

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

March 22, 2012

8:05 a.m.

MEMBERS PRESENT

Representative Cathy Engstrom Munoz, Chair
Representative Neal Foster, Vice Chair
Representative Alan Austerman
Representative Alan Dick
Representative Dan Saddler
Representative Sharon Cissna
Representative Berta Gardner

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 362

"An Act relating to an Alaska Water and Sewer Task Force; and providing for an effective date."

- MOVED CSHB 362(CRA) OUT OF COMMITTEE

HOUSE BILL NO. 364

"An Act relating to a credit against the net income tax for a contribution made by a taxpayer to a nonprofit organization that provides an emergency shelter for the homeless or a facility for alcohol or drug detoxification."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 362

SHORT TITLE: WATER AND SEWER TASK FORCE

SPONSOR(S): COMMUNITY & REGIONAL AFFAIRS

03/02/12	(H)	READ THE FIRST TIME - REFERRALS
03/02/12	(H)	CRA, FIN
03/13/12	(H)	CRA AT 9:00 AM BARNES 124
03/13/12	(H)	Heard & Held
03/13/12	(H)	MINUTE(CRA)
03/15/12	(H)	CRA AT 9:00 AM BARNES 124

03/22/12 (H) CRA AT 8:00 AM BARNES 124

BILL: HB 364

SHORT TITLE: TAX CRED: CONTR. TO HOMELESS SHELTER/DETOX

SPONSOR(S): COMMUNITY & REGIONAL AFFAIRS

03/12/12 (H) READ THE FIRST TIME - REFERRALS

03/12/12 (H) CRA, FIN

03/22/12 (H) CRA AT 8:00 AM BARNES 124

WITNESS REGISTER

PAUL LABOLLE, Staff
Representative Foster
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of the House Community and Regional Affairs Standing Committee, of which Representative Foster is the vice chair, answered questions.

TERRY HARVEY, Staff
Representative Munoz
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 364 on behalf of the House Community and Regional Affairs Standing Committee, sponsor, which Representative Munoz chairs.

JOHANNA BALES, Deputy Director
Tax Division
Department of Revenue
Anchorage, Alaska

POSITION STATEMENT: During hearing of HB 364, answered questions.

WALTER MAJOROS, Executive Director
Juneau Youth Services (JYS)
Juneau, Alaska

POSITION STATEMENT: Testified in strong support of HB 364.

JOHN GAUGINE, President
Juneau Christian Cooperative Ministries
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 364.

ACTION NARRATIVE

8:05:02 AM

CHAIR CATHY ENGSTROM MUNOZ called the House Community and Regional Affairs Standing Committee meeting to order at 8:05 a.m. Representatives Austerman, Dick, Saddler, Gardner, and Munoz were present at the call to order. Representatives Foster and Cissna arrived as the meeting was in progress.

HB 362-WATER AND SEWER TASK FORCE

8:05:22 AM

CHAIR MUNOZ announced that the first order of business would be HOUSE BILL NO. 362, "An Act relating to an Alaska Water and Sewer Task Force; and providing for an effective date."

8:05:55 AM

CHAIR MUNOZ, upon determining no one wished to testify, closed public testimony.

8:06:00 AM

REPRESENTATIVE SADDLER moved to adopt Amendment 1, labeled 27-LS1423\A.1, Bullard, 3/20/12, which read:

Page 3, following line 13:

Insert a new paragraph to read:

"(6) investigate and recommend strategies to protect public investments in rural water and sewer systems and promote the long-term operational life of rural water and sewer systems by ensuring, to the greatest extent possible, that the systems can be maintained by local personnel and with local resources;"

Renumber the following paragraphs accordingly.

8:06:40 AM

REPRESENTATIVE SADDLER explained that he is offering Amendment 1 to punctuate his desire that any investment the state makes into water and sewer infrastructure in rural Alaska is designed with the focus on maintainability and sustainability.

8:07:23 AM

REPRESENTATIVE AUSTERMAN said that he didn't object to Amendment 1 as it's good policy to ensure maintainability. However, the same type of criteria isn't in place when the state provides funding to cities and boroughs.

REPRESENTATIVE SADDLER acknowledged that's the case, and added that perhaps such criteria should be in place [when the state provides funding to cities and boroughs]. He related that Amendment 1 addresses concerns he has heard regarding the lack of training and relevant skills, particularly in smaller villages.

[8:08:18 AM](#)

REPRESENTATIVE DICK said he didn't believe Amendment 1 is inappropriate; rather it calls attention to some real needs and doesn't mandate anything.

[8:08:48 AM](#)

REPRESENTATIVE GARDNER related that a constituent had expressed concern that in rural Alaska water and sewer projects for local government, state government, and school districts are sometimes done separately. Therefore, the constituent had suggested improvements to achieve a bigger bang for the buck, which seems to parallel Amendment 1.

[8:09:47 AM](#)

PAUL LABOLLE, Staff, Representative Foster, Alaska State Legislature, specified that the language on page 3, lines 12-13, attempt to address Representative Gardner's concern. The language would also seem to address Representative Saddler's concern. He told the committee that the sponsor of HB 262 and the sponsor of its companion legislation agreed that Amendment 1 was good and amplified the need to address things locally. In order to address Representative Austerman's concern, the committee could make an amendment to Amendment 1 such that the term "possible" is changed to "practical".

[8:10:58 AM](#)

REPRESENTATIVE GARDNER moved to adopt an amendment to Amendment 1, such that the term "possible" in the new paragraph proposed by Amendment 1 is changed to "practical". There being no objection, the amendment to Amendment 1 was adopted.

[8:11:18 AM](#)

CHAIR MUNOZ announced that before the committee is now Amendment 1, as amended. Upon determining there was no objection, Amendment 1, as amended, was adopted.

[8:11:35 AM](#)

REPRESENTATIVE GARDNER pointed out that the sponsor statement says currently there are 6,000 homes without water or sewer and that the \$51.5 million in the state's budget for village water and sewer projects is 8 percent of the known need. Therefore, she calculated that \$643 million would be required to address the entire known need, which would mean \$107,000 per household.

[8:12:31 AM](#)

REPRESENTATIVE FOSTER related his understanding that nearly \$300 million was for 6,000 homes to be connected for first-time service and almost \$400 million was for upgrades and expansions for aging infrastructure. Therefore, it would impact many more than 6,000 homes.

MR. LABOLLE, referring to an email from Bill Griffith dated November 10, 2011, agreed with Representative Foster's clarification. He noted that the water and sewer systems go to private homes, public buildings, and businesses.

[8:13:53 AM](#)

REPRESENTATIVE FOSTER informed the committee that \$292 million is necessary to address first-service needs and \$410 million is the total cost to address expansion, upgrade, and replacement.

[8:14:30 AM](#)

REPRESENTATIVE GARDNER moved to report HB 362, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

[8:15:20 AM](#)

REPRESENTATIVE CISSNA said that although HB 362 and the amendment are wonderful, there are holes in the legislation in regard to the tribal health work. There needs to be a real understanding by the Alaska Native Tribal Health Consortium

(ANTHC). She informed the committee that two years ago, there was review of the cost of fuel to run water and sewer systems. She then expressed concern about the timeline and the lack of involvement of the tribal health persons.

MR. LABOLLE stated that discussions with the sponsor of HB 362 and the sponsor of the companion legislation have included ANTHC. The ANTHC has expressed interest in membership on the board, but the sponsor of the Senate legislation decided to use them as technical witnesses rather than members of the board. The intention was to utilize ANTHC as a resource outside of the decision-making process of the board such that there would be a separate unit analyzing the work being done by others. Therefore, there would be no vested interest within the board with either Village Safe Water or ANTHC. He reminded the committee that ANTHC shares responsibility for water and sewer projects with the Division of Village Safe Water within the Department of Environmental Conservation.

[8:17:53 AM](#)

REPRESENTATIVE CISSNA provided the committee with a copy of the "Energy for Sustainable Alaska" by Commonwealth North. She emphasized that key to addressing this problem is including sustainability. Referring to research she requested from Legislative Research in 2009, she expressed the need to acknowledge the recommendations of past groups that have been ignored.

MR. LABOLLE opined that Representative Cissna is speaking to the intent of HB 362 itself. He acknowledged that there have been various efforts prior to this legislation. To his knowledge the difference with the proposal in HB 362 is that it proposes a legislative task force and thus the members of the task force are also in charge of the budget. In other words, an administrative task force doesn't have the cache within the appropriating body that a legislative task force would have. In terms of the cost of fuel/heat, he confirmed those are issues to which the task force will be seeking answers. For instance, waste heat has been a major approach used to reduce the cost of keeping the temperature of the water and sewer lines [at the appropriate level]. Moreover, Mr. LaBolle mentioned that just last week he had a discussion with ANTHC regarding the possibility of using district heat in conjunction with existing above-ground utility corridors in order to achieve economies of scale for the three basic utilities. The proposed task force,

he opined, is seeking to review the concerns expressed by Representative Cissna.

[8:20:34 AM](#)

There being no objection, HB 362, as amended, was reported from the House Community and Regional Affairs Standing Committee.

[8:20:49 AM](#)

The committee took an at-ease from 8:20 a.m. to 8:25 a.m.

HB 364-TAX CRED: CONTR. TO HOMELESS SHELTER/DETOX

[8:25:16 AM](#)

CHAIR MUNOZ announced that the final order of business would be HOUSE BILL NO. 364, "An Act relating to a credit against the net income tax for a contribution made by a taxpayer to a nonprofit organization that provides an emergency shelter for the homeless or a facility for alcohol or drug detoxification."

[8:25:32 AM](#)

TERRY HARVEY, Staff, Representative Munoz, Alaska State Legislature, began by reviewing the various ways in which the legislature has attempted to help the homeless. He reminded the committee that the number of homeless in Alaska is staggering, particularly in comparison to national statistics. In fact, the Legislative Research Services report dated March 15, 2012, ranks Alaska as the ninth state in the nation in terms of the highest concentration of homeless people in 2010. He further reminded the committee that homelessness comes in different forms, including many youth, substance abusers, and victims of abuse. Unfortunately, many of Alaska's shelters are bursting at the seams and need help. This legislation offers a means to infuse financial assistance to [nonprofit] organizations [that provide an emergency shelter for the homeless or a facility for alcohol or drug detoxification] through a tax credit. The legislation attempts to encourage businesses in the state to make donations to the aforementioned organizations by offering a tax credit with limitations.

[8:28:13 AM](#)

MR. HARVEY said that any homeless/emergency shelter in the state will qualify [for this proposed tax credit]. The legislation allows a business entity to make a donation as large as it desires, but it may only receive 50 percent of the amount of the donation up to \$200,000 in the form of a tax credit. The homeless/emergency shelter would have to report to the legislature if these donations are received. Mr. Harvey characterized the program as a sort of pilot program since it sunsets in 2018. If an entity took the tax credit off of its state corporate income tax, they wouldn't be allowed to use it in a federal tax credit situation.

[8:31:00 AM](#)

REPRESENTATIVE GARDNER assumed that corporations or businesses write charitable donations off their federal taxes. She asked if the state has a comparable blanket provision for businesses that make donations.

[8:31:28 AM](#)

JOHANNA BALES, Deputy Director, Tax Division, Department of Revenue, informed the committee that under the Alaska corporate income tax, Alaska adopted the federal code. Under the federal rules, if a corporation gives a contribution, the company is allowed to deduct it from the company's gross income. Although it's a deduction, it's limited to 10 percent of their net income. Therefore, if someone made such a contribution now, they would be allowed to deduct it from their Alaska corporate income tax but it would be limited to 10 percent of their corporate income tax. A credit is significantly different than a deduction because it's taken after the tax liability is calculated. A credit offsets the tax liability dollar for dollar. This legislation is structured in such a way that companies wouldn't be able to take a deduction and the credit; companies would have to add the deduction when calculating net income prior to applying the credit. Therefore, companies aren't allowed both the deduction and the credit, she clarified.

[8:32:40 AM](#)

MS. BALES, in response to Representative Gardner, confirmed that the aforementioned is related in the language on page 2, lines 9-10. The language also specifies that this contribution can't be used to claim a credit in another tax program the state administers. In further response to Representative Gardner, Ms. Bales agreed that to a certain extent the state is buying the

credit. However, she noted that a tax credit is always more attractive to taxpayers than a tax deduction.

8:33:31 AM

REPRESENTATIVE SADDLER asked if this proposal will refocus corporate giving to homeless/detox shelters and away from less remunerative contributions.

MS. BALES answered that could be the effect of legislation such as HB 364 when a corporation has a limited amount of dollars to contribute.

8:34:37 AM

REPRESENTATIVE FOSTER inquired as to other credit programs in place. He recalled the recent passage of a credit program for cultural institutions.

MS. BALES responded that in terms of Alaska-specific tax credits toward corporate income tax, there is the film production tax credit, the education tax credit, gas storage facility tax credit, and exploration incentive credit. She related her belief that Representative Foster was referring to the education tax credit, which was expanded to allow [contributions] for Alaska Native heritage type programs, intercollegiate sports tournaments, and the Seward Sealife Center.

8:35:57 AM

REPRESENTATIVE FOSTER requested examples of businesses that would be eligible to take advantage of this program.

MS. BALES informed the committee there are approximately 15,000 corporations that file returns, of which many are S corporations that are exempt from corporate income taxes. If one were to review chapter C corporations, which are required to pay corporate income tax, they would include the oil industry, Native corporations, and retail corporations. She opined that there are a lot of multi-state large corporations that conduct business in Alaska.

8:37:25 AM

REPRESENTATIVE AUSTERMAN, drawing from conversations with Ms. Bales regarding fishing tax credits, asked if Ms. Bales is

comfortable with her understanding of the tax credit and how it's applied.

MS. BALES opined that the language in HB 364 is open enough. The credit in HB 364 requires identifying those 501(c)(3) corporations that have provided an emergency shelter for the homeless or a facility for alcohol/drug detoxification. She further opined that the legislation provides ample guidance.

[8:39:06 AM](#)

REPRESENTATIVE AUSTERMAN recalled from his discussion with Ms. Bales regarding the raw fish tax and the value-added tax credits that the division has struggled to have enough auditors to do the job. In fact, it has taken up to four years to audit the value-added credit. When the value-added credit was denied, the company is charged interest for those four years. Assuming the division's existing auditors will do the audits for the proposed tax credit in HB 364, he asked if the work load is such that the division can truthfully have a zero fiscal note.

MS. BALES replied yes because the state adopts the internal revenue code, the division can use the Internal Revenue Service (IRS) audits and information to assist the state in its audits. This proposed deduction is one that would be audited by the IRS and the division would receive information if there was a problem. Furthermore, she wasn't aware of a significant number of these nonprofit entities in the state that would make it difficult to identify them upfront and know that a contribution to them was acceptable under HB 364.

[8:41:14 AM](#)

REPRESENTATIVE AUSTERMAN further recalled his discussion with Ms. Bales regarding the ability for DOR to preapprove tax credits so that entities don't find out four years after applying that they are denied. He asked if that would apply to the proposed tax credit in HB 364.

MS. BALES answered that the division would only do so if the legislation included language specifying that a preapproval process is required, which might not be a bad idea.

[8:42:26 AM](#)

REPRESENTATIVE SADDLER inquired as to how many C corporations, under current tax law, obtain \$200,000 worth of reduced tax liability through charitable contributions.

MS. BALES said that she didn't know how many corporations make charitable donations because the division doesn't look at that unless it's looking for the Alaska-specific credits. For the Alaska education tax credit, there are no more than 10 corporations that take advantage of the education tax credit. In further response to Representative Saddler, Ms. Bales explained that the fact that HB 364 proposes a 50 percent tax credit means that the state will have to use 50 percent of its dollars and a corporation will have to use 50 percent of its dollars. Therefore, the corporation will have some of its funds in the credit. Ms. Bales noted that it's difficult to determine the thought process of corporations in terms of what's important to them regarding charitable giving.

[8:44:05 AM](#)

REPRESENTATIVE SADDLER asked whether the tax credit proposed in HB 364 is transferable.

MS. BALES replied no, and directed attention to the language on page 2, line 11, which specifies the tax credit is nontransferable and can't be carried forward.

[8:44:31 AM](#)

REPRESENTATIVE GARDNER, drawing from Ms. Bales remarks, surmised that if an entity claims a credit in Alaska and is audited at the federal level, the division relies on the federal audit to confirm what has occurred in Alaska.

MS. BALES confirmed that [a federal audit] is one source. If the federal government was to audit charitable contributions and a change was made, the division would be notified of that change. Such a notification would flag the division of a potential need to review something. However, since the proposal in HB 364 is an Alaska-specific credit, the division would conduct its own audits although it could also rely somewhat on the federal audit as well. Therefore, the division doesn't rely entirely on the federal government to audit this.

REPRESENTATIVE GARDNER expressed interest in whether the federal government notifies the state governments if they audit a taxpayer or make any changes for a taxpayer.

MS. BALES responded yes, the state has agreements with the IRS that "we" share audit information.

8:46:16 AM

REPRESENTATIVE AUSTERMAN moved to adopt CSHB 364, Version 27-LS1425\M, Nauman, 3/20/12, as the working document. There being no objection, Version M was before the committee.

8:47:26 AM

MR. TERRY informed the committee one of the changes encompassed in Version M is that it will limit groups, to those that were established by January 1, 2012, and therefore it would be limited to existing facilities. Version M also requires that the amount of the tax credit is 50 percent of the donation [or \$200,000], whichever is less. The reasoning behind the aforementioned change was to ensure that the corporations had some "skin in the game." Furthermore, Version M includes a sunset provision such that there would be review and consideration as to whether the tax credit had accomplished its goals.

8:49:22 AM

WALTER MAJOROS, Executive Director, Juneau Youth Services (JYS), related support for HB 364. He informed the committee that JYS is one of the organizations that could potentially benefit from the legislation. Juneau Youth Services has provided emergency shelter services to homeless youth in Juneau for 51 years. Mr. Majoros told the committee youth homelessness in Juneau is a significant problem and is getting quite a bit of press at the moment. In fact, there was an article within the last week about youth homelessness in Juneau, which he encouraged members to review. Homeless youth is a problem that is increasing in Juneau. The article related that this year there are 200 homeless youth enrolled in the Juneau School District, which is a 34 percent increase since 2006. The article further relates that out of 120 students attending Yaakoosge Daakahidi High School, the alternative high school in Juneau, 68 are homeless, which ranks it in the 55th-60th percentile. He stressed that the aforementioned information is only the homeless youth that are enrolled in the school district. In fact, JYS estimates that the actual total number of homeless youth is closer to 400 youth. Drawing from data from JYS, Mr. Majoros related that in 2010 JYS served 141 homeless youth in its emergency shelter and

59 youth in its transitional living program, which is a total of 200 separate youth. For the JYS emergency shelter alone, in 2011 the facility provided 3,416 bed nights, which is an average of 9.4 youth per night. Alaska is ranked ninth nationwide in terms of states with the highest concentration of homeless people. The problem in Juneau is exacerbated by the lack of available housing; the vacancy rate is zero percent in Juneau. This legislation is important to JYS because financing for emergency services/shelter is difficult. Although JYS receives city, state, and federal funds, it loses several hundred thousand dollars a year. He explained that only because other aspects of JYS do better can it float the emergency shelter. If JYS was to only operate the emergency shelter part of JYS, it would be \$300,000-\$400,000 in arrears. One of the reasons for the aforementioned is that although the census is unpredictable in that there could be 10-11 youth one night and only 1 youth the next night, staffing has to be maintained. The JYS is a child residential program, and thus it must maintain state mandated staffing ratios. The staffing expense is also driven by the fact that JYS provides services all day, every day. Furthermore, the length of stay is very short, which makes it very difficult to generate Medicaid [funds] because the youth don't stay long enough. Mr. Majoros then discussed the physical state of the JYS facility, which he characterized as poor. The facility has had multiple renovations; \$1.2 million in completed and recommended renovations over the last 20 years. Currently, JYS has estimates for over \$600,000 in renovations that are necessary. The situation has become dire enough, that the JYS board has voted to seek a new facility rather than perform the renovations. Therefore, JYS is working with the City & Borough of Juneau and the Juneau legislative designation to that end. This legislation could benefit the operations of JYS as well as its efforts to secure a new facility for homeless in Juneau. In conclusion, Mr. Majoros urged the committee's support for HB 346.

[8:55:13 AM](#)

CHAIR MUNOZ asked if Mr. Majoros has identified donors that might take advantage of the opportunity in HB 364.

MR. MAJOROS replied no, but that's not to say JYS wouldn't pursue that vigorously if HB 364 were to pass. At this point, JYS doesn't operate on donations but rather operates on earned income and grants. Therefore, JYS is primarily funded by grants and Medicaid.

[8:55:48 AM](#)

REPRESENTATIVE CISSNA inquired as to the regularity of affording the shelter and whether the tax credit in HB 364 might make a difference in terms of surviving or not.

MR. MAJOROS reminded the committee that JYS has been in operation and offering these services for 51 years. In terms of sustainability, it's getting more difficult as the program loses money every year. The program has been sustained because it has other long-term programs that perform better financially than the youth homeless/emergency shelter program. Still, the bottom line for JYS is shrinking and it's operating at a deficit this year. Since the ability to sustain the services is diminishing, an additional revenue source as proposed in HB 364 could be critical to the future sustainability of the JYS homeless shelter.

[8:57:25 AM](#)

REPRESENTATIVE SADDLER inquired as to the funding sources for the JYS homeless shelter.

MR. MAJOROS responded that funding for the JYS homeless shelter includes a small federal grant, a small city grant, a larger state grant, and limited Medicaid funds. In further response to Representative Saddler, Mr. Majoros said that in part the JYS homeless shelter doesn't pursue donations because it doesn't want to compete with organizations that don't have opportunities for earned income like JYS does.

[8:58:34 AM](#)

REPRESENTATIVE SADDLER directed attention to the footnote on the first page of the Legislative Research Services report dated March 15, 2012, which relates that the U.S. Department of Housing and Urban Development (HUD) requires communities to submit a single comprehensive Continuum of Care (CoC) application. He asked if JYS takes part in a CoC process in Juneau.

MR. MAJOROS replied yes.

[8:59:05 AM](#)

REPRESENTATIVE GARDNER questioned whether the fact that HB 364 requires entities receiving state funding to report the amount

of donations received to the legislature that information could be used to reduce state funding.

MR. MAJOROS answered that it's difficult to speculate. For JYS to be able to reduce its request to the state would require JYS to generate \$300,000-\$400,000 annually on the operations side alone. The aforementioned, he pointed out, doesn't take into consideration the \$6.2 million necessary to construct a new shelter facility. Therefore, it would require a lot of contributions to reduce JYS's need for state funding.

9:00:19 AM

REPRESENTATIVE SADDLER asked whether the services JYS provides to homeless youth are palliative or curative.

MR. MAJOROS said that there have been many examples in which the JYS services to youth can be the first step to get them off the streets, into permanent housing, and to receive the services they need long term to be successful in society. He highlighted that JYS is fortunate in that it offers a range of services, including chemical dependency services, family outpatient services, school-based services, and residential programs. The homeless programs in and of themselves won't result in major life changes as it's primarily geared toward immediate safety. However, the homeless program is a gateway to other long-term services that will make a tremendous difference in the lives of these youth.

REPRESENTATIVE SADDLER inquired as to how many other homeless shelters share the same paradigm as JYS.

MR. MAJOROS said that Juneau is fortunate in that these services are available through a single agency. He related his belief that Juneau is the only community in the state with that ability. In larger communities, such as Anchorage and Fairbanks, the homeless shelter is a stand-alone program that's offered by an agency and the supportive services are available in the community through other organizations.

9:02:48 AM

CHAIR MUNOZ noted that she has had the opportunity to tour the JYS facilities and opined that it would be helpful to organize a tour for legislators.

MR. MAJOROS welcomed them.

9:03:24 AM

REPRESENTATIVE SADDLER inquired as to how Mr. Majoros would envision this proposed tax credit working.

MR. MAJOROS said that it would be speculation. Furthermore, he said he can't predict if [homeless/emergency shelters] would lose other revenue sources. All factors being equal, he predicted that existing shelters/programs would be able to serve more homeless individuals rather than more shelters being constructed.

9:04:08 AM

REPRESENTATIVE DICK inquired as to an estimated percentage of the homeless youth who also suffer from a mental illness versus those homeless youth that come from unfortunate circumstances.

MR. MAJOROS estimated that roughly 50 percent of homeless youth suffer from a mental illness and 50 percent from unfortunate circumstances.

9:05:29 AM

JOHN GAUGINE, President, Juneau Christian Cooperative Ministries, informed the committee that Juneau Christian Cooperative Ministries has for 30 years operated the Glory Hole, which is a soup kitchen and homeless shelter in downtown Juneau. He related the organization's support for HB 364 as the Glory Hole would clearly benefit from it. Unlike JYS, the Glory Hole has no fee for services. The Glory Hole gets by through generous support from the community, the state, federal grants, state grants, and foundation grants. However, occasionally the Glory Hole has been on the brink of major financial problems. Therefore, the Glory Hole could use more funds. The Glory Hole facility is old and constantly requires renovation. At this point, the Glory Hole doesn't offer services, although staff encourages people to seek services. If the Glory Hole had more money, it would try to pay its staff a living wage and even perhaps provide health benefits.

9:07:45 AM

REPRESENTATIVE CISSNA inquired as to the number of employees the Glory Hole has.

MR. GAUGINE answered that at the moment the Glory Hole has an executive director and about eight full-time employees, although several of those are on call and cover infrequent shifts. The Glory Hole also employs an outreach coordinator that is working on the homeless survey and there are about three full-time cooks. He informed the committee that the downstairs [gathering and eating area] is open 112 hours per week.

[9:08:37 AM](#)

REPRESENTATIVE SADDLER inquired as to how many programs similar to the Glory Hole are there in Juneau.

MR. GAUGINE responded that there are none totally comparable to the Glory Hole. Although St. Vincent does have a shelter, it offers longer-term stays and is geared more toward families. The Glory Hole, he opined, is essentially the only adult homeless shelter in Juneau.

REPRESENTATIVE SADDLER then inquired as to how many alcoholism and substance abuse treatment facilities are located in Juneau or Southeast Alaska.

MR. GAUGINE offered that there is the Rainforest [Recovery Center] in Juneau, a facility in Sitka, and a facility in Ketchikan, but beyond those he didn't know. In further response to Representative Saddler, Mr. Gaugine wasn't aware of any for-profit homeless shelters, detox facilities, or treatment facilities.

[9:10:17 AM](#)

CHAIR MUNOZ recalled that Representative Austerman had discussed a possible amendment that would require DOR to list eligible facilities.

MR. TERRY offered to work with DOR and Legislative Legal Services on language that would require preapproval of a tax credit.

[9:11:03 AM](#)

CHAIR MUNOZ announced her intention to bring back HB 364 and any amendments to it at the next meeting and forward the legislation from committee at that time.

[9:11:18 AM](#)

REPRESENTATIVE GARDNER reminded the committee that there is a national movement in which some states are trying to recover the land that was promised to them for schools. For example, Utah did obtain the land it was promised and every school district in Utah receives funds that comes from the investment of the school lands. Alaska did obtain title to some of its land and there was an effort to get accounting of how school portions were used and why they don't get them. If the movement to obtain the lands that were promised for schools arose, she wasn't sure Alaska school districts would necessarily receive more funding since those places where it has been most successful is where the funding comes from property taxes. However, if Alaska school districts were able to obtain funds from these lands, she was afraid it would supplant state funding and ultimately schools wouldn't receive more money. Therefore, she expressed organizations viewing HB 364 as a boon to be cautious.

[9:13:39 AM](#)

REPRESENTATIVE AUSTERMAN expressed the need for legislators to be totally aware of the results of their actions when passing a budget. He then expressed interest in obtaining a list from DOR of all of the available tax credits and the amount of each, particularly in terms of the cumulative effect.

[9:14:33 AM](#)

REPRESENTATIVE CISSNA expressed the need to look at the total picture in order to avoid creating silos. She then asked if other tax credits require reporting in order to determine whether other tax credits have resulted in successes.

CHAIR MUNOZ informed the committee that in Juneau a local company made a donation, which was eligible for the educational tax credit, to the high school that established a training program.

[9:16:45 AM](#)

REPRESENTATIVE SADDLER pointed out that the federal and state governments provide grants to support homeless and detox programs. He inquired as to whether there has been any estimate of the response of the relatively small pool of large donors to this proposed tax credit.

MR. HARVEY said he would appreciate the opportunity to review that for the committee and inform it of his findings.

[9:18:02 AM](#)

REPRESENTATIVE SADDLER directed attention to the list of Anchorage area homeless shelters, in particular the Chalet Alley in Eagle River. The Chalet Alley was advertised as one bedroom in a private home for a mother and child seeking a new start. He then inquired as to how many facilities would qualify for this proposed tax credit.

[9:18:36 AM](#)

CHAIR MUNOZ related her understanding that the possible amendment from Representative Austerman would be to specify the existing facilities that would be eligible in order to thwart any confusion for the department.

[9:18:50 AM](#)

REPRESENTATIVE SADDLER inquired as to who was the driver of this legislation.

MR. HARVEY answered that several homeless organizations approached a Senator and the Senate Community and Regional Affairs Standing Committee regarding the idea and possible funding opportunities. The idea came to this committee from the Senate Community and Regional Affairs Standing Committee.

[9:19:57 AM](#)

REPRESENTATIVE SADDLER acknowledged that there are many well-meaning people, but asked whether there is any way to ensure funds go to the most effective programs.

[9:20:25 AM](#)

REPRESENTATIVE DICK related his belief that corporations will determine where to best spend their funds.

[9:20:57 AM](#)

CHAIR MUNOZ announced that HB 364 would be held over.

[9:21:07 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 9:21 a.m.