Huggins thanked Representative Ramras for his work on the bill.

Representative Ramras thanked the committee. He shared the need to address and prevent future situations in rural Alaska.

[10:23:44 AM](#)

Co-Chair Stedman commented that the state must respond to citizens' needs in every way possible. He opined that there was a need to put into statute what once would have been an automatic response. Representative Ramras reported that he was told in a House caucus that it would be against the law to use state assets to move food to a place in need. He said that HB 114 was the emotional response to that statement.

Co-Chair Stedman noted four zero fiscal notes. He stressed that the state must respond to its citizens.

Senator Olson suggested passing the bill out today.

HB 114 was heard and HELD in Committee for further consideration.

[10:26:31 AM](#)

#hb186

CS FOR HOUSE BILL NO. 186(FIN) am

"An Act declaring that certain firearms and accessories are exempt from federal regulation."

Co-Chair Hoffman noted it was the first hearing of the bill.

REPRESENTATIVE MIKE KELLY, SPONSOR, reported that the bill would allow firearms built in Alaska for use in Alaska not be subject to federal regulations and would permit the Attorney General to protect anyone who engages in the production of firearms in Alaska from federal interference. He thought the bill could cause problems at the federal level, but he believed it shouldn't.

[10:28:10 AM](#)

DEREK MILLER, STAFF, REPRESENTATIVE MIKE KELLY, shared the sectional analysis. Section 1 is a findings section declaring the authority of the Act to be the Second, Ninth, and Tenth Amendments to the Constitution of the United States. Section 2 is the Alaska Firearm Freedom Act as stated in the bill. It declares that a personal firearm, a firearm accessory, or ammunition that is manufactured commercially or privately in Alaska and that remains in the state is not subject to federal law or regulation.

Co-Chair Hoffman noted an indeterminate fiscal note from the Department of Law.

[10:30:29 AM](#)

GARY MARBUT, SHOOTING SPORTS ASSOCIATION, MONTANA, explained that he wrote the Firearms Freedom Act and seven states now have this law. It has been introduced in 20 other states. It is a states' rights challenge to federal commerce clause authority. He spoke about the economic impact of this legislation to Alaskans. He suggested there would be no litigation from the federal government. There is currently private litigation regarding the legislation in Montana. He said that the purpose of the legislation is to challenge the federal government and overturn the commerce clause precedent.

[10:33:24 AM](#)

Senator Huggins asked which categories of firearms would qualify under the bill. He wondered if the Kodiak Company that markets bullets nationally would qualify. Mr. Marbut stated that existing manufacturers must have federal firearms licenses and would not avail themselves of this

legislation. He gave an example of smaller, local shops that would qualify.

Senator Huggins asked if two examples of hypothetical guns would qualify. Mr. Marbut said the first example would not, but the second one would. Only an Alaska-made gun would qualify.

Senator Olson asked if handguns are included in the bill. Mr. Marbut said they were.

HB 186 was heard and HELD in Committee for further consideration.

[10:37:11 AM](#)

#hb319

CS FOR HOUSE BILL NO. 319(FIN)

"An Act relating to firearms; and providing for an effective date."

REPRESENTATIVE MIKE HAWKER, SPONSOR, reported on HB 319. He termed it a housekeeping bill. Its purpose is to protect Alaskan's citizens' rights to own and possess firearms. He acknowledged Senator Coghill's participation in the legislation. He explained the concealed handgun carry permit. The bill clarifies that a permit does not have to be surrendered when it expires or when a permit holder moves out of the state. It also clarifies that an expired permit can be displayed as long as the permit holder is not claiming that it is a valid permit.

[10:40:29 AM](#)

Representative Hawker continued to explain that HB 319 requires the Department of Public Safety to mail a notice to the permit holder at least 90 days prior to the expiration of a permit. It also allows the Department of Public Safety to use electronic applications and post the regulations and statutes on its website, instead of providing paper copies.

[10:42:09 AM](#)

Representative Hawker related that the bill also requires the chief law enforcement officer (CLEO) in Alaska jurisdictions to complete, in a timely manner, the required

certification on an application to the Bureau of Alcohol Tobacco, Firearms and Explosives (BATFE) for approval to transfer a firearm registered under the National Firearms Act (NFA) of 1934 to a person who is qualified under state law to possess the firearm. The CLEO certification is a mandatory step in the BATFE transfer process and unjustified delays in processing or refusal to cooperate compromise Second Amendment rights.

[10:45:35 AM](#)

Representative Hawker read the CLEO certification:

I have no information indicating the transferee will use the firearm or device described in this application for other than lawful purposes. I have no information that the receipt or possession of the firearm or device described in this document would place the transferee in violation of a state or local law.

Representative Hawker voiced concern about a CLEO officer abusing the transfer process. The bill would place a duty upon CLEO's to execute the forms. Execute means exercising judgment, in this case. He stressed that the legislation is important to improving rights for citizens.

[10:48:19 AM](#)

Co-Chair Stedman noted two zero fiscal notes, one from the Department of Public Safety and one from the Department of Law.

DAN BOONE, JUNEAU, testified in support of HB 319. He shared his experience with a CLEO not signing an application, therefore putting a heavy burden on beneficiaries of an estate. He also shared his thoughts from the perspective of a small firearms business. He spoke strongly in favor of the legislation.

[10:51:53 AM](#)

KATHY MONFREDA, CHIEF, CRIMINAL RECORDS AND IDENTIFICATION BUREAU, DIVISION OF STATEWIDE SERVICES, DEPARTMENT OF PUBLIC SAFETY (via teleconference), stated support for the bill. However, she cautioned that the measure could jeopardize reciprocity with other states.

Senator Huggins reported hearing a lot of concern about the subject. He recalled Representative Foster's favorable opinion of this type of legislation.

Representative Hawker addressed the Department of Public Safety's concern about reciprocity. He reported that conversations with other states have shown that there is not a problem. He believed the core issue was state residency. To have a concealed weapon permit, a person is not mandated to be an Alaska state resident. A person must be a state resident to acquire the license in Alaska and can maintain it when moving around the country. In particular, he mentioned Colorado as a state about which there had been department concerns. He stated that he had no anxiety about reciprocity.

HB 319 was heard and HELD in Committee for further consideration.

#hb315

HOUSE BILL NO. 315

"An Act relating to public accounting; and providing for an effective date."

HB 315 was scheduled but not heard.

#

ADJOURNMENT

The meeting was adjourned at 10:55 AM.