

SENATE FINANCE COMMITTEE
March 8, 2011
9:16 a.m.

9:16:35 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:16 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Lesil McGuire, Vice-Chair
Senator Johnny Ellis
Senator Dennis Egan
Senator Donny Olson
Senator Joe Thomas

MEMBERS ABSENT

None

ALSO PRESENT

Senator Gary Stevens; Tim Lamkin, Staff, Senator Stevens;
Senator Hollis French; Andy Moderow, Staff, Senator French

PRESENT VIA TELECONFERENCE

Nancy Hull, Owner, Alaska Motorcycle Adventures; Philip
Freeman, Motoquest; Johanna Bales, Department of Revenue

SUMMARY

SB 18 DURATION OF REGULAR LEGISLATIVE SESSIONS

SB 18 was HEARD and HELD in committee for further
consideration.

SB 19 PASSENGER VEHICLE RENTAL TAX

SB 19 was HEARD and HELD in committee for further
consideration.

#sb18

#sb19

SENATE BILL NO. 18

"An Act relating to the duration of regular sessions of the legislature; and providing for an effective date."

SENATE BILL NO. 19

"An Act excluding motorcycles and motor-driven cycles from the passenger vehicle rental tax."

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SENATOR GARY STEVENS began with page 11 of the Alaska Constitution. He quoted Article 2, Section 8: "The legislature shall adjourn from regular session no later than one hundred twenty consecutive calendar days from the date it convenes except that a regular session may be extended once for up to ten consecutive calendar days." He pointed out that the founders felt it important to make the session period explicit in the constitution. He stressed that the public voted to shorten the legislative session from 120 days to 90 days, through the initiative process in 2006. He explained that in many years prior to that initiative, legislation had been introduced to shorten the days of the legislative session, but none ever passed. He felt that shortening the session gave more power to the governor and the administration, and restricts the ability of the legislators to fulfill the job that they were elected to do. He explained that some constituents felt that the session should stay short. They felt that if the legislature stayed in session for a longer period, government would get bloated. He explained that some legislators like the 90-day session, because it allows them more time for personal endeavors; but most felt that there was not enough time in the session to get all the business done. He pointed out that the governor opposed the extension of the session. He explained that the legislators understand their communities, and are elected to represent the communities and people of the state.

[9:24:00 AM](#)

Senator Stevens stressed that discussion regarding the length of legislative session was important. He stated that the legislature was in a weaker position than it was before the initiative passed. He emphasized that the 90-day session was not effective. He felt the need to protect the legislative institution.

Senator Olson remarked that there were many factors that could have contributed to a decline in legislative candidates. He wondered if the 90-day session really did encourage people to run for office. Senator Stevens stated that when the initiative was considered, it was thought that more people would run for the legislature if there was a shorter session. He pointed out that 150 people ran in 2000, and 100 people ran in 2010. He did not know if the decline in candidates was a direct result of the shortening of the session, but pointed out that the goal of the initiative did not work.

Senator Thomas wondered if there was a consideration of the benefit of more regularly scheduled interim meetings. Senator Stevens replied that interim meetings did occur, but it was very expensive. He stressed that more work should get done in the time that is given in Juneau.

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Co-Chair Stedman requested a difference between the initiative process and constitution. Senator Stevens stated that the constitution stated very clearly that the legislature will adjourn no later than 120 consecutive calendar days from the day it convened. The initiative changed it to 90 days.

Co-Chair Hoffman remarked that the last session that the legislature went past the 90 days. It was generally felt that the law was not broken, because it was stated in the constitution that session allows for 120 days. Senator Stevens affirmed.

TIM LAMKIN, STAFF, SENATOR STEVENS, presented a PowerPoint presentation: "Duration of Alaska's Legislative Sessions" (copy on file). He stated that SB 18 struck a compromise: 90-day first session, 120-day second session. In 2006 voters passed Ballot Measure 1 (BM 1), reducing the legislative sessions to 90 days; and BM 1 passed by a

margin of 50.8 percent in favor, in what was a notable low voter turnout.

Mr. Lamkin displayed slide 3, and noted that the chart displayed the voter turnout from 1976 to 2010. He pointed out that the spikes were presidential elections. He stressed that 2010 was the third lowest voter turnout since 1976.

Mr. Lamkin displayed slide 4. He stated that the 90-day session vote passed by 3,843 votes; there were 238,307 total cards casts statewide during the 2006 general election; there were 231,507 total cards cast statewide on BM 1; and there were 6,800 people who took a ballot, but did not vote on BM 1.

Mr. Lamkin displayed slide 5. He stated that the current year would be the fourth session the legislature has worked under a 90-day limit since the initiative vote took place. He stressed that the best interests of Alaskans were not being served, nor were the arguments made to support passing BM 1 in the first place being proven valid.

Mr. Lamkin discussed slide 6. He highlighted some arguments that were made in favor of shortening the session: reducing the cost of government, 27 other states had shorter sessions than Alaska; legislation to shorten the session had been introduced 24 times since 1990 with no action taken; and less time in Juneau would reduce time away from home, family, private sector work, etc, and thus would incentivize more quality individuals to run for state office.

[9:34:48 AM](#)

Mr. Lamkin presented slide 7: "Reducing the Cost of Government." He stated that the election pamphlet stated that "we save 30 days of per diem and expenses of operation of the legislature-paper, copy costs, transportation, etc." He remarked that actual session costs had been reduced, but the overall operating budget of the legislature had increased. He stated that legislative salaries, session per diem, and travel expenses had increased, and much of it accrues throughout the year, not just during session. He remarked that following the first 90-day regular session, there were two 30-day special sessions in 2008; and there

had also been an increase in traveling interim committee hearings.

Mr. Lamkin discussed slide 8: "Interim Committee Meeting of the Alaska Legislature 2000-2010." He stated that the chart helped to illustrate the frequency of interim activity from 2000 to 2010. He remarked that the peaks were non-election years. He noted that in 2008, 2009, and 2010 there were significant increases in interim activities in Anchorage.

Mr. Lamkin displayed slide 9: "Alaska Legislative Sessions since Statehood - Days/Session." He stated that the chart demonstrated the actual number of days in session since 1959. He pointed out that there was no limit to the legislative session until 1982, when the public voted to limit the legislative session. In 1984, a constitutional amendment was passed to limit the session to 120 days.

Mr. Lamkin discussed slide 10, which displayed a zero fiscal note.

Mr. Lamkin presented slide 11. He stated that the money that was expected to be saved was put aside in the anticipation of increased special sessions and interim costs. The fiscal note did not say there would be no cost, rather that the costs would be absorbed by the existing budget-no new appropriation was necessary.

Co-Chair Stedman stated that the two fiscal notes that were currently attached to the bill reflected the cost of implementation. He stressed that there was a budgetary impact.

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Mr. Lamkin discussed slide 12. He stated that the savings of approximately \$800,000 would represent about 2 percent of the legislature's total operating budget. He noted that the roughly \$50 million spent to operate the legislative branch of government was a "drop in the bucket" compared to the approximately \$10 billion spent by the executive branch agencies.

Mr. Lamkin presented slide 13: "Point 1 - There is not a significant, if any, cost 'savings' (reduction in the cost of government) by maintaining a 90-day legislative session."

Mr. Lamkin displayed slide 14, and brought up the common concern about other states limiting the duration of their legislative sessions.

Mr. Lamkin discussed slide 15, and stated that 27 other states had sessions that were shorter than Alaska's legislative session.

Mr. Lamkin presented slide 16: "Methods by Which Legislative Sessions are Limited." He stressed that 28 states were limited by their constitutions. He pointed out that Alaska has both constitution and statutory limits. He noted that 5 states had statutory limits. He remarked that 3 states had chamber rule, which means that at the beginning of each session, the leadership writes a resolution deciding on an adjournment date. He noted that 3 states had indirect method, which meant that states would decide that after day X, the legislators were no longer granted per diem. He pointed out that 11 states had no imposed session limit.

Mr. Lamkin remarked that there was a distinction between calendar days and actual legislative days. He pointed out that, in Alaska, the Senate meets Monday, Wednesday, and Friday, which would be considered three legislative days, in a 7 calendar day period. He stressed that Alaska currently operated under a 90 calendar day system. He pointed out that Alabama had 30 legislative days out of 105 calendar days. He stressed that Hawaii, Indiana, and Tennessee all had more calendar days in a session than Alaska.

Mr. Lamkin displayed slide 17, and remarked that Alaska was had the 27th longest session based on actual calendar days.

Mr. Lamkin discussed slide 18, and noted that every state was different, unique, and had its own reasons for choosing to operate its legislature the way it does; and similarly, Alaska was known as a "do-it-yourself" type state.

Mr. Lamkin presented slide 19. He stressed that Alaska is almost directly in the middle of all the other states, and SB 18 would move Alaska even closer to the middle.

Mr. Lamkin displayed slide 20. He noted that legislation was introduced 24 times since 1990 in an effort to shorten the session, and each attempt failed.

Mr. Lamkin discussed slide 21. He remarked that legislation that had no likelihood of passing was introduced almost every day of the session. The legislature had the prerogative to act or not act on any issue, and there were always more issues than there were actions.

Mr. Lamkin presented slide 22. The graph displayed the data of the Alaska legislation that was introduced, versus the legislation that was passed from 1979 to 2010. He remarked that there was substantial work that was done behind the scenes, and necessary to effective legislatures.

Mr. Lamkin displayed slide 23, which displayed Alaska as the 44th state in average pieces of legislation introduced per year from 2002 to 2010.

Mr. Lamkin discussed slide 24, which ranked Alaska as fourth from the bottom of average pieces of legislation passed by state legislatures from 2002 to 2010.

[9:45:45 AM](#)

Mr. Lamkin presented slide 25, and remarked that Alaska was 22nd among states in the ratio of legislation introduced to legislation that was passed by state legislatures from 2002 to 2010.

Mr. Lamkin displayed slide 26, and noted that legislation was often presented and not passed. Legislation that has no likelihood of passing was introduced almost every day of session.

Mr. Lamkin discussed slide 27. He posed the question: "By the reasoning of this argument supporting BM 1, should any bill that fails to pass the legislature after X number of attempts be automatically forwarded to the ballot box for a vote?" He retorted with slide 28, and stated that it was not a valid argument to say something should become law simply because the legislature had consistently chosen not to make it a law on its own.

Mr. Lamkin discussed slide 29. He remarked that a shorter session meant less time away from home, away from family,

away from work in the private sector, etc, and thus will incent more competition between quality individuals to run for office.

Mr. Lamkin presented slide 30. He stated that since the initiative passing in 2006, the total number of candidates that have filed for Alaska State House and Senate had significantly declined.

Mr. Lamkin displayed slide 31. He stated that since the 2006 vote to shorten the legislative sessions, the candidate pool shrank by 20 percent; the opposite of what was argued in favor of passing BM 1.

Mr. Lamkin discussed slide 32, and discussed other considerations to restore a 120-day legislative session. He stated that the 120-day restoration would allow for more time for public testimony and deliberative processes; ease staff workloads; more time for House Subcommittee Evaluation Survey; and encourage a balance of power between the executive branch and legislative branch of government.

Co-Chair Stedman mentioned two fiscal notes from the Legislative Affairs Agency. He pointed out that the first fiscal note reflected a \$450,000 increase in session expenses every other year; and the second reflected a \$413,000 increase in salaries and allowances every other year.

[9:51:13 AM](#)

Senator Olson queried the effective date of the bill. Mr. Lamkin replied that the effective date of the bill would be January 1, 2012.

Co-Chair Stedman remarked that there was money in the system already to cover the 2012 cost.

Co-Chair Stedman remarked that the legislature had the power of appropriation and oversight. He stressed that most of the time was taken focusing on the budgets, and so it was difficult to deal with some major policy issues: i.e. oil and gas taxation. He stressed that the 90-day limit placed a substantial time restraint in dealing with important policy issues. He stressed that the legislature was the basis of public involvement of government.

Senator Stevens felt the discussions regarding extending the session were important, and welcomed any amendments for consideration.

SB 18 was HEARD and HELD in committee for further consideration.

SENATOR HOLLIS FRENCH stated that SB 19 would remove the 10 percent vehicle rental tax on motorcycle rentals. He remarked that with the short summer in Alaska and the economic benefits of independent tourism, the legislature should support the emerging motorcycle rental industry.

[9:57:23 AM](#)

ANDY MODEROW, STAFF, SENATOR FRENCH, introduced himself.

Co-Chair Stedman pointed out the fiscal note from the Department of Revenue, that displayed a \$12,000 reduction in state revenue.

NANCY HULL, OWNER, ALASKA MOTORCYCLE ADVENTURES (via teleconference), spoke in favor of SB 19.

PHILIP FREEMAN, MOTOQUEST (via teleconference), testified in support of SB 19.

[10:03:57 AM](#)

Co-Chair Stedman wondered why the taxes were originally not paid to the state. JOHANNA BALES, DEPARTMENT OF REVENUE (DOR) (via teleconference), replied that the knowledge of motorcycle rental tax was not brought to the attention of DOR until four or five years after the vehicle rental tax came into effect. She stressed that motorcycle rentals did meet the definition of passenger vehicles under the statute.

Co-Chair Stedman requested DOR supply the committee with their official stance regarding the motorcycle rental tax elimination.

Senator Olson wondered if there could merely be a decrease, rather than an elimination of the tax all together. Senator French replied that he would be happy to discuss a

decrease, but felt that the tax revenue was already insignificant.

Co-Chair Stedman wondered why there was a lack of collection for four years. Senator French replied that he understood it as merely an oversight. He felt that many of the businesses may have not even been noticed by the Department of Revenue.

[10:10:11 AM](#)

Senator Thomas agreed that it probably was an oversight, and looked at the list of vehicles in the bill. Senator French remarked that the list in the bill referred to exceptions of what a passenger vehicle is considered. He stressed that motorcycles should be included in that list.

SB 19 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

The meeting was adjourned at 10:12 AM.