

HOUSE FINANCE COMMITTEE

March 31, 2011

1:36 p.m.

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CALL TO ORDER

Vice-Chair Fairclough called the House Finance Committee meeting to order at 1:36 p.m.

MEMBERS PRESENT

Representative Anna Fairclough, Vice-Chair
Representative Mia Costello
Representative Mike Doogan
Representative Bryce Edgmon
Representative Les Gara
Representative David Guttenberg
Representative Reggie Joule
Representative Tammie Wilson

MEMBERS ABSENT

Representative Bill Stoltze, Co-Chair
Representative Bill Thomas Jr., Co-Chair
Representative Mike Hawker (Alternate)

ALSO PRESENT

Representative Alan Austerman; Representative Bob Herron, Sponsor; Liz Clement, Staff, Representative Bob Herron; Karen Perdue, Executive Director and President, Alaska State Hospital & Nursing Home Association; Shelley Hughes, Alaska Primary Care Association, Palmer; Pat Carr, Program Manager, Health Planning and Infrastructure, Division of Health Care Services, Department of Health and Social Services; Marie Darlin, Alaska Association of Retired Persons; Delisa Culpepper, Chief Operating Officer, Alaska Mental Health Trust Authority; Kate Burkhart, Executive Director, Alaska Mental Health Board and Advisory Board on Alcohol and Drug Abuse; Denise Daniello, Alaska Commission on Aging; David Morgan, Southcentral Foundation; Jeff Lapage, President of the Alaska Chapter of the American Physical Therapy Association; Sara Fisher-Goad, Executive Director, Alaska Energy Authority; Brian Bjorkquist, Senior Assistant Attorney General, Department of Law; Anne

Carpeneti, Assistant Attorney General, Legal Services Section, Criminal Division, Department of Law.

PRESENT VIA TELECONFERENCE

Margaret Soden, President Alaska Pharmacists Association; Rhonda Schneider, Norton Sound Health Corporation; Nancy Davis, Executive Director, Alaska Pharmacists Association; Ian Erlich, President and CEO, Maniilaq Association; Emily Hughes; Sonia Handforth Kome, Executive Director, Iliuliuk Family and Health Services and President, Alaska Primary Care Association; Elizabeth Ripley, Executive Director, MatSu Health Foundation, Wasilla; Mary Sullivan, Alaska Primary Care Association; Elizabeth Sirles, Director, UAA School of Social Work, Anchorage; Joan Diamond, Self, Anchorage; Bob Penney, Soldotna; Becky Long, Talkeetna; Jeff Lepage, President, Alaska Chapter Of the American Physical Therapy Association, Juneau.

SUMMARY

HB 78 INCENTIVES FOR CERTAIN MEDICAL PROVIDERS

HB 78 was HEARD and HELD in committee for further consideration.

HB 103 POWER PROJECT; ALASKA ENERGY AUTHORITY

HB 103 was HEARD and HELD in committee for further consideration.

HB 127 CRIMES INVOLVING MINORS/STALKING/INFO

HB 127 was HEARD and HELD in committee for further consideration.

HB 175 COURT APPEARANCES; ARSON; INFRACTIONS

HB 175 was HEARD and HELD in committee for further consideration.

#hb78

HOUSE BILL NO. 78

"An Act establishing a loan repayment program and employment incentive program for certain health care

professionals employed in the state; and providing for an effective date."

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REPRESENTATIVE BOB HERRON, SPONSOR, explained that HB 78 had been crafted to create a support for service program to attract medical professionals to Alaska. He stated that Alaska was one of only four states that did not offer incentives to keep healthcare providers in-state. Ideally, market forces would provide the state with access to quality care; this was not happening and was creating an ever expanding need. The legislation was based on a 2007 proposal, assembled by a workgroup of the Alaska Primary Care Council. He relayed that participating healthcare providers could choose from two options: loan repayment or a direct cash incentive. He believed that he the direct incentive option would give Alaska the necessary edge to lure well experienced, mid-career professionals to the state.

Representative Herron shared that the federally funded workforce support programs that the state currently participated in did not support the needs unique to Alaska. The legislation would create a string program curtailed to Alaska and to Alaskans. He pointed out that the program could show high return with a low amount of investment and that similar programs, in over 46 states, had been found to be effective.

Vice-chair Fairclough clarified that the committee was working with the "R" version of the bill.

Representative Herron replied in the affirmative.

Representative Wilson MOVED to ADOPT proposed committee substitute, work draft 27-LS0147\R.

Representative Edgmon OBJECTED for the purpose of discussion.

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Representative Gara offered support for the concept of the bill. He noted that the biggest physician shortage faced by the state was in primary care. He understood that other areas periodically faced shortages, but high wages

maintained the pool of specialists within the state. He stated that if funds were limited, a priority for primary care providers should be written into the bill. Representative Herron agreed that the biggest shortage in the state was affordable primary care providers. He said he would work with the committee to improve the priority process.

Representative Gara asked if the language prioritizing primary care already existed in the legislation.

Representative Herron replied that prioritizing primary care providers was his intention when crafting the legislation.

Representative Wilson asked whether similar legislation passed in other states had inspired the crafting of the bill.

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LIZ CLEMENT, STAFF, REPRESENTATIVE BOB HERRON, referred the question to members of the work group that assembled the initial bill.

Representative Guttenberg referenced page 5 of the bill. He wondered how the work group had established the 90 person cap for program participants.

Vice-chair Fairclough requested clarification between the original legislation and the R version currently before the committee.

Representative Herron highlighted the changes. A conforming change had been made on page 3, line 10: "lending institution or to the eligible health care", this allowed payment to the health care professional or the lending institution.

Representative Edgmon REMOVED his OBJECTION. There being NO further OBJECTION, it was so ordered.

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Vice-chair Fairclough opened public testimony

MARGARET SODEN, PRESIDENT ALASKA PHARMACISTS ASSOCIATION (via teleconference), testified in strong support of the legislation. She stressed that there were currently no pharmacy schools located in Alaska, which forced students to seek schooling out-of-state for up to six years. She believed that providing the incentives would entice future pharmacists to return to the state to practice.

RHONDA SCHNEIDER, NORTON SOUND HEALTH CORPORATION (via teleconference), testified in support of HB 78. She shared that her area of Nome, Alaska was particularly limited in transportation because it was not on a road system. She believed that the incentives written into the bill would help with retention of care providers in the Nome area.

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NANCY DAVIS, EXECUTIVE DIRECTOR, ALASKA PHARMACISTS ASSOCIATION (via teleconference), voiced support for the legislation. She reiterated that there were no programs in the state to recruit and retain pharmacists. She highlighted that pharmacists were necessary for the responsible distribution and use of prescription drugs.

IAN ERLICH, PRESIDENT AND CEO, MANIILAQ ASSOCIATION (via teleconference), testified in support of the legislation. He expressed curiosity concerning the employer match written into the legislation. Felt that the shortage of care providers was an issue that needed to be addressed to ensure the future of quality care in Alaska.

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Representative Wilson asked how many doctors were working in Kotzebue and how many more would be required.

Mr. Erlich responded that there were 15 full-time positions and currently 13 of those positions were filled.

Representative Herron thought that the language referring to priority for those who served as primary care medical providers could appropriately be written into page 2 of the legislation.

Vice-chair Fairclough noted that the committee had not intended to move the bill at this hearing. She stated that there would be further opportunity to entertain amendments

about primary care providers and have a conversation concerning the employer match.

Representative Gara if the shortage of care providers in Kotzebue were located primary care.

Mr. Erlich replied yes.

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EMILY HUGHES (via teleconference) shared that she was a pre-med student who would be applying to medical school in 2012. She voiced support for HB 78. She hoped to return to the state after completing medical school but worried about the financial debt. She stressed that a financial incentive to return to Alaska would be helpful when deciding where to practice in the future.

SONIA HANDFORTH KOME, EXECUTIVE DIRECTOR, ILIULIUK FAMILY AND HEALTH SERVICES AND PRESIDENT, ALASKA PRIMARY CARE ASSOCIATION (via teleconference), testified in strong support of the bill. She expressed that 15 positions in Unalaska would be covered by the legislation; 5 of which were currently open. One registered nurse (RN) position had been open for over a year. She stressed that the legislation would be extremely helpful in providing services to the community.

ELIZABETH RIPLEY, EXECUTIVE DIRECTOR, MATSU HEALTH FOUNDATION, WASILLA (via teleconference), spoke in support of HB 78. She testified that that recruitment of quality care providers in rural areas was a challenge. She stated that keeping people out of the hospital began with chronic disease management in the primary care setting. She stated the legislation would make significant improvements in reducing the rate in the growth of Medicate cost in the state.

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MARY SULLIVAN, ALASKA PRIMARY CARE ASSOCIATION (via teleconference), spoke in support of HB 78.

ELIZABETH SIRLES, DIRECTOR, UAA SCHOOL OF SOCIAL WORK, ANCHORAGE (via teleconference), testified in support of the legislation. She stressed that there were serious workforce shortages in all of the areas listed in HB 78. She

specifically cited the possible increase in behavioral health providers that could result by passing the bill.

KAREN PERDUE, EXECUTIVE DIRECTOR AND PRESIDENT, ALASKA STATE HOSPITAL & NURSING HOME ASSOCIATION, voiced support of HB 78. She stated that rural hospitals struggled to assist communities in recruiting providers of all kinds. She commented that there were severe shortages in the medical field across the board and not just for primary care providers.

Representative Guttenberg asked about the urban hospital structure versus regional healthcare. He wondered if the bill was indifferent to the different needs throughout the state.

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Ms. Perdue thought that the bill had evolved to try and target the greatest area of need. She believed that the bill was flexible to meeting the different strategic needs of the state.

Representative Gara spoke to the draft amendment to the bill. He thought that the best way to move forward was to deal with the shortage in primary care first and use any leftover funds in the other recognized areas.

Ms. Perdue responded that the medical sites were good at prioritizing what they needed. She was concerned there would not be funds left over for specialty services.

SHELLEY HUGHES, ALASKA PRIMARY CARE ASSOCIATION, PALMER, testified in support of HB 78. She stated that as a healthcare consumer in Mat-Su it had taken her eight months to get an internal medicine physician through an application process. She stressed the importance of the legislation for the future of quality healthcare in the state. She said that clinics in Alaska were losing candidates to other states that offer incentives to providers.

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PAT CARR, PROGRAM MANAGER, HEALTH PLANNING AND INFRASTRUCTURE, DIVISION OF HEALTH CARE SERVICES,

DEPARTMENT OF HEALTH AND SOCIAL SERVICES testified in support of the legislation.

Representative Wilson asked whether there was a model that the working group for the bill had used as a guide.

Ms. Carr responded that the working group had done research across the country; information had been drawn from various states.

Representative Wilson wondered if other states had chosen to make one care provider group a priority.

Ms. Carr responded that some repayment programs set priority on particular types of providers, and the definition of "primary care" differed among the programs.

Representative Guttenberg asked how many different categories of doctor fell under the term "primary care provider."

Ms. Carr explained that the definition depended on who you asked, but most often the definition included categories of physicians, dentists, behavioral health providers, and certain types of clinical psychologists. She said that some states added others as needed.

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Representative Gara reiterated the importance of retaining enough primary care providers. He repeated his query as to whether there was language in the bill to give priority to primary care providers, or would an amendment be needed.

Ms. Carr responded that needs assessments would indicate that primary care should be a priority in the state. She thought the needs criteria allowed for analysis and priority setting. She believed that because a prioritization scheme had been used to draft the legislation, some priority language should be in the bill already.

MARIE DARLIN, ALASKA ASSOCIATION OF RETIRED PERSONS, spoke in support of HB 78. She offered that most significant factor related to retaining the states retired population was availability of quality health care.

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DELISA CULPEPPER, CHIEF OPERATING OFFICER, ALASKA MENTAL HEALTH TRUST AUTHORITY, testified in support of the bill. She explained that the trust had been involved in loan repayment programs for the last four years. She stressed that there were serious behavioral healthcare provider shortages in the state; close to half the applicants for loan repayment were for those positions, including clinical and social workers. She noted that the trust had many beneficiaries who were also in need of primary care.

Representative Gara asked whether the loan repayment and financial assistance in the bill applied specifically to medical providers working for a non-profit clinic.

Ms. Culpepper said she was not sure. She believed that the current program pertained to non-profit entities because it was tied to federal money that was designated for public and tribal clinics.

Representative Gara requested further information concerning the question. He informed the committee that he had no present intention of offering an amendment.

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KATE BURKHART, EXECUTIVE DIRECTOR, ALASKA MENTAL HEALTH BOARD AND ADVISORY BOARD ON ALCOHOL AND DRUG ABUSE, spoke in support of HB 78. She argued that the vacancy rate and workforce shortage for behavioral health providers was equally to that of primary care providers. She felt that an amendment that created a statutory priority for primary care providers would be unfair. She hoped that any amendment would embrace a broad definition of primary care to include behavioral healthcare providers. She pointed out that there was an advisory body referenced in the bill that would provide recommendations for oversight and evaluation of the program. The advisory body would be composed of individuals with expertise in hiring and retention of healthcare professionals; she believed this would keep priorities relevant without creating a statutory priority for one kind of provider.

Representative Guttenberg asked if a subspecialty or additional training was necessary for a behavioral health specialist to practice using telemedicine.

Ms. Burkhart understood that it would depend on the type of behavioral health provider. Alaska was more reliant on the telemedicine system than many others and the system was not a regular part of formal training.

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DENISE DANIELLO, ALASKA COMMISSION ON AGING, voiced support of HB 78. She noted that Alaska was first in the nation in the growth of its elder population. She stated that the number of health care professional preparing to retire would contribute to the shortage of healthcare workers in the state. The commission had recently conducted a survey which had identified healthcare as the number one concern for seniors in the state. The survey had revealed that 31 percent of the seniors questioned had experienced problems finding a primary care provider in the community in which they lived. One part of the problem had been finding a provider that would accept Medicare reimbursement, but 10 percent had noted that they could not find a doctor because there were not enough in the community.

Ms. Daniello continued that the issue was most common in Anchorage, where one out of four seniors had indicated a problem accessing primary care. She reported that many open ended comments from the seniors surveyed had warned that seniors were prepared to leave the state in order to find a primary care doctor.

DAVID MORGAN, SOUTHCENTRAL FOUNDATION, testified in support of the bill. He believed that, in his 30 year experience with healthcare in Alaska, the legislation would be effective. He relayed that most states already had similar programs and that Alaska should become competitive in the field. He understood that the bill did not require a person to work for a non-profit to benefit from the incentives.

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JOAN DIAMOND, SELF, ANCHORAGE (via teleconference) testified in support of HB 78. She shared that she had a daughter who was finishing her masters in the mental health field and who hoped to return to Alaska.

JEFF LEPAGE, PRESIDENT OF THE ALASKA CHAPTER OF THE AMERICAN PHYSICAL THERAPY ASSOCIATION testified in support

of HB 78. He stated that physical therapists in Alaska were in support of the legislation.

Vice-chair Fairclough closed public testimony.

Representative Herron responded to an earlier question by Representative Gara. Any organization that provided healthcare services could benefit from the bill, however, the "underserved" of the state were to be considered first.

Representative Gara felt that it would be unnecessary for the committee to amend the legislation.

Representative Edgmon discussed the composition of the advisory board on page 2 of the bill. He suggested that rural Alaska should be specifically considered when creating the board.

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Vice-chair Fairclough requested that the committee review the fiscal notes.

HB 78 was HEARD and HELD in committee for further consideration.

#hb103

HOUSE BILL NO. 103

"An Act relating to the procurement of supplies, services, professional services, and construction for the Alaska Energy Authority; establishing the Alaska Railbelt energy fund and relating to the fund; relating to and repealing the Railbelt energy fund; relating to the quorum of the board of the Alaska Energy Authority; relating to the powers of the Alaska Energy Authority regarding employees and the transfer of certain employees of the Alaska Industrial Development Export Authority to the Alaska Energy Authority; relating to acquiring or constructing certain projects by the Alaska Energy Authority; relating to the definition of 'feasibility study' in the Alaska Energy Authority Act; and providing for an effective date."

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SARA FISHER-GOAD, EXECUTIVE DIRECTOR, ALASKA ENERGY AUTHORITY, introduced HB 103 and offered an explanation of the legislation:

On January 18, 2011, House Bill 103 (Companion Bill SH 42) was introduced by request of the Governor. Alaska's Energy Policy target is to reach 50 percent if its electricity generation through renewable energy by 2015. A new large hydroelectric project is needed to achieve this goal. This legislation would authorize the Alaska Energy Authority (AEA) to move forward on pursuing such a project to supply electricity to the railbelt region of the state. In November 2010, AEA released its "Preliminary Decision Document" identifying the Susitna Hydroelectric project as the recommended project to pursue. CS HB 103 (ENE) requires passage this session in order for AEA to file preliminary permit application for the Susitna (Wantana location) project with the Federal Energy Regulatory Commission this year.

The House Energy committee amended HB 103 by removing AEA's ability to adopt its own procurement regulations and amending the new Alaska Railbelt Energy Fund by requiring legislative appropriation from the fund. Minor technical corrections and edits by Legislative Legal Division were also made to the bill. AEA has no objection to the changes.

CS HB 103 (ENE) authorizes AEA to 1) acquire, construct and own new power projects 2) hire staff in exempt service 3) create subsidiary corporations for the purpose of acquiring, construction, owning, maintaining and operating power projects 4) creates a new Alaska Railbelt Energy Fund in AEA and 4) defines the Board of Director's quorum as four of seven members.

Ms. Fisher-Goad explained that developing an Alaska Railbelt Energy Fund in AEA statutes had been a challenge. She added that restructuring of the Alaska Industrial Development and Export Authority (AIDEA) had resulted in the restructuring of the AEA board; 5 public members and 2 commissioners. There had been a specific AEA statute that defined the quorum as 3 and there was a provision to correct the number.

Ms. Fisher-Goad provided history of the AEA. She shared that the mission of the authority was to reduce the cost of energy in Alaska. In the 1980s the AEA developed and owned several energy projects: the Bradley Lake Hydroelectric Project, the Alaska Intertie and the Larson Bay Hydroelectric Project. At that time the first attempt to develop the Susitna Hydroelectric Project had been considered. In 1993 a reorganization effort removed the power of constructing and owning new projects from the AEA. The AIDEA board members became the AEA board and AIDEA staff provided support and management of AEA programs. In 1999 the Department of Community and Regional Affairs had been repealed in statute and former AEA programs were reestablished into AEA. In the early 2000's most of AEA's work was in rural energy construction projects which received funding primarily from the Denali Commission. In 2008 the AIDEA and AEA boards made bylaw changes to allow an AEA executive to be hired that was different from the AIDEA executive director. In 2008 the Renewable Energy Fund was established and in 2010 the Emerging Energy Technology Fund was established. The AEA had been identified by the governor as playing a key role in planning energy infrastructure and financing projects. The legislation had been introduced to further reestablish and recognized in statute AEA's role in energy project and program development.

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Ms. Fisher-Goad reiterated that the legislation allowed AEA to construct and own new projects. She relayed that there were approximately 40 people that were AIDEA employees that would be transferred to AEA. She pointed out to the committee that the provision to allow AEA to adopt its own procurement regulations had been dropped. The ideas had been that there were several ways for AEA to procure services and that one consolidated regulatory process would do. She said that there had been confusion as to how the consolidation would be done which was deflecting time from the Susitna project. The amended legislation also required a legislative appropriation from the Alaska Railbelt Energy Fund.

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BRIAN BJORKQUIST, SENIOR ASSISTANT ATTORNEY GENERAL, DEPARTMENT OF LAW, provided a sectional analysis (copy on file):

- Section 1: Would expressly authorize the legislature to appropriate amounts in the Railbelt energy fund to capitalize the new Railbelt energy fund, called the Alaska Railbelt energy fund, created by Section 3 of the bill. This would allow amounts to be appropriated and transferred from the existing Railbelt Energy fund into the new fund.

Representative Wilson MOVED to ADOPT CSHB 103(ENE), 27-GH1822\B as a working document before the committee.

Representative Doogan OBJECTED for purpose of discussion.

Mr. Bjorkquist continued:

- Section 2: Would place in the exempt service the executive director and other staff of AEA.
- Section 3: Would establish the new Railbelt energy fund, called the Alaska Railbelt energy fund of AEA. The legislature may appropriate money from the fund for feasibility studies, license, permit, acquire or construct, or to make grants for power projects and electric transmission lines and interties that serve the Railbelt region.
- Section 4: Would increase from 3 to 4 the quorum requirement for meetings of the AEA board of directors in reaction to statutory amendments made in 2010. Those amendments increased the size of the AIDEA board from 5 to 7. The AIDEA board serves as the board of AEA. The proposed amendment would correct the quorum for meetings of AEA's board of directors.
- Section 5: Would empower AEA to hire employees and advisors in the exempt service. This power to hire employees would be equivalent to powers the Alaska Industrial Development and Export Authority (AIDEA) currently possesses.

Representative Gara understood that the "exempt" status carried equal weight in both organizations.

Mr. Bjorkquist replied that the employees maintained equal status as exempt employees.

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Mr. Bjorkquist continued with sectional analysis:

- Section 6: Would expand AEA's powers to allow AEA to acquire and construct new projects, and to conduct feasibility studies of new power projects.
- Sections 7: Would empower AEA to establish subsidiary corporations to support the acquisition, construction, ownership, and operation of power projects, and thereby potentially limit potential liability of AEA or strengthen the financial viability of a project.
- Section 8: Would enable an AEA subsidiary to exercise powers currently granted to AEA under AS 44.83.090. For example, an AEA subsidiary would be exempt from regulation by the Regulatory Commission of Alaska (RCA) to the same extent as AEA is exempt (but utilities contracting with the AEA subsidiary would not be exempted, and RCA would still need to approve power sales agreements between the AEA subsidiary and the Railbelt utilities).

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Mr. Bjorkquist continued to discuss the sequential sectional analysis:

- Section 9: Would provide that AEA must exercise for new power projects, existing statutory authority managing power projects. This obligation is currently limited to power projects from the pre-1993, "former energy program for Alaska."
- Section 10: Would make AS 44.83.396 apply to AEA subsidiaries that own power projects. AS 44.83.393 addresses how AEA administers the power project and contracts for operators, and includes provisions providing for AEA to contract with qualified utilities

for the operation of the project. The amendment in Section 10 will impose these same duties on a subsidiary of AEA formed for a power project.

- Section 11: Would amend the definition of "feasibility study" under AS 44.83.990(3) so that the term is not limited to only pre-1993 power projects.

Mr. Bjorkquist noted that previous public testimony had suggested that the statutory definition for feasibility study should go back to the language that existed before 1993 and have very detailed provisions dealing with what needed to be included within a feasibility study. In reviewing the regulations that existed in 1993, it was apparent that the provisions dealing with all aspects of developing a power project had been aimed at the FERC licensing process (traditional licensing process). He explained that the new process was considered to be better because of the coordination between the licensing applicant, stakeholders and interested parties, resource agencies and FERC. He stated that reverting to earlier process would not be appropriate with the new licensing process. In addition, AEA was evaluating projects differently than in the past.

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Mr. Bjorkquist continued:

- Section 12: Would repeal the existing Railbelt energy fund, AS 37.05.520. This repeal would become effective under Section 15 when the balance of the fund is appropriated to AEA for deposit into the new Alaska Railbelt energy fund (created by Section 3), or appropriated and expended on projects.
- Section 13: Would provide transitional provisions to address the status of existing employees who perform AEA functions with the Alaska Industrial Development Export Authority. AEA has not possessed the statutory authority to hire its own staff since the reorganization of AEA affected by 1993 legislation (ch. 18, SLA 1993). Since the 1993 legislation, AEA programs have been implemented by AIDEA employees. AEA's executive director, for example, is an employee of AIDEA, but is independent from the executive director of AIDEA. Sections 2 and 5 would authorize

AEA to hire its own employees, and thereby assume greater control over the implementation of AEA programs. Section 13 provides for the transition of these employees from AIDEA to AEA.

- Section 14: Would instruct the revisor of statutes to amend the statutory heading of AS 44.83.040 to reflect that the section would also address AEA employees.
- Section 15: Would make the repeal of the existing Railbelt energy fund, AS 37.05.520, contingently effective when the balance of the fund is appropriated to AEA for deposit into the new Alaska Railbelt energy fund (created by Section 3), or appropriated and expended on projects.
- Section 16: Would provide for an immediate effective date, excepting the contingent effective date for repeal of the existing Railbelt energy fund.

Vice-chair Fairclough opened public testimony.

Representative Gara recalled a comprehensive energy bill passed in 2010 which created a revolving loan fund to help businesses upgrade energy efficiency. At that time many thought the bill should be inside AEA since AEA already had the staff to address building energy efficiency. He asked whether AEA would be supportive of amendment to move the function to AEA.

Ms. Fisher-Goad replied that AEA would willingly work with the legislature to address the commercial energy efficiency loan issue. She clarified that SB 220 was a repeal and reenactment of an existing loan program within the Department of Commerce, Community and Economic Development (DCCED). The fund remained with DCCED and was not capitalized. Changes to the program with respect as to where the loan program should exist were still being considered. She did not believe that HB 103 was the appropriate vehicle for the issue.

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Ms. Fisher-Goad shared that AEA had an energy efficiency audit pilot program that had been started with ARRA funds and had proven successful. She believed that AEA could

build upon it with respect to addressing commercial energy efficiency needs.

Representative Gara asked if AEA was willing to move the fund through different legislation, or had the authority not yet decided how to move forward with the issue.

Ms. Fisher-Goad replied AEA was working to address the issue and were exploring the options of how the fund should be structured. She said that there had been concerns about the existing language passed in SB 220.

Representative Gara asked whether AEA wanted to house the program.

Ms. Fisher-Goad answered that it was not that AEA did not want to house the project. She stressed that AEA needed to do more work on the appropriate structure and owner of the program. She felt that the agency had not had enough time to address the issue.

Representative Wilson asked if the Railbelt Energy Fund was currently used by most of the cooperatives in the state.

Ms. Fisher-Goad responded that the fund had a long history that included more than just energy projects. She understood that the original capitalization of the fund was remaining money from the original efforts with the Susitna project. The fund had been used for a variety of projects, not always necessarily energy projects.

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Representative Wilson requested a listing of specific funds that were being paid out to specific projects and what AEA hoped to accomplish into the future.

Ms. Fisher-Goad stated that a history of the fund, as requested by Co-Chair Stoltze, was available. She clarified that the capital appropriation in capital budget was the unencumbered balance of the existing Railbelt Energy Fund.

Representative Edgmon referred to the passage of HB 119, which expanded AIDEA's authority relating to economic development. He highlighted that AIDEA had the ability to bond up to \$400 million. He wondered why the power project was not housed under AIDEA.

Ms. Fisher-Goad replied that in 2008 the intent was to further distinguish AEA's mission as a corporation. She relayed that AIDEA was a sister corporations to AEA and should remain separate and distinct. The mission of AIDEA was one of jobs and economic development. The two executive directors were created with the intention that AIDEA and AEA would pursue their missions separately.

Representative Edgmon hoped that the AEA could grow into a recognized government department.

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Representative Guttenberg asked for a list of opportunities for public comment on the project throughout the process.

Ms. Fisher-Goad said that the development of the preliminary decision document had included a public hearing process through the Railbelt. She assured the committee that the legislation allowed for the public hearing process.

Representative Doogan WITHDREW his OBJECTION.

There being no further OBJECTION CSHB 103(ENE), 27-GH1822\B was ADOPTED as a working document before the committee.

Vice-chair Fairclough opened public testimony.

BOB PENNEY, SOLDOTNA (via teleconference), testified in support for HB 103. He provided a brief history of the project. He believed that the project should be funded in full with state dollars.

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BECKY LONG, TALKEETNA (via teleconference), spoke in opposition to HB 103. She opined that there had been a lack of public hearing by AEA in the affected communities. She stressed that there needed to be a meaningful, public review on the state level, for the project. She expressed concern that the state was committing significant financial resources to one project. She felt that the AEA should be required to conduct a state public process regarding the Susitna project, and that an independent financial review of the cost benefits of the proposal that reflected the true overall cost of the project. She added that the

Talkeetna area would be the first area that would feel the economic ramifications. She shared that studies had shown that a 50 percent improvement in railbelt electrical efficiencies could generate up to a \$947 million increase in economic output, \$290 million in wages, \$53 million in business income and 9350 new jobs. She testified that she was opposed to the Susitna project. She said that public testimony for HB 103 had been the only means for the public to express their opposition to the Susitna project.

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Representative Edgmon commented that talks with the AEA had revealed that there would be further public involvement in the process.

Representative Gara shared his frustration that there would be significant impact to fisheries because of the Susitna project. He stated that he had written AEA and the Department of Fish and Game and they had replied that the fisheries impacts had not been fully assessed at the time. He wondered how an impact report could be determined without a thorough assessment.

Vice-chair Fairclough closed public testimony.

Representative Gara pointed out that the bill did not mention the Susitna project specifically but did allude to it. He wondered whether the committee would have the opportunity to delve into the economics of the Susitna project before passing the bill.

Vice-chair Fairclough responded that it would be up to the discretion of the chair.

Representative Gara pointed out to the committee that the bill would move \$67 million to AEA and that the governor had announced he would use the money to start up work on the Susitna Hydro project. He surmised that the legislation was directly linked to the Susitna project. He felt that debates surrounding HB 103 would be the only time the committee would have the opportunity to discuss the economics of the project.

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Representative Doogan requested the official name of the project at Susitna.

Ms. Fisher-Goad replied that the AEA referred to the project as both the Susitna and Wantana projects; the two were interchangeable in some respects. The site for the project was at Wantana. She added that the bill did not appropriate \$67 million to the AEA; the capital appropriation would AEA to move forward with the preliminary permit application and the licensing and design process. She offered that the FERC process could be further discussed at the convenience of the committee.

Representative Doogan understood that the \$67 million was going to be used exclusively for work on Susitna/Wantana project.

Ms. Fisher-Goad clarified that there were two items that would allow AEA to move forward on the project: the legislation and capital appropriation. She stressed that HB 103 would not move the funds. The governor's capital budget proposed \$65.7 million to AEA, as capital appropriation, to move forward with the project.

Vice-chair Fairclough closed public testimony.

HB 103 was HEARD and HELD in committee for further consideration.

#hb127

#hb175

HOUSE BILL NO. 127

"An Act relating to the crimes of stalking, online enticement of a minor, unlawful exploitation of a minor, endangering the welfare of a child, sending an explicit image of a minor, harassment, distribution of indecent material to minors, and misconduct involving confidential information; relating to probation; and providing for an effective date."

HOUSE BILL NO. 175

"An Act relating to an appearance before a judicial officer after arrest; relating to penalties for operating a vehicle without possessing proof of motor vehicle liability insurance or a driver's license;

relating to penalties for certain arson offenses; amending Rule 5(a)(1), Alaska Rules of Criminal Procedure, and Rule 43.10, Alaska Rules of Administration; and providing for an effective date."

[3:37:46 PM](#)

ANNE CARPENETI, ASSISTANT ATTORNEY GENERAL, LEGAL SERVICES SECTION, CRIMINAL DIVISION, DEPARTMENT OF LAW, understood that two bills had been combined into one committee substitute. She offered her insight and expertise to the committee concerning the legislation.

Vice-chair Fairclough explained that CSHB 127(FIN) was before the committee which combined HB 127 and HB 175.

Representative Wilson MOVED to ADOPT CSHB 127(FIN), Work Draft 27-GH1840\I as a working document before the committee.

Representative Edgmon OBJECTED for the purpose of discussion.

Representative Doogan requested an explanation of the combined bills.

Ms. Carpeneti explained that earlier in the session the governor had introduced HB 127 which addressed stalking, exploitation of children and related crimes.

Representative Doogan asked whether changes had been made to the individual bills when the two were combined.

Ms. Carpeneti stated that HB 175 discussed four inconsistencies between state statutes and court rules. Discussions in House Judiciary Committee had resulted in the recommendation that the two pieces of legislation be combined. She relayed that a sectional analysis of CSHB 127(FIN) was available to the committee that would reveal that substantive changes had not been made to the individual bills upon combination.

[3:41:13 PM](#)

Representative Edgmon REMOVED his OBJECTION. There being NO further OBJECTION, it was so ordered.

Vice-chair Fairclough OPENED public testimony.

Vice-chair Fairclough CLOSED public testimony.

HB 127 was HEARD and HELD in committee for further consideration.

HB 175 was HEARD and HELD in committee for further consideration.

[3:43:09 PM](#)

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ADJOURNMENT

The meeting was adjourned at 3:43 PM.