

SENATE FINANCE COMMITTEE

April 4, 2011

9:20 a.m.

[9:20:25 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:20 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

Matt Moser, Staff, Senator Ellis; Dana Owen, Staff, Senator Egan; Senator Hollis French

PRESENT VIA TELECONFERENCE

None

SUMMARY

SB 23           FILM PRODUCTION TAX CREDIT

CSSB (FIN) 23 was REPORTED out of Committee with a "do pass" recommendation and with two zero fiscal notes from the Department of Revenue Tax Division and the Department of Commerce Community and Economic Development.

SB 87           GRANTS FOR SENIORS' MEDICAL CARE

SB 87 was REPORTED out of Committee with a "do pass" recommendation and with accompanying fiscal note from the Senate Finance Committee-Department of Commerce, Community, and Economic Development.

SB 92 DENTISTS/DENTAL HYGIENISTS/ASSISTANTS

CSSB 92 was REPORTED out of Committee with a "do pass" recommendation and with accompanying fiscal note from Senate Finance Committee-Department of Commerce, Community, and Economic Development.

#sb23

SENATE BILL NO. 23

"An Act relating to transferable film production tax credits; and providing for an effective date by amending the effective dates of secs. 3 and 4, ch. 63, SLA 2008."

[9:22:07 AM](#)

Co-Chair Hoffman proposed committee substitute, work draft #27-LS0252\S. Co-Chair Stedman OBJECTED for purpose of discussion.

MATT MOSER, STAFF, SENATOR ELLIS, discussed the changes in the committee substitute work draft, version S from previous version M. He stated that the changes included the sponsor's efforts to address the concerns of the public, as well as the concerns of the Senate Finance Committee (SFC).

Mr. Moser stated that section 1 was a new section, and pointed out page lines 27 through 30. This was an update to the powers and duties section of the statutes related to the Legislative Audit Division (LAD). It would require LAD to conduct a series of three audits of the film and television production incentive program. He stated that the first audit would be completed in 2013, to assess the program at the end of the initial five years of the program. He stressed that a second audit would be completed with data from the first five years of the ten year extension, to be available in 2018. He remarked that the section would provide for a third and final audit at the end of the final five years of the ten year extension.

Mr. Moser stated that section 2 amended the existing film production incentives statutes to require the Department of Revenue (DOR) to provide a certificate for a film production incentive. He stated that section 3 and 4 also added references to the film production incentive certificates.

Mr. Moser looked at section 5, page 3, on line 17. He stated that the period that the tax credit could be used was changed from 3 years to 6 years. He remarked that the change was made to allow for more flexibility and value for Alaska corporate income tax payers to use the credits over additional tax years.

Mr. Moser addressed section 6, and stated that it was the same as section 1 of version M. This section created \$200 million in additional film and television production credits in the ten year extension. This would allow for \$100 million incentives for the first five years, and allowed for \$100 million in incentives for the second five years of the extension.

Mr. Moser stated that section 7, page 3, lines 24 and 25 created two new subsections. He remarked that subsection G created a cap of 44 percent on the total amount of tax credits available for a single production. He stated that subsection H would authorize the pooling of film production incentive credits, which would clarify in statute that a person or entity may buy and pool multiple credits.

Mr. Moser remarked that section 8 would add to the duties of the film office additional reporting requirements. He stated that the film office would be required to report the total amount paid by productions qualifying for incentives to Alaskan businesses and Alaskan residents.

Mr. Moser stated that section 9, lines 22 through 24 would add to the duties of the film officer requirement to design a logo that would represent the film office. He stated that the logo would be included in films that qualify for the incentives.

Mr. Moser reported that section 10 was the same as section 2 of version M. It would change the qualified expenditure period from 24 to 36 months.

[9:27:04 AM](#)

Mr. Moser looked at section 11, page 5, line 11, and stated that it would add a subsection to include Natural Resource Development in the state, as one of the considerations when determining whether a production was in the best interest of the state.

Mr. Moser stated that section 12 was the same as section 3 from previous version M.

Mr. Moser remarked that section 13 was a conforming statute that would deal with subsection I, that was added by section 17. He stated that subsection I was a requirement that a thank you to the state of Alaska and Department of Commerce be included to qualify for the film production incentive.

Mr. Moser stated that section 14 changed the base production incentive for non-fiction television programs from 30 to 20 percent.

Mr. Moser remarked that section 15, page 6, line 2, increased the credits available for qualified production expenditures made in a rural area from 2 to 6 percent.

Mr. Moser stated that section 16, page 6, lines 10 and 12 added a requirement for verification by an Alaskan independent certified public accountant include verification that there were no outstanding balances for qualified expenditures due to a person in Alaska.

Mr. Moser addressed section 17, page 6, lines 14 through 22, and stated that it was the aforementioned subsection I.

Mr. Moser stated that section 18 was the same as section 4 of version M.

Mr. Moser explained that section 19 updated the definition of "rural" to include communities of a population of up to 10,000 that were not connected by road or rail to Anchorage or Fairbanks.

Mr. Moser stated that sections 20 through 23 were the same as sections 5 through 8 from version M. It updated statutory references to match the program extension.

Senator Thomas wondered if there was any attempt to gather information about indirect economic impacts and activity,

outside of traditional state audits. Mr. Moser responded that some film companies had performed independent audits.

Senator Olson wondered the stance of DOR related to section 7 of the bill. Mr. Moser replied that DOR had contributed to the formulation of the language.

Senator Ellis supported the upgrades in the committee substitute, specifically related to rural definitions.

[9:33:11 AM](#)

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

Co-Chair Stedman noted the two fiscal notes.

Senator Ellis MOVED to report CSSB 23 (FIN) out of Committee with individual recommendations and the two accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSSB (FIN) 23 was REPORTED out of Committee with a "do pass" recommendation and with two zero fiscal notes from the Department of Revenue Tax Division and the Department of Commerce Community and Economic Development.

#sb92

SENATE BILL NO. 92

"An Act relating to dental hygienists, dentists, dental assistants, dental hygiene, and dentistry."

[9:34:05 AM](#)

AT EASE

[9:35:07 AM](#)

RECONVENED

[9:35:18 AM](#)

Co-Chair Hoffman proposed committee substitute, work draft 27-LS0403\E. Co-Chair Stedman OBJECTED for purpose of discussion.

DANA OWEN, STAFF, SENATOR EGAN, explained the changes in the work draft CSSB 92. He pointed out page 9, lines 16 and 17, which was a correction of the federal agency: "The United States Indian Health Service." He stated that lines 23 through 28 corrected the sites to the federal law. He explained that page 16 showed a new section 31. He explained that the language in the bill for dental hygienists also applied to dentists. He looked at page 19, and noted that the language was corrected.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

Co-Chair Stedman explained the fiscal notes.

Senator Olson wondered if there was input from medical corporations, whose dental programs would be affected by the bill. Mr. Owen replied that the Alaska Native Tribal Health Consortium expressed support of the bill.

Senator Olson specifically wondered if the private practice medical providers in rural Alaska had commented on the bill. Mr. Owen replied that there had been no individual response from private providers, and only heard response from the Dental Society.

Co-Chair Hoffman MOVED to report CSSB 92 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 92 was REPORTED out of Committee with a "do pass" recommendation and with accompanying fiscal note from Senate Finance Committee-Department of Commerce, Community, and Economic Development.

#sb87

SENATE BILL NO. 87

"An Act establishing a program in the Department of Commerce, Community, and Economic Development for payment of grants to health care providers for care of patients who are 65 years of age or older."

[9:40:20 AM](#)

SENATOR HOLLIS FRENCH, explained SB 87. He stated that the bill was designed to close the Medicare gap that had

emerged over the few years prior. There was a gap between what Medicare pays and what it actually costs to see a doctor. He remarked that because of that gap, some doctors had stopped seeing patients, to the detriment of those individuals. The bill seeks to address the gap through new grants, which were allowed in an amendment in the Affordable Care Act.

Co-Chair Stedman referred to the first hearing, and specifically Senator Olson's question regarding access to dental care and prescription drug coverage. He stated that Senator French had provided a written letter in response to that inquiry.

Co-Chair Stedman discussed the new fiscal note

Senator McGuire requested that the program be evaluated, and a report be provided to the committee as to the effectiveness of the program. Senator French felt there would be no problem obtaining that report.

Co-Chair Hoffman MOVED to report SB 87 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 87 was REPORTED out of Committee with a "do pass" recommendation and with accompanying fiscal note from the Senate Finance Committee-Department of Commerce, Community, and Economic Development.

#  
ADJOURNMENT

[9:44:17 AM](#)

The meeting was adjourned at 9:44 AM.