

SENATE FINANCE COMMITTEE
April 16, 2010
9:15 a.m.

[9:15:41 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:15 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

Darwin Peterson, Staff, Co-Chair Stedman; Senator Lesil McGuire, Sponsor; Senator John Coghill, Sponsor; Ward Hurlburt, Chief Medical Officer, Division of Public Health, Department of Health and Social Services; James Ellis, Staff, Representative Mark Neuman; Representative Tammie Wilson; Liz Clement, Staff, Representative Bob Herron; Representative Bob Lynn, Sponsor; Representative Anna Fairclough, Sponsor; Panu Lucier, Executive Director, Friends of the Alaska Children's Trust & Alaska Children's Trust; Conrad Jackson, Staff, Representative Kurt Olson; Representative Les Gara, Sponsor; Allison Elgee, Assistant Commissioner, Department of Health and Social Services; Mike Lesman, Office of Children's Services, Department of Health and Social Services

PRESENT VIA TELECONFERENCE

Susie Koklich, Alaska State Fire Fighters Association,
Valdez; Whitney Brewster, Department of Motor Vehicles,
Department of Administration

SUMMARY

SB 309 GAS EXPLORATION\DEVELOPMENT TAX CREDIT

CSSB 309 (FIN) was REPORTED out of Committee with a "do pass" recommendation, with indeterminate FN 1 REV, and with a new zero fiscal note by the Department of Natural Resources.

HB 168 TRAUMA CARE CENTERS/FUND

SCS HB 168 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with previously published zero FN 2 REV and a new zero fiscal note by the Department of Health and Social Services.

HCR 22 ALASKA NORTHERN WATERS TASK FORCE

CS HCR 22 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with previously published FN 2 LEG.

HB 294 USE, REGULATION, AND OPERATION OF BOATS

CSHB 294 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with previously published FN 1 DNR.

HB 342 EXTEND BOARD OF REAL ESTATE APPRAISERS

HB 342 was REPORTED out of Committee with a "do pass" recommendation and with previously published FN 1 CED.

HB 376 EXTEND BD OF PSYCHOLOGIST & PSYCH. ASSOC.

HB 376 was REPORTED out of Committee with a "do pass" recommendation and with previously published FN 1 CED.

HB 73 FIREFIGHTER/EMT LICENSE PLATES

HB 73 was heard and HELD in Committee for further consideration.

HB 190 CHILDREN'S TRUST

HB 190 was heard and HELD in Committee for further consideration.

HB 416 PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS

HB 416 was heard and HELD in Committee for further consideration.

HB 126 EXTEND/RESUME STATE CUSTODY OF CHILDREN

HB 126 was postponed until the afternoon meeting.

HB 184 DEBT AUTHORIZATION FOR UNIVERSITY

HB 184 was scheduled but not heard.

[9:16:00 AM](#)

#sb309

SENATE BILL NO. 309

"An Act amending and extending the exploration and development incentive tax credit under the Alaska Net Income Tax Act for operators and working interest owners directly engaged in the exploration for and development of gas from a lease or property in the state; providing for an effective date by amending the effective date for sec. 2, ch. 61, SLA 2003; and providing for an effective date."

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

[9:18:12 AM](#)

Co-Chair Hoffman MOVED to ADOPT the CS for SB 309, Version S, as the working document.

Co-Chair Stedman OBJECTED.

DARWIN PETERSON, STAFF, CO-CHAIR STEDMAN, explained the changes in the new CS. In this version of the bill,

Sections 8 and 9 were removed from the previous version. Those were the sections that allowed the credits to be applied in one year. That results in a return to the status quo, which is that 50 percent of the credits can be applied for in the first year and the remainder in the second year. The next change is found on page 3, Section 3, lines 12 and 13. The previous version allowed the taxpayer to take a credit up to 100 percent of the taxpayer's liability, as opposed to the status quo of 50 percent. This CS splits the difference and the taxpayer can take up to 75 percent of their liability

Mr. Peterson related that the third change is on page 5, Section 8, and is an amendment by Senator Huggins that the committee adopted previously. The amendment dealt with not incurring penalties on underpayments or overpayments due to the retroactivity in the legislation. Page 6, Section 9 is a renumbering of the section.

Mr. Peterson explained that page 7, Section 10, is the section that deals with jackup rigs. Mr. Peterson read the new language from the bill.

The first three unaffiliated persons that drill an offshore explanation well for the purpose of discovering oil or gas in Cook Inlet that penetrates at least 3,000 feet below the base of the tertiary age strata and evaluates a prospect in the pre-tertiary zone using a jackup drill rig, are eligible for the credit under this subsection.

[9:20:38 AM](#)

Mr. Peterson turned to Section 10, page 7, line 25, to describe a date change to March 31, 2010 so that the credits would apply to the entire construction season. Page 8, Section 13, is a continuing conforming amendment. Sections 14 and 15 are also a part of the conforming amendment. Section 16 is a new sunset date for the credits, since that date is now 2016. Sections 17 and 18 also reflect the conforming amendment.

Senator Ellis asked if it was standard practice to require a "sharing of the data" when the state provides money. He wondered if the CS addressed that issue. Mr. Peterson said he did not receive any orders to make changes to that policy.

[9:22:23 AM](#)

SENATOR LESIL MCGUIRE, SPONSOR, addressed Senator Ellis' question. She reported that the CS was left alone in order for the credits to function. She emphasized that this was an exclusive credit and disallowed companies from taking other credits.

Senator Ellis asked for the rationale for the state not requiring data sharing in this bill.

Senator McGuire reported that she met with the companies to discuss what would make the credit work. The companies felt that if the data was made public, they would not be competitive.

Senator Ellis offered to pursue his concerns later.

[9:25:03 AM](#)

Senator Thomas noted in a previous CS there was language that allowed companies to take credits in the same year, rather than for two years.

Co-Chair Stedman explained that current statutes require capital credits to be taken over two years, 50 percent each year. It was to the state's advantage to do so.

Senator Thomas commented that it works well for large explorers. He suggested a situation where a smaller company would run into problems applying credits in the second year. He voiced concern about that.

[9:27:05 AM](#)

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

Senator McGuire related a conversation with a Cook Inlet company who stated that the scenario would be worse without the secrecy of data.

Co-Chair Hoffman MOVED to report CSSB 309 (FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 309 (FIN) was REPORTED out of Committee with a "do pass" recommendation, with indeterminate FN 1 REV, and with a new zero fiscal note by the Department of Natural Resources.

[9:28:48 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 that it was the second hearing on the bill.

Co-Chair Hoffman MOVED to ADOPT the SCS for CSHB 168 (FIN), Version T, as the working draft before the committee.

Co-Chair Stedman OBJECTED. He noted the CS incorporates two amendments, one from Senator Hoffman and one from Senator Ellis.

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

Co-Chair Stedman noted three zero fiscal notes.

SENATOR JOHN COGHILL, SPONSOR, explained the changes in Version T. Section 1, line 7, broadens the wording to say "any certified trauma center in the state" in order to open up participation to a broader scope of participation. Section 2, lines 13 and 14, puts accountability language in the bill. It says that the trauma center must "achieve or maintain the highest appropriate level of trauma care designation". The other sponsor of the bill, Representative Herron agrees with these changes.

[9:31:34 AM](#)

WARD HURLBURT, CHIEF MEDICAL OFFICER, DIVISION OF PUBLIC HEALTH, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, spoke of the need for a Medical Care System and a Trauma Care Center. He related that the system is found throughout the

Lower 48 and is needed in Alaska. The bill will allow hospitals to meet trauma care standards.

Co-Chair Stedman asked if the department supports the bill. Mr. Hurlburt said it did. Co-Chair Stedman asked if there were any proposed changes to the bill. Mr. Hurlburt said there were none.

[9:34:24 AM](#)

Co-Chair Hoffman MOVED to report SCS CSHB 168 (FIN) out of Committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

SCS HB 168 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with previously published zero FN 2 REV and a new zero fiscal note by the Department of Health and Social Services.

[9:35:09 AM](#)

#hcr22

CS FOR HOUSE CONCURRENT RESOLUTION NO. 22(FIN)

Establishing and relating to the Alaska Northern Waters Task Force.

Co-Chair Stedman reported that it was the second hearing on the resolution. He noted one fiscal note from the Legislature for \$150,000 in general funds to cover the cost of travel and expert witnesses for the task force.

[9:35:48 AM](#)

Co-Chair Hoffman MOVED to report CS HCR 22 (FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CS HCR 22 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with previously published FN 2 LEG.

[9:36:36 AM](#)

#hb294

CS FOR HOUSE BILL NO. 294(FIN)

"An Act amending the termination date of certain statutes relating to the use, operation, and regulation of boats, a uniform state waterway marking system, and civil liability for boat owners by extending the termination date by two years; providing for an effective date by amending the effective date of secs. 3, 5, 7, 9, 11, 14, 16, 18, 20, 23, 26, and 27, ch. 28, SLA 2000, as amended; and providing for an effective date."

Senator Egan MOVED to ADOPT Amendment 1:

Page 1, line 3
Delete "two"
Insert "seven"
Page 1, line 11
Delete "2013"
Insert "2018"

Co-Chair Stedman OBJECTED.

Senator Egan explained that the amendment would extend the sunset date four years. He added that it was a popular program, especially in coastal communities. He said the sponsor has no problems with this change.

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

[9:38:00 AM](#)

JAMES ELLIS, STAFF, REPRESENTATIVE MARK NEUMAN, agreed with the amendment.

Co-Chair Stedman noted one fiscal note.

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

CSHB 294 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with previously published FN 1 DNR.

[9:39:25 AM](#)

#hb342

HOUSE BILL NO. 342

"An Act extending the termination date of the Board of Certified Real Estate Appraisers; and providing for an effective date."

Co-Chair Stedman noted it was the second hearing on the bill. The bill has one fiscal note.

REPRESENTATIVE TAMMIE WILSON, SPONSOR, thanked the committee.

Co-Chair Hoffman MOVED to report HB 342 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 342 was REPORTED out of Committee with a "do pass" recommendation and with previously published FN 1 CED.

#hb376

HOUSE BILL NO. 376

"An Act extending the termination date of the Board of Psychologist and Psychological Associate Examiners; and providing for an effective date."

[9:40:43 AM](#)

Co-Chair Stedman said it was the second hearing on the bill. He noted the fiscal note.

LIZ CLEMENT, STAFF, REPRESENTATIVE BOB HERRON, offered to answer questions.

Co-Chair Hoffman MOVED to report HB 376 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 376 was REPORTED out of Committee with a "do pass" recommendation and with previously published FN 1 CED.

[9:42:14 AM](#)

#hb73

CS FOR HOUSE BILL NO. 73(FIN)

"An Act relating to special fire fighter and emergency medical service provider license plates; and providing for an effective date."

Co-Chair Stedman said it was the first hearing of the bill.

Co-Chair Hoffman MOVED to ADOPT the SCS for CSHB 73 (FIN), Version T, as the working document.

Co-Chair Stedman OBJECTED.

Mr. Peterson explained the two changes in the new SCS. In the previous version of the bill, commemorative license plates for firefighters and EMT's were available to anyone for the price of \$100. That option has been removed. Only active or retired firefighters and EMT's are eligible for those license plates. The second change is on page 2, line 13, and provides for license plates which are available to fraternal organizations with a national chapter. The cost of those plates is \$50 for the initial plate and \$35 biannually.

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

[9:44:26 AM](#)

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

REPRESENTATIVE BOB LYNN, SPONSOR, introduced the bill. He said that HB 73 provides for special recognition plates for firefighters and EMS personnel. He stated support for the new SCS.

[9:45:34 AM](#)

Senator Olson asked for the reason behind the new license plates. Representative Lynn explained that the purpose is for public safety and for recognition of these professions.

SUSIE KOKLICH, ALASKA STATE FIRE FIGHTERS ASSOCIATION, VALDEZ (via teleconference), spoke in support of the legislation. She noted that it was also a tool in recruitment, in addition to recognition.

[9:49:05 AM](#)

WHITNEY BREWSTER, DEPARTMENT OF MOTOR VEHICLES, DEPARTMENT OF ADMINISTRATION (via teleconference), commented on the zero fiscal note the department has submitted. The cost of the plates to the state is approximately \$10 each. The remaining fees collected go into the general fund; therefore, there is a zero fiscal note. She requested clarification of Version T regarding the definition of fraternal organization and the renewal fee, which used to be for commemorative plates. She also needed more information about the renewal fee on line 13. She pointed out that there is not typically a renewal fee on license plates.

Co-Chair Stedman suggested they could work with the sponsor to tighten up the language.

Ms. Brewster said the DMV does not object to the concepts in the bill.

Representative Lynn noted that the fraternal organizations referred to in the bill are not issue advocacy groups such as Ms. Brewster mentioned.

HB 73 was heard and HELD in Committee for further consideration.

[9:53:26 AM](#)

#hb190

CS FOR HOUSE BILL NO. 190(FIN)

"An Act amending the Alaska children's trust and relating to the trust; establishing a children's trust grant account; relating to birth certificates and certificates of marriage; relating to special request Alaska children's trust license plates; and amending the State Procurement Code to exempt the Alaska children's trust and the Alaska Children's Trust Board."

Co-Chair Stedman said it was the first hearing on the bill. He noted three zero fiscal notes from the Department of Health and Social Services, the Department of Revenue, and

the Department of Commerce, Community, and Economic Development.

REPRESENTATIVE ANNA FAIRCLOUGH, SPONSOR, explained that the purpose of the bill is to help prevent child abuse in Alaska. She related that almost two years ago the Alaska Children's Trust (ACT), the ACT Board, and Friends of the Alaska Children's Trust brought forth issues to legislators. The problem was developing a public/private partnership that works and drawing donors in to contribute to a fund that the legislature capitalized several years ago with a \$6 million appropriation. The Trust currently has difficulties and restrictions that allow a grantee only to receive 100 percent funding in the first year, followed by a 50 percent reduction, followed by a 25 percent reduction. If the Trust finds someone doing a good job, they are unable to function because they have to withdraw funds per state statute.

Representative Fairclough continued to say that the bill attempts to provide a public/private partnership. It sets a funding mechanism based on a percent of market value of the Trust. It would take a 5 percent rolling average and place it into an established grant account. The fund would be managed by the Department of Revenue and exempt the Trust from the procurement process, make grant writing and processing more efficient, and make the government more accountable to private sector donations.

[9:56:36 AM](#)

PANU LUCIER, EXECUTIVE DIRECTOR, FRIENDS OF THE ALASKA CHILDREN'S TRUST & ALASKA CHILDREN'S TRUST, urged support of the bill. She shared her background working with child abuse prevention and the frustration with current statute. She shared the benefits of the bill.

HB 190 was heard and HELD in Committee for further consideration.

[9:58:18 AM](#)

#hb416

HOUSE BILL NO. 416

"An Act adopting and relating to the Uniform Prudent Management of Institutional Funds Act; relating to the

investment of money for charitable purposes by institutions, including governmental institutions; and relating to the University of Alaska."

Co-Chair Stedman said it was the first hearing on the bill. He noted two zero fiscal notes, one from the Department of Law and one from the University.

CONRAD JACKSON, STAFF, REPRESENTATIVE KURT OLSON, updated the committee on the bill which would allow the state to adopt the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which builds on almost 35 years of the institutional fund management program. Almost all states have adopted UPMIFA; only six states have not. He termed the bill a definite benefit to Alaska. He called the bill "default legislation". If a fund is governed by other provisions such as a donor agreement, if there is a conflict, UPMIFA takes a back seat.

HB 416 was heard and HELD in Committee for further consideration.

[10:01:39 AM](#)

#hb126

CS FOR HOUSE BILL NO. 126(FIN)

"An Act relating to extensions and resumptions of state custody of children; and providing for an effective date."

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

REPRESENTATIVE LES GARA, SPONSOR, explained the bill has two purposes. The first provision is to implement a national priority to extend foster care to age 21 for youth who need the help and stability of an adult. That provision is found on page 1, line 14, to page 2, line 2. There is some matching federal money available. Studies show that troubled youth do better with extended foster care. Data from the Midwest supports this concept.

Representative Gara discussed the second provision in the bill, which is to correct an inequity in the law. Currently, if a child opts out of foster care at age 16, that decision is irrevocable. Under this bill, that is corrected to allow children to come back under foster care

if conditions warrant and Office of Children's Services (OCS) approves.

Representative Gara shared how money would be saved by delaying the effective date of the bill. A one-time computer cost of \$200,000 would be saved. In each of the next four years, the cost is roughly \$470,000 in general funds.

Co-Chair Stedman noted three fiscal notes from the Department of Health and Social Services; one for \$130,700 in general funds and \$73,500 in federal match; one for \$38,000 in general funds and \$2,200 in federal match; and one for \$186,000 in general funds and \$37,000 in federal match.

[10:05:39 AM](#)

Senator Huggins asked how many children would be affected by this legislation.

ALLISON ELGEE, ASSISTANT COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, estimated 35 children would be affected.

MIKE LESMAN, OFFICE OF CHILDREN'S SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, introduced himself.

HB 126 was postponed until the afternoon meeting.

#hb184

HOUSE BILL NO. 184

"An Act relating to the debt authorization of the University of Alaska."

HB 184 was scheduled but not heard.

#

ADJOURNMENT

The meeting was adjourned at 10:06 AM.