

SENATE FINANCE COMMITTEE
March 10, 2011
9:05 a.m.

[9:05:42 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:05 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 Bill Wielechowski; Michelle Sydeman, Staff, Senator Wielechowski; Wanetta Ayers, Department of Commerce, Community and Economic Development, Division of Economic Development; Doug Wooliver, Administrative Attorney, Alaska Court System.

PRESENT VIA TELECONFERENCE

Mike Borgford, made in Mat-Su Association, Wasilla; Brooke McLaughlin, Crabby Sisters, Anchorage; Chris Shutte, Executive Director, Anchorage Downtown Partnership; Erik O'Brien, Southwest Alaska Municipal Conference; Jason Hoke, Executive Director, Copper Valley Development Association; Carl Berger, Lower Kuskokwim Economic Development Council, Bethel; Tracy Lebarge, Tracy's King Crab Shack; Lt. Dial, Alaska State Troopers; Quinlan Steiner, Director, Public Defender Agency, Department of Administration.

SUMMARY

SB 34 SMALL BUSINESS REVOLVING FUND

SB 34 was HEARD and HELD in Committee for further consideration.

SB 58 INCREASING NUMBER OF SUPERIOR CT JUDGES

SB 58 was HEARD and HELD in Committee for further consideration.

#sb34

SENATE BILL NO. 34

"An Act establishing the Alaska small business revolving loan fund; relating to the fund and loans from the fund; and providing for an effective date."

[9:06:07 AM](#)

SENATOR BILL WIELECHOWSKI introduced the legislation. He noted that the governor presented a similar bill last year. Last year's bill did not pass. He recalled conversations with a number of small business owners who were passionate about the issue and he attempted many times to contact the governor's office. No reply was given. His intent was to file SB 34 as bipartisan legislation from the Senate. He commented that small business owners report great difficulty accessing credit. Banks are reluctant to lend to start up firms or small businesses without an established track record.

[9:08:47 AM](#)

MICHELLE SYDEMAN, STAFF, SENATOR WIELECHOWSKI, introduced the PowerPoint presentation: "SB 34: Alaska Small Business Revolving Loan Fund."

Ms. Sydeman began with Slide 2: "Prime Sponsors (Bipartisan)."

Senators Wielechowski, Menard, Ellis, Paskvan, McGuire, and Thomas.

Ms. Sydeman discussed Slide 3: "Purpose."

To promote economic development by helping small businesses in Alaska to access critically needed capital.

Ms. Sydeman discussed Slide 4: "The Need."

- Nationally, the number of small business able to obtain adequate financing has steadily decreased in the last several years.
- In 2010, only 50 percent of small businesses reported adequate access to capital.
- This is down from 78 percent in August 2008 and 62 percent in July 2009. (National Small Business Association.)

Ms. Sydeman introduced Slide 5: "Fewer Loans."

- In 2009, new small business loans fell 33 percent to \$192 billion, the lowest total since 2000. (Federal Financial Institutions Examination Council)
- Small business use of nearly every financing mechanism has decreased--from traditional bank loans to credit cards to vendor loans. (NSBA)

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Ms. Sydeman moved to Slide 6: "Credit Crunch."

- 80 percent of business owners -4 out of 5- report that their company has been impacted by the credit crunch.

Ms. Sydeman detailed Slide 7: "Why is this a problem?"

- Small firms tend to drive job growth, particularly during recoveries. They employ roughly half of all American workers and account for about 60 percent of job creation.
- Businesses less than 2 years old are especially vital. Over the past 20 years, start-ups have accounted for roughly 25 percent of job creation. When capital flows more freely, small businesses add new jobs.

Ms. Sydeman detailed Slide 8: "Is Alaska Different?"

- Probably not, according to experts. In fact, Alaska's higher business costs could exacerbate the problem.
- Support for small businesses is as important here as elsewhere.

Ms. Sydeman discussed Slide 9: "Given this..."

- Perhaps we should listen to Fed Chairman Ben Bernanke, who recently said:
- "Making credit accessible to sound small businesses is crucial to our economic recovery and so should be front and center among our current policy challenges." (June 9, 2010)

[9:11:52 AM](#)

Ms. Sydeman discussed Slide 10: "One Answer: Micro-Loans."

- The Small Business Revolving Loan Fund Senate Bill 34 proposes is modeled after a program currently operated by the federal Small business Administration.

Ms. Sydeman presented Slide 11: "An Unmet Need."

- 46 other states have "micro-loan" programs
- Alaska does not because an intermediary lender is required and no lenders meeting SBA qualifications have been identified to date in the state.

[9:12:51 AM](#)

Ms. Sydeman noted Slide 12: "A Little History."

- Last year, Governor Parnell introduced HB 412 to create a state micro-loan program.
- The bill passed the House unanimously on April 13 but stalled in the Senate.
- Over the interim, we tried unsuccessfully to ascertain whether the Governor intended to re-introduce the bill.

Ms. Sydeman discussed Slide 13: "Senate Bill 34."

- As a result, a bipartisan group of Senators decided to introduce SB 34.
- This bill differs from HB 412 in that the maximum loan amount has been slightly increased in response to comments from small business owners and new federal guidelines.

Ms. Sydeman detailed Slide 14: "Senate Bill 34, cont."

- The Senate bill also require applicants for loans over \$35,000 to prove they have been turned-down from a local financial institution before requesting a state loan.
- It also requires that applicants provide a minimum 20 percent match for the loan.

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Ms. Sydeman discussed Slide 15: "Loan Eligibility."

- Applicants must be Alaska residents and their businesses must be located in Alaska.

- They must provide sufficient collateral to secure the loan.

Ms. Sydeman detailed Slide 16: "Loan Terms."

- The loans would bear an interest rate of prime plus 1 percent, with a floor of 6 percent and a cap of 8 percent.
- The maximum term would be 6 years.

Ms. Sydeman discussed Slide 17: "Loan Terms, cont."

- Loans could not exceed \$50,000 for 1 individual and \$100,000 for 2 or more individuals.
- The program would be housed within Department of Commerce, Community and Economic Development.

[9:15:43 AM](#)

Co-Chair Hoffman asked about the variation of 6 percent to 8 percent. He asked to know the criteria used to determine the 6 percent versus the 8 percent. Ms. Sydeman responded that loan officers sometimes look at the business plan and types of collateral of loan applicants.

Co-Chair Stedman referred to Page 4, Line 9, which illustrated the interest rate at prime plus 1. Ms. Sydeman responded that if the prime were lower than 3.5 percent, then the floor would be the next step. If the prime was greater than 8 percent then the next step would be the ceiling.

[9:17:13 AM](#)

Ms. Sydeman presented Slide 18: "Other Programs."

This program would complement two existing programs administered by the Division of Economic Development:

1. The Small Business Economic Development Revolving Loan Fund
2. The Rural Development Initiative Fund

Ms. Sydeman discussed Slide 19: "Economic Development Fund (SBEDRLF)."

Economic Development Fund (SBEDRLF)

- This program relies on funding from the federal EDA and is targeted at communities experiencing economic hardship.

- Funds are primarily used for long-term financing and numerous federal requirements must be met.

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Ms. Sydeman detailed Slide 20: "Rural Development Fund (RDIF)."

- Created with state funds, primarily for long-term financing.
- Only available in communities of 5000 or less (if not connected by road or rail Anchorage or Fairbanks) or communities of less than 2000 (if connected).

Ms. Sydeman discussed Slide 21: "Alaska Small Business Loans."

- Would provide relatively short-term, low-interest loans to Alaska small businesses.
- Could be used for working capital, purchasing machinery, equipment, inventory and leasehold improvements.

[9:18:39 AM](#)

Ms. Sydeman discussed Slide 22: "Statewide Eligibility."

- Loans would be available in all regions of the state.
- The application process would be streamlined and fees would be modest: \$100 to apply and 1 percent origination fee.

Co-Chair Stedman called attention to the table "Loan Servicing Report" (copy on file).

Ms. Sydeman discussed Slide 23: "Capitalization."

- The fund would be capitalized with \$3.5 million.
- All earnings and loan repayments would be retained by the fund for future loans.
- And operating expenses would be paid from fund earnings.

Ms. Sydeman detailed Slide 24: "Potential Fund Sources."

- Two possibilities:
 1. General funds
 2. State Small Business Credit Initiative funding through the US Treasury

Ms. Sydeman discussed Slide 25: "Small Business Credit Initiative"

- New federal program created by the Small Business Jobs Act of 2010.
- \$1.5 billion appropriated to "strengthen state programs that support lending to small businesses and small manufacturers."

Ms. Sydeman detailed Slide 26: "Small Business Credit Initiative, cont."

- Alaska's share = More than \$13 million
- State has filed letter of intent to apply
- Application deadline: June 27, 2011

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Ms. Sydeman discussed Slide 27: "Revolving Loan Funds: Self Sustaining."

- Assumptions: 20 loans in first year
- Average loan = \$35,000
- 25 in second year and every year thereafter
- By FY17, all principle pushed out
- Fund starts earning money and re-lending

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Ms. Sydeman discussed Slide 28: "Widespread Support For Micro-Loans."

Business groups from across the state recognize the need for a micro-lending program, such as that proposed by S.B 34.

Ms. Sydeman detailed Slide 29: Bristol Bay Economic Development Corporation."

"By far, the most challenging aspect of starting a small business in our region is lack of capital; even when it involves a very small amount of money. Traditional sources of capital such as banks and other financial institutes are not viable sources of capital such as banks and other financial institutes are not viable sources of capital for small entrepreneurs in rural Alaska."

H. Robin Samuelsen
Chief Executive

[9:21:40 AM](#)

Ms. Sydeman discussed Slide 30: "Anchorage Economic Development Corporation."

"The modest investment by the state of Alaska could yield significant benefits for communities in every region of the state. The sizes of the loan are quite modest, as are the corresponding fees and interest rates charged. The infusion of capital this program offers will help both existing businesses and start-up businesses to bridge short-term funding gaps, purchase new equipment, expand services and employ more Alaska citizens."

Bill Popp
President and CEO

Slide 31: "Alaska Small Business Development Center."

"Micro-lending is an opportunity for many small businesses who typically do not find lending options with banks due to the small amount of their loan request. Many lending institutions prefer loan applications with values of \$100,000 or more. The approval of micro-lending bills will significantly impact and support many small businesses throughout Alaska..."

Debi Fowler
Associate State Director

[9:22:37 AM](#)

Ms. Sydeman discussed Slide 32: Southwest Alaska Municipal Conference."

"In Southwest Alaska, a revolving loan fund could help small boat owners or smaller fish processors with equipment purchases. It could assist bed and breakfast owners with upgrades to their homes and business. Or it could provide much needed capital to mechanics, day care providers, and a host of other small business startups and entrepreneurs."

Ms. Sydeman discussed Slide 33: "Alaska Small Business Development Center."

"As a small business owner, I depend on credit to place orders for inventory, expansion, advertising and payroll during slow times. Availability of this credit has allowed many businesses to weather economic slowdowns in the past and even to emerge stronger when the economy recovers. This recession is different: all

forms of available credit have dried up, especially those for small business."

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Ms. Sydeman detailed Slide 34: "Alaska Bankers Association."

- SB 34 even has the support of the Alaska Bankers Association.
- The sponsors of this legislation worked closely with them to resolve any concerns they had.

[9:23:28 AM](#)

Ms. Sydeman concluded with Slide 35: "Closing Thoughts."

- Small loans, many under \$15,000
- Alaska residents only
- Quick pay-back
- The difference between success and failure, especially when credit is tight
- Possible federal funding
- Self-sustaining, including operating costs

[9:24:00 AM](#)

Co-Chair Stedman asked if the loans can be stacked. Ms. Sydeman did not know. She deferred to Director Ayers.

Co-Chair Stedman asked about the federal micro-loan program. Ms. Sydeman understood that 46 other states have programs under the Small Business Association (SBA) guidelines. She stated that two other states access programs run by neighboring states and two states, including Alaska are without existing microloan programs.

[9:24:55 AM](#)

Co-Chair Stedman asked about the response from the industry and the burden of the regulations. Ms. Sydeman deferred the question to Director Ayers.

[9:25:51 AM](#)

Co-Chair Stedman clarified that a denial letter is not necessary unless the amount is greater than \$35 thousand and the loan cap is \$100 thousand. Ms. Sydeman agreed and stated an additional difference in the governor's bill where an applicant could borrow up to \$70 thousand without a turn down provision.

Co-Chair Stedman clarified that a document must be presented exhibiting decline from a lending institution when applying to borrow \$35 thousand. He asked about a minimum amount. He added that 20 percent is required despite the loan amount. Ms. Sydeman replied that 20 percent is a minimum amount, the department can require more. The department works closely with loan requestors. No minimum loan amount is written into the bill.

[9:27:43 AM](#)

Co-Chair Stedman mentioned the first fiscal note, which was a fund transfer of \$3.5 million in general funds to capitalize the loan fund. The second fiscal note is for \$85.3 thousand to cover the cost of one new position to administer the loan fund. The expense will be paid from the earnings of the fund.

[9:28:34 AM](#)

MIKE BORGFORD, MADE IN MAT-SU ASSOCIATION, WASILLA (via teleconference), testified in support of the legislation. He stated that many small business owners in the Wasilla area require additional funding to expand businesses. He shared a story about a fellow business person in his area who was struggling to secure financing for her business.

[9:30:35 AM](#)

BROOKE MCLAUGHLIN, CRABBY SISTERS, ANCHORAGE (via teleconference), testified in support of the legislation. She provided history of her business and her participation in financial analysis and projection seminars. She mentioned the market potential and the high consumer demand for her product, which leads to growth and expansion. Her business requires a loan to meet the need for cash flow. She and her business partner are categorized as a start up business, which provides a red flag to financial institutions. She believed that she is a qualified candidate for the microloan program.

[9:33:50 AM](#)

CHRIS SHUTTE, EXECUTIVE DIRECTOR, ANCHORAGE DOWNTOWN PARTNERSHIP (via teleconference), testified in support of the legislation. He noted the lack of capital for various small businesses in his area. He echoed the need for financing to allow for new business growth. He mentioned needs from an architectural firm and a small hotel. He added that the access to capital would benefit the economy in Alaska.

[9:35:55 AM](#)

ERIK O'BRIEN, SOUTHWEST ALASKA MUNICIPAL CONFERENCE (via teleconference), testified in support of the legislation. He believed that additional money in the economy would be accomplished with help from the microloan program. He noted that Alaska has a lack of available capital and liquidity. He offered a perspective regarding economic development. He explained the state's potential regarding natural resources. He shared a story regarding a small business and missed opportunities.

[9:40:31 AM](#)

JASON HOKE, EXECUTIVE DIRECTOR, COPPER VALLEY DEVELOPMENT ASSOCIATION (via teleconference), testified in support of the legislation. He noted the lack of ability for many new businesses to secure funding.

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CARL BERGER, LOWER KUSKOKWIM ECONOMIC DEVELOPMENT COUNCIL, BETHEL (via teleconference), testified in support of the legislation. He commented on the lack of access to funding for small businesses. He supported the bipartisan support and thanked Co-Chair Hoffman for the support.

[9:43:48 AM](#)

TRACY LEBARGE, TRACY'S KING CRAB SHACK (via teleconference), testified in support of the legislation. She stated that access to this type of loan would have provided her an opportunity to retain greater than 60 percent of her sales. She stressed the importance of microloans to small businesses.

[9:45:52 AM](#)

WANETTA AYERS, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, DIVISION OF ECONOMIC DEVELOPMENT introduced herself.

Co-Chair Stedman asked how the bill would work for an applicant in a rural area. He asked how legitimacy of the microloan applicants is determined by the department.

Ms. Ayers responded that the loan application processes can be accessed on the state website allowing people across the state to apply with ease. She stated that the loan demand would be monitored by the department. She added that staff in Juneau and Anchorage would ascertain the location of the loan demand thereby determining placement of the position required to staff the microloan program. She explained that 84 percent of the current loans are outside of Anchorage, Fairbanks, and Juneau. She stated confidence in Alaska's stable banking community. She added that the banking

communities wish to compete for the opportunity to provide the microloans to accepted businesses.

[9:49:12 AM](#)

Co-Chair Stedman asked about loans for inventory and management of cash flow. He wondered about proof of an applicant's legitimacy. Ms. Ayers responded that collateral and documentation are required as part of the application process. Some borrowers may require additional help determining their request in relation to capacity.

Co-Chair Stedman asked about the collateral requirements. Ms. Ayers responded that in some cases, collateral requirements exceed the loan amount by two-to-one. She mentioned work with the fishing industry to determine a business' capacity and the subsequent scope of the loan. She was unsure about the use of inventory as a form of collateral.

[9:52:22 AM](#)

Co-Chair Stedman expected that the loan requirements for the small business would be for the purpose of obtaining additional inventory. He asked about recourse versus nonrecourse loans. Ms. Ayer did not know and offered to respond to the committee in the near future. Co-Chair Stedman explained that with a recourse loan, the bank can collect any possession to address the debt.

Ms. Ayer stated that current loans have been foreclosed upon and the history of recovery is good within the division.

Co-Chair Stedman asked for additional information regarding resource loans. Ms. Ayers offered to provide the information.

[9:54:01 AM](#)

Senator Thomas asked about Page 4, Line 11. He recalled reading about the need for collateral considered acceptable to the commissioner. He wondered about other language indicating acceptable collateral. Ms. Ayers responded that she would provide additional resources to answer the question.

Senator Thomas responded that a list of acceptable collateral would provide the answer he sought. He asked about the low percent of loan delinquency in the state. He wondered if was typical among banks and other financial institutions or specific to small business loans. Ms. Ayers responded that the delinquency rate is less than one percent. She mentioned various management plans that allow

for ease with loans containing multiple streams of requirements.

[9:57:02 AM](#)

Senator Thomas asked if Alaska's loan delinquency rates are typical for the industry. Ms. Ayers replied that Alaska's delinquency rates fall significantly below the national standard.

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Co-Chair Stedman recalled conversations regarding a document providing education about the available Alaskan small business loans. He stated that an effort to update the document or publication was underway. He requested reevaluation of the legislation to bring the bill into compliance with the goals of the committee.

SB 34 was HEARD and HELD in Committee for further consideration.

[10:00:04 AM](#)

#sb58

SENATE BILL NO. 58

"An Act increasing the number of superior court judges designated for the third judicial district; and providing for an effective date."

Co-Chair Stedman noted the first hearing of SB 58 in the Senate Finance Committee (SFC).

DOUG WOOLIVER, ADMINISTRATIVE ATTORNEY, ALASKA COURT SYSTEM, stated that two new superior court judges were needed in Anchorage to preside over civil cases. The additional judges are required because Anchorage has the highest caseload in Alaska. Anchorage judges handled 687 cases per judge last year. Changes in Child In Need of Aid (CINA) cases require additional staff in the form of standing masters. The change resulted in the superior court judge having better knowledge of the family. The better a judge knows a family, the more trust develops, which benefits the family. The change also takes more of the judge's time. He encouraged status hearings in the courts, much like the therapeutic court program.

Mr. Wooliver mentioned the value of deadlines for the litigants. He stated that encouraging regular hearings in front of a judge would greatly encourage family unification. He believed that the process would result in better outcomes. The child in need of aid statutes adopted by the

legislature strongly encourage family reunification. While valuable, the status hearings require judicial time.

[10:06:38 AM](#)

Mr. Wooliver remarked on the second change to the Alaska judicial system involving family law cases. He stated that 33 percent of cases have attorneys on both sides, but 38 percent are without attorneys. Unrepresented litigants are time consuming for the court system. He pointed out that while family law cases were very emotional, many families did not have adequate legal knowledge to argue specific legal issues. He stressed the issue of motion practices, with a 34 percent increase in motion practices in family law cases. He added that the cases are equally important to the courts and the litigants despite the increased use of judicial time. The Alaska court system is dedicated to ensuring the accessibility of the court system. Divorce and child custody cases represent a majority of cases seen in family law court rooms.

[10:11:00 AM](#)

Mr. Wooliver added that additional educational opportunities exist for people required to testify in a court of law. He noted that the court system is using the efforts to better manage the cases. He stated that Anchorage is asking for two new superior court judges, but the need is really for three. Better management techniques would allow the municipality to utilize only two additional superior court judges.

Co-Chair Stedman noted two numeric changes in the one paragraph bill.

[10:13:41 AM](#)

Co-Chair Hoffman asked about the numbers of case filings presented. He requested a three year average of case files. He asked about the last time that Anchorage received a new superior court judge. Mr. Wooliver responded that Anchorage received new judges in 2006 and prior to that in 2001. He offered to update the material to contain additional current information for FY 11.

Co-Chair Hoffman clarified his question. He requested a three year average for case files. Mr. Wooliver agreed to provide the information.

Co-Chair Stedman mentioned SB 246, which requested one superior court judge for Anchorage. He wondered about a change in the request. He wondered why only one judge was requested last year.

[10:15:26 AM](#)

Mr. Wooliver responded that the superior court in Anchorage asked the Supreme Court for three new judges, but the Supreme Court decided to ask the legislature for only one. The plan to incorporate additional improvements was considered, as mentioned earlier in the meeting. Since then, the caseload in Anchorage has increased by another 662 cases. The higher caseload justified the request for two judges.

[10:15:54 AM](#)

Senator Ellis commented about prior discussion in the Judiciary Committee where Senator Paskvan stated another reason to have divorce cases heard in district court is to allow the mandatory right of appeal to superior court, but not to the Supreme Court. This recommendation for two additional judges is approved by the Supreme Court as a request to the legislature.

Mr. Wooliver responded that he met with the Supreme Court and with Senator Paskvan. The Supreme Court does not support a specifically designated family law bench in Anchorage. He stated that historically, a family court division leads to judicial burnout. Some states address the problem by allowing for a revolving family law bench. Another option is the creation of a family law court. A family law judge can then apply for the position if necessary. The courts concern with the model is judicial burnout. In addition, the applicant pool is often narrow.

[10:20:21 AM](#)

Mr. Wooliver stated that the district court is a high volume business. The district court spends a short time on each case. District courts can have arraignments with 100 people in the morning and 50 defendants in the afternoon. He added that small claims cases are addressed very quickly. Family law cases can last for years and do not work in a district court calendar.

Mr. Wooliver stressed that the Supreme Court is not asking for additional help with the appeals of family law cases. Placing the district court in charge of family law cases would not work in the district law calendar.

[10:21:30 AM](#)

Senator McGuire commented about a conversation with Justice Morgan Christian regarding the possibility of a subcommittee of lawmakers, staff, and the Justice to address the issue. She agreed that citizens want the opportunity to appeal to the Supreme Court. She spoke about burnout. She stated that many attorneys are ill equipped to deal with family law. She

mentioned an Oregon model which includes mediation. The model serves as a filter to provide a liaison or mediator as a precursor to court.

[10:24:29 AM](#)

Senator McGuire stated that only one superior court judge exists in South Central Alaska. She pointed out that women in South Central Alaska have no gender choice when seeking a superior court judge. She wondered about recruiting additional women to the bench. One report showed that many female names have been put forward over the years, and the head of state chose males over females. She stressed that Alaska must have more women on the bench.

[10:27:55 AM](#)

Co-Chair Hoffman requested additional information regarding caseloads for district court judges.

[10:28:18 AM](#)

Senator Egan asked about the request of \$425 for remodeling seen in fiscal note one. He queried the interim location of the courts for the period of remodel. Mr. Wooliver replied that the judicial council utilizes several months to choose the judge. By the time the judges are seated, the remodels are scheduled to be finished.

Senator Egan asked if the fiscal note would be lessened as a result. Mr. Wooliver responded that retired superior court judges will substitute until additional judges are chosen.

[10:29:58 AM](#)

Senator Thomas asked about the percentage of cases filed that are ultimately contested. Mr. Wooliver offered to provide the information.

Co-Chair Stedman detailed the eight different fiscal notes. The total cost by the administration and the court system is \$2,400,600 for a total of 16 new positions.

[10:32:44 AM](#)

Co-Chair Stedman asked about the addition of a new probation officer for the civil court cases.

[10:33:03 AM](#)

LT. DIAL, ALASKA STATE TROOPERS (via teleconference), responded that additional judges, even civil court judges will generate additional work for the judicial services unit in Anchorage. That work includes assignments to hearings for

security reasons and to process and serve paperwork and subpoenas generated by the new judges. To adequately provide for the needs of the court, the request for one new court service officer was made.

[10:33:49 AM](#)

Co-Chair Stedman asked about the caseloads and the existing public defenders and public advocacy attorneys regarding child in need of aid cases.

[10:34:25 AM](#)

QUINLAN STEINER, DIRECTOR, PUBLIC DEFENDER AGENCY, DEPARTMENT OF ADMINISTRATION (via teleconference) addressed Co-Chair Stedman's query. He stated that the fiscal note illustrates proposed funding for a position and a support staff position in Anchorage. The additional position will accelerate the workload for the civil division. He mentioned a push for more status hearings and the additional judges will place pressure on the attorneys to be prepared for the hearings. Additionally, the rest of the state carries mixed caseloads. He added that CINA cases are increasing. The Anchorage unit specializes to provide assistance in both case oversight and training and the additional pressure is placed on Anchorage. The additional attorney will require support.

Co-Chair Stedman asked about SB 246 and the zero fiscal note. He wondered why SB 58 has a positive fiscal note. Mr. Steiner offered to revisit the past fiscal note and provide an explanation.

Co-Chair Stedman stated that a request of one agency sometimes leads to additional requests from other agencies.

[10:37:41 AM](#)

Senator McGuire asked about the governor's operating budget and the overarching fiscal concerns. Co-Chair Stedman stated that the committee has been supportive of the expansion of the court system's capital needs. He noticed \$4 million in court renovations located in the capital budget.

[10:39:18 AM](#)

Senator McGuire pointed out that the office of public advocacy and the CINA issues can be addressed in the administrative and operating levels. She commented that Ketchikan might be in need of one more judge.

Co-Chair Stedman added that the numbers may change along the way. He requested a ratio for the sake of saving the committee members' time.

Senator McGuire asked if judges rotate throughout communities.

Mr. Wooliver responded that the judges travel exclusively throughout Southeast and Southwest Alaska.

[10:41:37 AM](#)

SB 58 was HEARD and HELD in Committee for further consideration.

ADJOURNMENT

[10:42:33 AM](#)

The meeting was adjourned at 10:42 AM.