

HOUSE FINANCE COMMITTEE
March 30, 2012
1:38 p.m.

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CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 1:38 p.m.

MEMBERS PRESENT

Representative Bill Stoltze, Co-Chair
Representative Bill Thomas Jr., Co-Chair
Representative Anna Fairclough, Vice-Chair
Representative Mia Costello
Representative Mike Doogan
Representative Les Gara
Representative David Guttenberg
Representative Mark Neuman
Representative Tammie Wilson

MEMBERS ABSENT

Representative Bryce Edgmon
Representative Reggie Joule

ALSO PRESENT

Representative Steve Thompson, Sponsor; Jane Pierson, Staff, Representative Steve Thompson; Representative Max Gruenberg, Sponsor; Anne Carpeneti, Assistant Attorney General, Legal Services Section-Juneau, Criminal Division, Department of Law; Senator Kevin Meyer

PRESENT VIA TELECONFERENCE

Sam Edwards, Deputy Commissioner, Department of Corrections, Mat-Su;

SUMMARY

HB 289 NATURAL GAS STORAGE TAX CREDIT/REGULATION

CSHB 289(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal impact note and one new indeterminate note from Department of Natural Resources, one new indeterminate note Department of Revenue, one new zero impact note from Department of Administration, and one new zero impact note from Department of Commerce, Community and Economic Development.

HB 296 CRIME OF ESCAPE/DEF. OF CORRECT. FACILITY

HB 296 was HEARD and HELD in committee for further consideration.

#hb289

HOUSE BILL NO. 289

"An Act relating to a gas storage facility; relating to the tax credit for a gas storage facility; relating to the powers and duties of the Alaska Oil and Gas Conservation Commission; relating to the regulation of natural gas storage as a utility; relating to the powers and duties of the director of the division of lands and to lease fees for a gas storage facility on state land; and providing for an effective date."

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REPRESENTATIVE STEVE THOMPSON, SPONSOR, relayed that the legislation would incentivize private sector delivery of lower-cost natural gas in the state by extending credits for above-ground liquefied natural gas storage facilities. He elaborated that the bill created a new credit for construction of above-ground liquefied natural gas storage tanks with a volume of 25 thousand gallons or more. He furthered that the amount of the credit was would be limited to 50 percent of the construction costs, or up to \$15 million, whichever was less. He said that the bill also allowed for an eligible above-ground liquefied storage facility cited on state lands to request an exemption from rental payments; the exemption would extend up to 10 years following commencement of commercial operations. He pointed to letters of support from multiple agencies and organizations (copy on file.)

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JANE PIERSON, STAFF, REPRESENTATIVE STEVE THOMPSON, highlighted the changes in version X of the legislation:

Section 1. AS 38.05 is amended by adding a new section to read:

Sec. 38.05.096. Exemption from rental payments on land leased for certain liquefied natural gas storage facilities. (a) A person leasing state land for a liquefied natural gas storage facility other than a gas storage facility subject to AS 38.05.180(u) may request an exemption from lease payments as provided in this section. The exemption is applicable for the periods described in (b) of this section.

(b) The exemption is available for the calendar year in which the liquefied natural gas storage facility commences commercial operation and for each of the nine calendar years immediately following the first year of commercial operation. However, an exemption is not applicable for the calendar year after the facility ceases commercial operation or for any subsequent calendar year. (c) The lessee shall provide the director with any information the director requests to determine whether the lessee qualifies for the exemption.

(d) Information related to state land leased for a liquefied natural gas storage facility qualifying for the exemption in this section is public information and may be furnished to the Regulatory Commission of Alaska. On request, the director shall provide the name of each person using state land leased for a liquefied natural gas storage facility, the years for which an exemption was granted, and the amount of the exemption.

(e) A person receiving an exemption for a payment under this section that contracts to store liquefied natural gas for a utility regulated under AS 42.05 shall reduce the storage price to reflect the value of the exemption.

(f) In this section,
(1) "ceases commercial operation" and "commences commercial operation" have the meanings given in AS 31.05.032;
(2) "liquefied natural gas storage facility" has the meaning given in AS 42.05.990.

Sec. 2. AS 42.05.381(k) is amended to read:

(k) The cost to the utility of storing gas in a gas storage facility or storing liquefied natural gas in a liquefied natural gas storage facility that is allowed in determining a just and reasonable rate shall reflect the reduction in cost attributable to any exemption from a payment due under AS 38.05.096 or 38.05.180(u), as applicable, [AS 38.05.180(u)] and the value of a tax credit that the owner of the gas storage facility received under AS 43.20.046 or 43.20.047, as applicable. The commission may request the (1) commissioner of natural resources to report the value of the exemption from a payment due under AS 38.05.096 or 38.05.180(u), as applicable, [AS 38.05.180(u)] that the gas storage facility received; and (2) commissioner of revenue to report information on the amount of tax credits claimed under AS 43.20.046 and 43.20.047, as applicable, for the gas storage facility or liquefied natural gas storage facility. In this subsection,

(1) "gas storage facility" has the meaning given in AS 31.05.032;

(2) "liquefied natural gas storage facility" has the meaning given in AS 42.05.990

Sec. 3. AS 42.05.990(5) is amended to read:

(5) "public utility" or "utility" includes every corporation whether public, cooperative, or otherwise, company, individual, or association of individuals, their lessees, trustees, or receivers appointed by a court, that owns, operates, manages, or controls any plant, pipeline, or system for

(A) furnishing, by generation, transmission, or distribution, electrical service to the public for compensation;

(B) furnishing telecommunications service to the public for compensation;

(C) furnishing water, steam, or sewer service to the public for compensation;

(D) furnishing by transmission or distribution of natural or manufactured gas to the public for compensation;

(E) furnishing for distribution or by distribution petroleum or petroleum products to the public for compensation when the consumer has no alternative in the choice of supplier of a comparable product and service at an equal or lesser price;

(F) furnishing collection and disposal service of garbage, refuse, trash, or other waste material to the public for compensation;

(G) furnishing the service of natural gas storage to the public for compensation;

(H) furnishing the service of liquefied natural gas storage to the public for compensation;

Sec. 4. AS 42.05.990 is amended by adding new paragraphs to read:

(11) "liquefied natural gas storage facility" means a facility that receives natural gas volumes in a liquid or gaseous state from customers, holds the gas volumes in a liquid state in a reservoir, and delivers the gas volumes in a liquid or gaseous state to the customer; in this paragraph, "facility" includes

(A) all parts of the facility from the point at which the natural gas volumes are received by the facility from the customer to the point at which the natural gas volumes are delivered by the facility to the customer;

(B) a facility consisting of a reservoir, either underground or aboveground, and one or more of the following components of the facility:

(i) pipe;

(ii) compressor stations;

(iii) station equipment;

(iv) liquefaction plant or facility;

(v) gasification plant or facility;

(vi) on-site or remote monitoring, supervision, and control facilities;

(vii) gas processing plants and gas treatment plants, but not including a manufacturing plant or facility;

(viii) other equipment necessary to receive, place into the reservoir, monitor, remove from the reservoir, process, and deliver natural gas;

(12) "reservoir" means a receptacle or chamber, either natural or man-made, holding a gas or liquid, and includes a tank or a depleted or nearly depleted pool;

(13) "service of liquefied natural gas storage" means the operation of a liquefied natural gas storage facility; "service of liquefied natural gas storage" does not include the storage of liquefied natural gas

(A) owned by or contractually obligated to the owner, operator, or manager of the liquefied natural gas storage facility;

(B) that is incidental to the production or sale of natural gas to one or more third-party customers; or

(C) for which the price of storage is not separately itemized.

Sec. 5. AS 43.20 is amended by adding a new section to article 1 to read:

Sec. 43.20.047. Liquefied natural gas storage facility tax credit. (a) A person that is an owner of a liquefied natural gas storage facility described in (b) of this section that commences commercial operation before January 1, 2020, may apply a refundable credit against a tax liability that may be imposed on the person under this chapter or receive the amount of the credit in the form of a payment for the taxable year in which the liquefied natural gas storage facility commences commercial operation. The tax credit or payment under this section may not exceed the lesser of \$15,000,000 or 50 percent of the costs incurred to establish or expand the liquefied natural gas storage facility. The tax credit in this section is in addition to any other credit under this chapter for which the person is eligible.

(b) To qualify for the credit in this section, a liquefied natural gas storage facility

(1) must have a liquefied natural gas storage volume of not less than 25,000 gallons of liquefied natural gas, or, if the credit is claimed for an expansion, the expansion must have increased the capacity of an existing liquefied natural gas storage facility by more than 25,000 gallons;

(2) may not have been in operation as a liquefied natural gas storage facility before January 1, 2011, unless the tax credit in this section is based on the expansion of the liquefied natural gas storage facility after December 31, 2011;

(3) must be regulated under AS 42.05 as a utility and be available to furnish the service of liquefied natural gas storage to customers, utilities, or industrial facilities; in this paragraph, "service of liquefied natural gas storage" has the meaning given in AS 42.05.990;

(4) if located on state land and leased or subject to a lease under AS 38.05, must be in compliance with the terms of the lease; and

(5) must have commenced commercial operation on or before the date the person takes a credit under (a) of this section or applies for a payment under (a) of this section.

(c) To claim the credit or request a payment, a person shall submit to the department a certification of the capacity of the liquefied natural gas storage facility measured in gallons or the capacity of an expansion to an existing liquefied natural gas storage facility measured in gallons, the date that the liquefied natural gas storage facility commenced commercial operation, the date that any expansion to the liquefied natural gas storage facility commenced commercial operation, and other information required by the department.

(d) A person applying the credit under this section against a liability under this chapter shall claim the credit on the person's return. A person entitled to a tax credit under this section that is greater than the person's tax liability under this chapter may request a refund or payment in the amount of the unused portion of the tax credit.

(e) The department may use money available in the oil and gas tax credit fund established in AS 43.55.028 to make a refund or payment under (d) of this section in whole or in part if the department finds that (1) the claimant does not have an outstanding liability to the state for unpaid delinquent taxes under this title; and (2) after application of all available tax credits, the claimant's total tax liability under this chapter for the calendar year in which the claim is made is zero. In this subsection, "unpaid delinquent tax" means an amount of tax for which the department has issued an assessment that has not been paid and, if contested, has not been finally resolved in the taxpayer's favor.

(f) For the purpose of determining the amount of the credit under this section, the costs incurred to establish a liquefied natural gas storage facility or to expand a liquefied natural gas storage facility shall be submitted to the department with verification by an independent certified public accountant, licensed in the state. The volume of working liquefied natural gas storage or volume of the expansion to an

existing liquefied natural gas storage facility shall be verified by a professional engineer licensed in the state with relevant experience. (g) A person may not receive a credit under this section for the acquisition of a liquefied natural gas storage facility for which a credit has been taken under this section.

(h) If the liquefied natural gas storage facility for which a credit was received under this section ceases commercial operation during the nine calendar years immediately following the calendar year in which the liquefied natural gas storage facility commences commercial operation, the tax liability under this chapter of the person who claimed the credit shall be increased, and a person not subject to the tax under this chapter that received a payment under (d) and (e) of this section shall be liable to the state in the amount determined in this subsection. The amount of the increase in tax liability or liability to the state

(1) for a person subject to the tax under this chapter, shall be determined and assessed for the taxable year in which the liquefied natural gas storage facility ceases commercial operation, regardless of whether the liquefied natural gas storage facility subsequently resumes commercial operation;

(2) for a person not subject to the tax due under this chapter, shall be determined and assessed as of December 31 of the calendar year in which the liquefied natural gas storage facility ceases commercial operation, regardless of whether the liquefied natural gas storage facility subsequently resumes commercial operation; and

(3) is equal to the total amount of the credit taken or received as a payment under (d) of this section, as applicable, multiplied by a fraction, the numerator of which is the difference between 10 and the number of calendar years for which the liquefied natural gas storage facility was eligible for a tax credit under this section and the denominator of which is 10.

(i) The issuance of a refund under this section does not limit the department's ability to later audit or adjust the claim if the department determines, as a result of the audit, that the person that claimed the credit was not entitled to the amount of the credit.

The tax liability of the person receiving the credit under this chapter is increased by the amount of the credit that exceeds that to which the person was entitled. If the tax liability is increased under this subsection, the increase bears interest at the rate set by AS 43.05.225 from the date the refund was issued.

(j) A person claiming a tax credit under this section for a liquefied natural gas storage facility that ceases commercial operation within nine calendar years immediately following the calendar year in which the liquefied natural gas storage facility commences commercial operation shall notify the department in writing of the date the liquefied natural gas storage facility ceased commercial operation. The notice must be filed with the return for the taxable year in which the liquefied natural gas storage facility ceases commercial operation.

(k) A refund under this section does not bear interest.

(l) In this section,

(1) "ceases commercial operation" means that the liquefied natural gas storage facility fails to add or withdraw 20 percent or more of its working capacity of liquefied natural gas during a calendar year after the calendar year in which the liquefied natural gas storage facility commences commercial operation;

(2) "commences commercial operation" means the first input of liquefied natural gas into a liquefied natural gas storage facility for purposes other than testing;

(3) "liquefied natural gas storage facility" has the meaning given in AS 42.05.990.

Sec. 6. AS 43.55.028(a) is amended to read:

(a) The oil and gas tax credit fund is established as a separate fund of the state.

The purpose of the fund is to purchase transferable tax credit certificates issued under AS 43.55.023 and production tax credit certificates issued under AS 43.55.025 and to pay refunds and payments claimed under AS 43.20.046 or 43.20.047.

Sec. 7. AS 43.55.028(g) is amended to read:

(g) The department may adopt regulations to carry out the purposes of this section, including standards

and procedures to allocate available money among applications for purchases under this chapter and claims for refunds and payments under AS 43.20.046 or 43.20.047 when the total amount of the applications for purchase and claims for refund exceed the amount of available money in the fund. The regulations adopted by the department may not, when allocating available money in the fund under this section, distinguish an application for the purchase of a credit certificate issued under AS 43.55.023(m) or a claim for refund under AS 43.20.046 or AS 43.20.047.

Sec. 8. This Act takes effect immediately under AS 01.10.070(c).

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Representative Neuman pointed to page 7. He asked whether the fund to purchase transferrable tax credits had already been established, or would a new fund be created.

Ms. Pierson responded that the fund had already been established and had been set in statute.

Representative Neuman asked if propane was considered a natural gas under the legislation.

Ms. Pierson responded in the negative. She furthered that the storage of propane differed from that of liquefied natural gas.

Representative Neuman asserted that propane was a natural gas liquid and wondered why it was not covered under the bill.

Ms. Pierson replied that adding propane to the language had been considered and ultimately disregarded. She furthered that it was cheaper to store propane than to store liquefied natural gas.

Representative Neuman queried the end goal of the legislation.

Representative Thompson responded that the bill would create storage tanks that could be used by multiple businesses and in various locations.

Co-Chair Stoltze passed the gavel to Co-Chair Thomas.

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Representative Gara asked whether the bill would apply statewide.

Ms. Pierson responded in the affirmative.

Representative Gara understood that the legislation pertained to above-ground storage only, and would not duplicate the credit already available for below ground storage.

Ms. Pierson said that was correct.

Representative Gara asked whether the credit could be duplicated above another credit.

Ms. Pierson responded that she did not believe it could be added to another credit. She noted that the credit would be the only one available for liquefied natural gas storage.

Representative Gara understood that if a credit did already exist, the bill was not meant to create an additional credit.

Representative Thompson replied in the affirmative.

Ms. Pierson clarified that there was a leasing provision in the bill which created two types of available credits.

Representative Costello referred to language in the sectional analysis that stated that any cost savings would be passed on to the storage customer. She wondered where the language was located in the bill.

Ms. Pierson responded that it was located in Section 2.

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Representative Costello requested the exact location.

Ms. Pierson read from Section 2:

Sec. 2. AS 42.05.381(k) is amended to read:

(k) The cost to the utility of storing gas in a gas storage facility or storing liquefied natural gas in a liquefied natural gas storage facility that is allowed in determining a just and reasonable rate shall reflect the reduction in cost attributable to any exemption from a payment due under AS 38.05.096 or 38.05.180(u), as applicable, [AS 38.05.180(u)] and the value of a tax credit that the owner of the gas storage facility received under AS 43.20.046 or 43.20.047, as applicable.

Ms. Pierson explained that any savings that occurred under the legislation must be passed onto the consumer.

Representative Doogan surmised that the bill created a subsidy to build the storage containers.

Ms. Pierson responded in the affirmative.

Representative Doogan pointed out that the bill was the 29th piece of legislation that the committee had heard that included a tax credit.

Co-Chair Thomas reminded the committee that the bill would apply statewide.

Representative Thompson suggested that liquefied gas from Cook Inlet could be barged to Bethel and up and down the Yukon River.

Co-Chair Thomas wondered whether the tax credit would be needed if a gas pipeline was built.

Representative Thompson thought that the gasline would not be running for at least 15 years. He said that the bill was an attempt to create a "bridge" project until a gasline was established.

Representative Wilson hypothesized that the bill would help in Fairbanks with utilities that were using diesel.

Representative Thompson responded in the affirmative. He expounded that using natural gas for electrical production, and at the refinery, would improve air quality.

Representative Wilson asked who would benefit from the savings if Flint Hills shared the storage unit with the major utility in Fairbanks.

Ms. Pierson replied that under the proposed legislation Flint Hills would not receive the benefit.

Co-Chair Thomas asked how the gas would be delivered from the storage facility to homes.

Representative Thompson explained that there were already 1100 different locations in Fairbanks hooked up for the distribution of natural gas, and more were planned once the gas became available. He stated that electrical users would immediately see lower electric rates, and lower home heating rates would follow.

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Co-Chair Thomas referenced a circulating supplemental bill that would allow communities to receive low-interest loans for natural gas. He wondered if Fairbanks would be included in the loan program. He believed the loans could help expedite the process of bringing homes online for natural gas heating.

Representative Thompson stated that he was not familiar with the legislation.

Representative Gara surmised that the bill could help subsidize programs such as bringing natural gas from the North Slope to Fairbanks by truck.

Representative Thompson answered in the affirmative. He said that he paid \$23.35 per 1000 cubic feet of natural gas for his rental home in Fairbanks, compared with \$8 to \$9 in Anchorage. He asserted that whatever could be done to lower heating costs would be beneficial.

Representative Doogan wondered if there would be more than one 25,000 gallon unit of liquefied natural gas stored at a time.

Ms. Pierson believed that there would be high demand for the units and that gas would be flowing throughout the state. She said that currently in Fairbanks there was discussion of putting in an approximately 3 million gallon

tank. She added that the main utility company in Fairbanks believed that the component would be necessary to make sure there was enough gas to fulfill customer's needs.

Representative Doogan understood that the subsidies could total \$30 million.

Ms. Pierson replied yes.

2:00:35 PM

Vice-chair Fairclough discussed the fiscal notes: FN6 (DOA), FN7 (DCCED), FN10 (DNR), FN9 (DOR).

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AT EASE

2:07:20 PM

RECONVENED

Vice-chair Fairclough clarified that there was a fifth fiscal note: FN8 (DOR).

Representative Doogan voiced a complaint related to indeterminate fiscal notes. He opined that it seemed to have become policy for the departments to attach indeterminate fiscal notes to legislation. He communicated that the finance committee could not do the most important part of its job without accurate information related to costs.

Co-Chair Thomas agreed. He hoped that the administration understood the difficulty the committee faced; attempting to craft policy with indeterminate fiscal notes.

Representative Gara echoed the complaint and believed the problem was more extensive. He surmised that Department of Revenue (DOR) was waiting for bills to report out of committee before determining what their fiscal impact would be.

Representative Wilson MOVED to report CSHB 289(FIN) out of committee with individual recommendations and the accompanying fiscal notes.

CSHB 289(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal impact note

and one new indeterminate note from Department of Natural Resources, one new indeterminate note Department of Revenue, one new zero impact note from Department of Administration, and one new zero impact note from Department of Commerce, Community and Economic Development.

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AT EASE

[2:15:17 PM](#)

RECONVENED

#hb296

HOUSE BILL NO. 296

"An Act relating to service of process on prisoners; relating to the crime of escape; relating to the definition of 'correctional facility'; amending Rule 4, Alaska Rules of Civil Procedure; and providing for an effective date."

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Vice-chair Fairclough moved CSHB 296(JUD) 27-LS1199/E as a working document before the committee. There being no OBJECTION it was so ordered.

REPRESENTATIVE MAX GRUENBERG, SPONSOR, relayed that the bill had been drafted by the House Judiciary Committee. He stated that the office of Legislative Legal created a booklet every year that discussed cases and issues of that year that would benefit from further legislative review. He added that often the court would recommend further legislative review. He shared that most of the cases in the booklet did not warrant further review, but some did. He highlighted Section 4 of the bill which was a "repeal of a repealer". He explained that several years ago a law was passed that said if someone was sentenced for gang related activity, an electronic monitoring device could be required after parole. He stressed the importance of keeping paroled gang members separated; the device would monitor if members congregated. He relayed that there had been a 3 year sunset placed on the section that was scheduled to expire very soon. He believed it was essential that the section be kept in statute.

Co-Chair Thomas asked whether the provision would be given another sunset date.

Representative Gruenberg replied in the negative. He warned that it would be detrimental if judges could not order the monitoring devices. He continued to Sections 1 and 5 of the legislation. He explained that in some cases prisoners were sued and that under current the law there was no one authorized to serve the papers to the prisoner. He said that as a result the whole writ of execution had been eliminated. The sections allowed for the superintendent of the institution to serve the legal papers to the inmates. He shared that the change had been recommended by Legislative Legal. He said that the language clarified that the statute was an indirect court rule change and could be implemented immediately.

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Representative Gruenberg stated that the third issue addressed in the legislation related to the crime of escape. He said that in an example case the defendant had initially been charged with a minor crime, but could not make bail. He explained that the court felt that the defendant was not a flight risk and had assigned him to a halfway house while awaiting trial. The defendant walked away from the halfway house and was subsequently charged with a class B felony, even though he had not yet been formerly charged. The change would make walking away from a non-secure facility a class B misdemeanor. He said that Sections 2, 3, and 6 dealt with the ambiguity in statute pertaining to walking away from a non-secure facility.

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Vice-chair Fairclough clarified that the bill did not change the use of a facility; the definition of a halfway house was not being changed to a secure correctional facility.

Representative Gruenberg replied that the zoning would not change.

Vice-chair Fairclough understood that zoning was not being changed. She explained that she was referring to the definition of what a correction facility was. She expressed the desire to avoid any problems with land-use issues.

Representative Gruenberg replied that the bill would not change the land-use terms.

Representative Wilson asked what the charges were if a prisoner escaped from a secure correctional facility.

Representative Gruenberg stated that escaping from a secure facility would be a class B felony.

Representative Wilson felt that a prisoner escaping from a halfway house understood that their actions were wrong. She wondered why the punishment would be different for a non-secure facility escape.

Representative Gruenberg replied that a person had to be considered a non-risk to be put into a halfway house; petty criminal charges and misdemeanors. He said that most people who did not return to the halfway house when expected were out looking for work or visiting family. He stressed that this was not comparable to breaking out of a secure prison and should therefore not be treated the same under the law. He added that the codification would also result in a significant cost savings to the state.

Representative Wilson thought that lowering the punishment would entice more inmates to walk away from halfway houses before finishing their sentence. She believed that it was just as wrong to walk away from a halfway house as it was to escape from a secure prison.

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Representative Gruenberg explained that the inmate would be required to serve the remainder of their sentence if they escaped from a halfway house. He stressed the importance that the punishment should fit the crime.

Representative Gara expressed that he did not want the bill to change the land use designation of correctional facilities. He pointed to Page 1, lines 7 and 8 of the bill:

Section 1. AS 09.05.050 is amended by adding a new subsection to read:

(c) In this section, "correctional facility" has the meaning given in AS 33.30.901.

Representative Gara explained that "correctional facility" was changed only according to AS 09.05.050, which pertained to service of prisoners. He continued to Page 2, line 13 and 14, which redefined "correction facility," but only in Section 3. He noted that the term was not being redefined for land-use.

Co-Chair Stoltze argued that the bill would lower the security threshold. He thought that the threat of the felony penalty was a strong inducement for inmates to follow the rules.

Co-Chair Thomas OPENED public testimony.

SAM EDWARDS, DEPUTY COMMISSIONER, DEPARTMENT OF CORRECTIONS, MAT-SU (via teleconference), responded to the concerns raised by Co-Chair Stoltze. He said that the issue had been carefully examined by LAW the Department of Corrections (DOC). He believed that each case should be weighed on an individual basis.

Representative Wilson maintained her concern about the lesser penalty for halfway house escapees. She thought that lowering the penalty would increase the number of inmates walking away from halfway houses before serving out their sentences.

Co-Chair Thomas understood the bill related to misdemeanors and not felony offenders.

Representative Gruenberg replied in the affirmative. He furthered that a person would not be placed in a halfway house if they were a threat to the public. He stressed that the bill simply codified the court's current interpretation of the law. He added that an inmate that walked away from a halfway house before serving out the full sentence would be placed in a secure facility when apprehended.

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Co-Chair Thomas told a personal story about a friend who had been released from prison and was living in a halfway house. The friend wore an electronic ankle bracelet, which allowed him to be monitored at all times.

Co-Chair Thomas CLOSED public testimony.

Co-Chair Stoltze requested that further public testimony be taken at the next hearing of the bill.

ANNE CARPENETI, ASSISTANT ATTORNEY GENERAL, LEGAL SERVICES SECTION-JUNEAU, CRIMINAL DIVISION, DEPARTMENT OF LAW, clarified that under the bill removing oneself from a facility would be a class A misdemeanor, which would result in 1 year in jail.

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Representative Guttenberg stated that the issue stemmed from the failure of the courts to recognize that a halfway house was a correctional facility. He understood that the bill corrected that.

Ms. Carpeneti responded that the court stated that in order for the inmate to be charged under the circumstances of a class B felony, escape in the second degree; the facility had to be secured with locks.

Representative Guttenberg understood that the bill would recognize that a halfway house was considered a correctional facility.

Ms. Carpeneti reiterated that the bill stated that in order to be charged with a class B felony for escape an inmate would have had to have escaped from a secure, locked facility.

Co-Chair Stoltze requested a letter of position from Joseph Schmidt, Commissioner, Department Of Corrections.

Co-Chair Thomas discussed housekeeping.

HB 296 was HEARD and HELD in committee for further consideration.

ADJOURNMENT

[2:42:56 PM](#)

The meeting was adjourned at 2:43 PM.