

**ALASKA STATE LEGISLATURE
HOUSE RULES STANDING COMMITTEE**

April 8, 2011

5:22 p.m.

MEMBERS PRESENT

Representative Craig Johnson, Chair
Representative Kurt Olson, Vice Chair
Representative Mike Chenault
Representative Alan Austerman
Representative Carl Gatto
Representative Max Gruenberg
Representative Chris Tuck

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE CONCURRENT RESOLUTION NO. 12

Creating the Task Force on the Fiscal Future of Alaska as a joint legislative task force and relating to the task force.

- MOVED CSHCR 12(RLS) OUT OF COMMITTEE

HOUSE BILL NO. 121

"An Act establishing the commercial charter fisheries revolving loan fund, the mariculture revolving loan fund, and the Alaska microloan revolving loan fund and relating to those funds and loans from those funds; and providing for an effective date."

- MOVED CSHB 121(RLS) OUT OF COMMITTEE

HOUSE BILL NO. 146

"An Act authorizing the transfer of land from the State of Alaska and the Alaska Railroad Corporation to property owners along the Eielson Spur Line; and providing for an effective date."

- MOVED CSHB 146(RES) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HCR 12

SHORT TITLE: TASK FORCE ON FISCAL FUTURE OF ALASKA

SPONSOR(s): REPRESENTATIVE(s) AUSTERMAN

04/06/11 (H) READ THE FIRST TIME - REFERRALS
04/06/11 (H) RLS
04/08/11 (H) RLS AT 5:00 PM CAPITOL 120

BILL: HB 121

SHORT TITLE: LOAN FUNDS:CHARTERS/MARICULTURE/MICROLOAN

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/24/11 (H) READ THE FIRST TIME - REFERRALS
01/24/11 (H) FSH, RES, FIN
02/08/11 (H) FSH AT 5:00 PM CAPITOL 120
02/08/11 (H) Heard & Held
02/08/11 (H) MINUTE(FSH)
02/22/11 (H) FSH AT 5:00 PM CAPITOL 120
02/22/11 (H) Heard & Held
02/22/11 (H) MINUTE(FSH)
02/24/11 (H) FSH AT 5:00 PM CAPITOL 120
02/24/11 (H) Moved CSHB 121(FSH) Out of Committee
02/24/11 (H) MINUTE(FSH)
02/25/11 (H) FSH RPT CS(FSH) NT 4DP 1NR
02/25/11 (H) DP: MILLER, PRUITT, AUSTERMAN, THOMPSON
02/25/11 (H) NR: JOHNSON
03/16/11 (H) RES AT 1:00 PM BARNES 124
03/16/11 (H) Moved CSHB 121(FSH) Out of Committee
03/16/11 (H) MINUTE(RES)
03/18/11 (H) RES RPT CS(FSH) NT 7DP
03/18/11 (H) DP: GARDNER, MUNOZ, P.WILSON, HERRON,
KAWASAKI, FEIGE, SEATON
03/30/11 (H) FIN AT 1:30 PM HOUSE FINANCE 519
03/30/11 (H) Scheduled But Not Heard
04/04/11 (H) FIN AT 1:30 PM HOUSE FINANCE 519
04/04/11 (H) Moved CSHB 121(FIN) Out of Committee
04/04/11 (H) MINUTE(FIN)
04/05/11 (H) FIN RPT CS(FIN) 6DP 3NR 1AM
04/05/11 (H) DP: FAIRCLOUGH, GUTTENBERG, JOULE,
COSTELLO, STOLTZE, THOMAS
04/05/11 (H) NR: T.WILSON, HAWKER, DOOGAN
04/05/11 (H) AM: GARA
04/08/11 (H) RLS AT 5:00 PM CAPITOL 120

BILL: HB 146

SHORT TITLE: LAND TRANSFER FROM STATE AND ALASKA RR

SPONSOR(s): T.WILSON

02/09/11 (H) READ THE FIRST TIME - REFERRALS

02/09/11	(H)	RES, FIN
03/21/11	(H)	RES AT 1:00 PM BARNES 124
03/21/11	(H)	Heard & Held
03/21/11	(H)	MINUTE(RES)
03/28/11	(H)	RES AT 1:00 PM BARNES 124
03/28/11	(H)	Moved CSHB 146(RES) Out of Committee
03/28/11	(H)	MINUTE(RES)
03/29/11	(H)	RES RPT CS(RES) 8DP
03/29/11	(H)	DP: GARDNER, FOSTER, MUNOZ, P.WILSON, HERRON, DICK, FEIGE, SEATON
04/06/11	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
04/06/11	(H)	Moved CSHB 146(FIN) Out of Committee
04/06/11	(H)	MINUTE(FIN)
04/07/11	(H)	FIN RPT CS(FIN) NT 10DP 1AM
04/07/11	(H)	DP: FAIRCLOUGH, GUTTENBERG, GARA, JOLE, HAWKER, COSTELLO, EDGMON, DOOGAN,
04/07/11	(H)	STOLTZE, THOMAS
04/07/11	(H)	AM: T.WILSON
04/08/11	(H)	RLS AT 5:00 PM CAPITOL 120

WITNESS REGISTER

ERIN HARRINGTON, Staff
Representative Austerman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of the sponsor, explained the need to amend HCR 12.

CURTIS THAYER, Deputy Commissioner
Office of the Commissioner
Department of Commerce, Community & Economic Development (DCCED)
Juneau, Alaska

POSITION STATEMENT: Discussed possible changes to HB 121.

REPRESENTATIVE TAMMIE WILSON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Spoke as the sponsor of HB 146.

ACTION NARRATIVE

[5:22:39 PM](#)

CHAIR CRAIG JOHNSON called the House Rules Standing Committee meeting to order at 5:22 p.m. Representatives Chenault, Austerman, Gatto, Olson, Gruenberg, Tuck, and Johnson were present at the call to order.

HCR 12-TASK FORCE ON FISCAL FUTURE OF ALASKA

[5:22:49 PM](#)

CHAIR JOHNSON announced that the first order of business would be HOUSE CONCURRENT RESOLUTION NO. 12, Creating the Task Force on the Fiscal Future of Alaska as a joint legislative task force and relating to the task force.

[5:23:03 PM](#)

ERIN HARRINGTON, Staff, Representative Austerman, Alaska State Legislature, noted that the committee packet should include an amendment, which is in response to an error in the drafting that was brought to the sponsor's attention after being referred to the House Rules Standing Committee. On page 2, lines 22-23, the language references the "office of management and budget in the Department of Administration". However, the Office of Management and Budget is housed in the Office of the Governor. Therefore, the amendment in the committee packet would correct that technical drafting error.

[5:23:43 PM](#)

REPRESENTATIVE OLSON moved that the committee adopt Amendment 1, labeled 27-LS0783\M.1, Wayne, 4/7/11, which read:

Page 2, lines 22 - 23:

Delete "Department of Administration"
Insert "Office of the Governor"

There being no objection, Amendment 1 was adopted.

[5:24:18 PM](#)

REPRESENTATIVE AUSTERMAN moved that the committee adopt Conceptual Amendment 2, as follows [original punctuation provided]:

Page 2, Line 18: After "senate" insert "one of whom shall be co-chair"

Page 2, Line 20: After "representatives" insert "one of whom shall be co-chair"

CHAIR JOHNSON objected for discussion purposes.

[5:24:57 PM](#)

REPRESENTATIVE AUSTERMAN explained that nothing in HCR 12 specifies who would be the chair of the proposed task force. Therefore, Conceptual Amendment 2 would address that such that one of the members appointed by the Senate and one of the members appointed by the House would each be a co-chair of the task force.

[5:25:27 PM](#)

CHAIR JOHNSON withdrew his objection.

There being no further objection, Conceptual Amendment 2 was adopted.

[5:25:43 PM](#)

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

[5:25:53 PM](#)

REPRESENTATIVE OLSON moved to report HCR 12, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHCR 12(RLS) was reported out of committee.

HB 121-LOAN FUNDS:CHARTERS/MARICULTURE/MICROLOAN

[5:26:37 PM](#)

CHAIR JOHNSON announced that the next order of business would be HOUSE BILL NO. 121, "An Act establishing the commercial charter fisheries revolving loan fund, the mariculture revolving loan fund, and the Alaska microloan revolving loan fund and relating to those funds and loans from those funds; and providing for an effective date." [Before the committee is CSHB 121(FIN).]

[5:26:48 PM](#)

CURTIS THAYER, Deputy Commissioner, Office of the Commissioner, Department of Commerce, Community & Economic Development (DCCED), explained that the committee packet should include an amendment that would cleanup CSHB 121(FIN). The amendment, labeled 27-GH1728\X.2, Kane, 4/8/11, read:

Page 4, line 8, following "commissioner":

Insert ", which may include other collateral in addition to a charter halibut permit"

MR. THAYER further explained that the assumption with this revolving loan program is that the charter halibut permit would be used as collateral. However, after the passage of CSHB 121(FIN) from the House Finance Committee some charter boat skippers have sued DCCED regarding the permit system. This amendment would allow the program to go forward and allows something other than the charter permit to be used as collateral, whether it is the boat, property, or something else from the borrower. He noted that this would protect the state.

[5:28:04 PM](#)

REPRESENTATIVE GATTO asked if one could use his/her personal residence as collateral.

MR. THAYER replied yes.

CHAIR JOHNSON offered that the purpose of this amendment is that with the encumberment of the permits through litigation, [DCCED] would potentially be offering non collateralized loans. The desire was to specify that other forms of collateral could be used.

[5:28:26 PM](#)

REPRESENTATIVE GRUENBERG asked if the current language and proposed amendment require that the charter halibut permit be part of the collateral used.

MR. THAYER replied no.

REPRESENTATIVE GRUENBERG suggested then that the language needs to be changed because [the adoption of the proposed amendment] would mean that the charter halibut permit must be part of the collateral.

CHAIR JOHNSON related his understanding that the proposed amendment means that the charter halibut permit would have to be used as collateral.

[5:30:10 PM](#)

REPRESENTATIVE GRUENBERG offered Conceptual Amendment 1 inserting language "it may include the permit and or other collateral".

[5:30:40 PM](#)

REPRESENTATIVE CHENAULT asked if currently the charter halibut permit is used as collateral.

MR. THAYER replied yes, that was the intention of the loan program.

REPRESENTATIVE CHENAULT inquired then why the language would be added as it's duplicative. He related his understanding that DCCED wants to add language relating "other collateral that may be associated with that loan and not the permit".

REPRESENTATIVE GRUENBERG opined that the language on page 4, line 8, is generic and can include the permit or another else. He further opined that the proposed amendment would muddy the water.

MR. THAYER related that he had worked out the language with the co-chairs of the House Finance Committee who expressed the need to tighten the language.

REPRESENTATIVE GRUENBERG related his understanding that DCCED wants to be able to use the permit and/or anything else. Therefore, the language doesn't need to be tight and should remain as written. He, therefore, withdrew Conceptual Amendment 1.

[5:33:03 PM](#)

MR. THAYER specified that with the amendment labeled X.2, he wanted to be clear that additional collateral is allowed.

[5:33:21 PM](#)

REPRESENTATIVE OLSON suggested ending the sentence after "collateral" [on page 4, line 7].

REPRESENTATIVE GRUENBERG opined that he wouldn't delete the last phrase because it's extremely important that the collateral be acceptable to the commissioner, which he characterized as quality control.

[5:34:01 PM](#)

CHAIR JOHNSON inquired as to whether inserting the following language would be acceptable: "which include other collateral, which may include a charter halibut permit".

REPRESENTATIVE GRUENBERG said he is agreeable to that.

[5:34:45 PM](#)

REPRESENTATIVE AUSTERMAN related his belief the existing language implies that the permit would be used as collateral on [subparagraph] (4). Nowhere in the bill is it explicit that the permit would be used as collateral, other than the amendment, he said. He asked if that's correct.

MR. THAYER replied yes.

[5:35:15 PM](#)

CHAIR JOHNSON clarified that his suggestion was to insert the language "which may include". Therefore, once the lawsuits are settled and clear ownership is provided, then permits could be collateralized. He asked if that cleans up the language.

MR. THAYER replied yes.

[5:35:46 PM](#)

REPRESENTATIVE TUCK surmised then that an individual "may" want to use a charter halibut permit, but it isn't required in addition to other collateral.

MR. THAYER answered yes.

[5:36:12 PM](#)

CHAIR JOHNSON moved that the committee adopt Conceptual Amendment 2, to insert the following language:

"which include other collateral which may include a charter halibut permit"

There being no objection, Conceptual Amendment 2 was adopted.

[5:36:52 PM](#)

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

[5:37:14 PM](#)

REPRESENTATIVE OLSON moved to report HB 121, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 121(RLS) was reported from the House Rules Standing Committee.

HB 146-LAND TRANSFER FROM STATE AND ALASKA RR

[5:37:36 PM](#)

CHAIR JOHNSON announced that the final order of business would be HOUSE BILL NO. 146, "An Act authorizing the transfer of land from the State of Alaska and the Alaska Railroad Corporation to property owners along the Eielson Spur Line; and providing for an effective date." [Before the committee is CSHB 146(FIN).]

[5:37:39 PM](#)

REPRESENTATIVE CHENAULT moved to adopt CSHB 146(RES) as the working document.

CHAIR JOHNSON objected for discussion purposes.

[5:37:58 PM](#)

REPRESENTATIVE TAMMIE WILSON, Alaska State Legislature, stated that HB 146 was carefully crafted and vetted over several years to restore a property right to land owners along the Eielson Spur. This is a unique situation that's only applicable to the Eielson Spur. Simply put, HB 146 merely returns the right-of-way to the adjacent landowners if the track and any of the subsurface cables are removed, which was available to landowners until the Alaska Railroad Transfer Act was amended in 2003. The CSHB 146(RES) has a much tighter title than that of CSHB 146(FIN). She noted, however, that the substantive part of the legislation is the same in both versions. She expressed concern

that [CSHB 146(FIN)] would be open to other situations in the state rather than just the unique situation in Eielson Spur.

[5:39:15 PM](#)

REPRESENTATIVE GATTO asked, "What happens if, in the Finance version, that changes the ability to transfer land from the railroad to the homesteaders?"

REPRESENTATIVE T. WILSON explained that her concern is that it would allow that change, but it would be more concerning if others would use this as a mechanism to obtain land that currently belongs to the railroad.

[5:40:05 PM](#)

CHAIR JOHNSON withdrew his objection.

There being no further objection, CSHB 146(RES) was before the committee.

[5:40:24 PM](#)

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

[5:40:34 PM](#)

REPRESENTATIVE CHENAULT moved to report CSHB 146(RES) out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, it was so ordered.

[5:41:17 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Rules Standing Committee meeting was adjourned at 5:41 p.m.