

SENATE FINANCE COMMITTEE

April 16, 2011

10:42 a.m.

10:42:06 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 10:42 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

Darwin Peterson, Staff, Senate Finance Committee; Sarah Fisher-Goad, Executive Director, Alaska Energy Authority; Frank Mielke; Senator Kevin Meyer; Representative Cathy Munoz; John Burns, Attorney General; Annie Carpeneti, Assistant, Department of Labor and Workforce Development; Conrad Jackson, Staff, Representative Olson; Jeanne Ostnes, Staff, Representative Johnson; Representative Steve Thompson; Jomo Stewart, Staff, Representative Thompson; Representative Kyle Johansen.

PRESENT VIA TELECONFERENCE

Rich Wilson, President, Alaska Ratepayer Association; Commissioner Masters, Department of Public Safety; Rich Wilson, President, Alaska Rate Payers.

SUMMARY

SB 42 Power Project; Alaska Energy Authority

CSSB 42 was HEARD and HELD in Committee for further consideration.

HB 7 Synthetic Cannabinoids

HB 7 was REPORTED out of committee with a "do pass" recommendation and with one new indeterminate fiscal note from the Department of Corrections and two previously published fiscal notes: FN4 (HFIN/DPS) and FN5 (LAW).

HB 13 Workers' Compensation: Medical Fees

HB 13 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN 2 (HFC/DOL).

HB 24 RCA Sunset Extension

SCSCSHB 24 was REPORTED out of committee with a "do pass" recommendation and with one new fiscal note from the Senate Finance Committee for the Department of Commerce, Community and Economic Development.

HB 66 Tax On Gas For In State Manufacturing

CSSB 66 was REPORTED out of committee with a "do pass" recommendation and with one zero fiscal note: FN1 (DCCED).

HB 97 Extend Invasive Plants Law

HB 97 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN 1 (DNR).

HB 127 Omnibus Crime Bill

HB 127 was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from the Department of Law, one new zero fiscal note from the Department of Corrections, two indeterminate previously published fiscal notes: FN3 (DOA) and FN6 (DOA) and two previously

published zero fiscal notes: FN1 (DPS) and FN5 (DHS).

HB 173 Sport Fishing Guiding Services

HB 173 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN2 (ADF&G).

HB 214 Walter L. Kubley Ferry Terminal

HB 214 was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN1 (DOT).

[10:42:11 AM](#)

#sb66

SENATE BILL NO. 66

"An Act creating a new markets tax credit assistance guarantee and loan program within the Alaska Industrial Development and Export Authority; and providing for an effective date."

[10:44:04 AM](#)

Co-Chair Hoffman introduced the governor's bill. The legislation's intent was to provide economic diversity in rural areas of the state.

Co-Chair Stedman explained that the bill allowed the ability for a firm to receive tax credits from the federal program. The bill allowed for creation of an equity position and formation of capital for use in economically challenged portions of the state. He mentioned one zero fiscal note from the Department of Commerce, Community and Economic Development (DCCED).

Co-Chair Hoffman MOVED to report CSSB 66 out of committee with individual recommendations and the accompanying fiscal note(s). There being NO OBJECTION, it was so ordered.

CSSB 66 was REPORTED out of committee with a "do pass" recommendation and with one zero fiscal note: FN1 (DCCED).

#sb42

SENATE BILL NO. 42

"An Act relating to the procurement of supplies, services, professional services, and construction for the Alaska Energy Authority; establishing the Alaska Railbelt energy fund and relating to the fund; relating to and repealing the Railbelt energy fund; relating to the quorum of the board of the Alaska Energy Authority; relating to the powers of the Alaska Energy Authority regarding employees and the transfer of certain employees of the Alaska Industrial Development Export Authority to the Alaska Energy Authority; relating to acquiring or constructing certain projects by the Alaska Energy Authority; relating to the definition of 'feasibility study' in the Alaska Energy Authority Act; and providing for an effective date."

[10:46:14 AM](#)

Co-Chair Hoffman proposed committee substitute, work draft #27-GS1822/E, Kane, 4/15/11.

Co-Chair Stedman OBJECTED.

[10:46:41 AM](#)

DARWIN PETERSON, STAFF, SENATE FINANCE COMMITTEE, explained the CS. He stated that Sections 1, 3, 12, 16, and 17, which would have created the Alaska Railbelt Energy Fund, were removed from the previous CS. He noted that Sections 2 and 5 were also removed. The sections would have permitted the Alaska Energy Authority (AEA) to hire their own employees and advisors in the exempt service. He continued that previous Sections 14 and 15 were also removed. He stated that previous Sections 7, 8, 10, and 13 were removed. Those sections would have empowered AEA to establish subsidiary corporations to support the acquisition, construction, ownership, and operation of any power projects. Section 2 was amended, which allows AEA legislative approval to acquire a Susitna River project. A new section of uncodified law was added beginning on Page 4, Line 21, Subsection (a), which provided legislative approval for AEA to loan up to \$11 million from the power project fund for the Reynolds Creek hydro-project. Subsection (b) provided legislative approval for AEA to loan up to \$5 million from

the power project fund for the Humpback Creek hydro-project.

Co-Chair Stedman mentioned two fiscal notes from the Department of Commerce, Community and Economic Development. One fiscal note originated from the Alaska Industrial Development Export Authority (AIDEA) for \$1,125,000 in interagency receipts for eight staff positions in the Susitna project office. One fiscal note originated from AEA for \$1,763,000 in Capital Improvement Projects (CIP) receipts.

[10:48:45 AM](#)

Co-Chair Stedman WITHDREW his OBJECTION.

There being NO OBJECTION, it was so ordered. Version E was adopted.

SARAH FISHER-GOAD, EXECUTIVE DIRECTOR, ALASKA ENERGY AUTHORITY, discussed the CS. She mentioned the policy target to reach 50 percent of renewable energy by 2025. She noted that in November of 2010, AEA declared that the Susitna River Project was best suited to meet the policy target. She explained that the legislation allowed the AEA to construct the project. She stated that pending legislation, AEA will file a preliminary application document with the Federal Energy Regulatory Commission. An additional provision was the correction of a Board of Directors quorum from four to seven members.

Co-Chair Stedman asked if she was comfortable with the bill's version.

Ms. Fisher-Goad responded that the original intent was broader in scope to allow AEA to construct and own new projects and to hire new employees. She commented that the legislation allowed for the new hydro-project.

[10:52:24 AM](#)

Senator Olson asked about the employees hired for the extensive hydro-project.

Ms. Fisher-Goad responded that the Bradley Lake Hydroelectric project was exhibited as a model endeavor. She expected that the employees would be hired specific to

the development of the project and would work short-term. She stated that the operation mode would include contracting with the private sector for long-term employees.

[10:53:45 AM](#)

Senator McGuire applauded Ms. Fisher-Goad for her work. She thanked Senator Thomas for his leadership championing the project and the legislation. She expressed pride in Co-Chair Hoffman and the governor for their contributions as well. She stated that the day was monumental for Alaska.

[10:55:05 AM](#)

RICH WILSON, PRESIDENT, ALASKA RATEPAYER ASSOCIATION (via teleconference), testified in favor of the legislation. He applauded the leadership responsible for their work on the legislation. He emphasized the importance of the successful hydroelectric energy. He mentioned various members of his organization.

[10:56:55 AM](#)

RICH WILSON, PRESIDENT, ALASKA RATE PAYERS (via teleconference), testified in support of the legislation. He thanked the committee for their leadership. He stated that the lowest rates to the rate payer would be achieved by a well-organized and efficient entity.

FRANK MIELKE, testified in favor of the legislation. He spoke about the power of eminent domain, which he opined contributed greatly to the timeliness of a project.

Ms. Fisher-Goad commented on the testimony provided. She mentioned a provision stating that AEA will exercise eminent domain.

CSSB 42 was HEARD and HELD in Committee for further consideration.

#hb7

CS FOR HOUSE BILL NO. 7(JUD)

"An Act classifying certain substances as schedule IIIA controlled substances; and providing for an effective date."

[10:59:12 AM](#)

SENATOR KEVIN MEYER informed the committee that synthetic cannabinoids were sometimes referred to as K2 or spice. He mentioned that the substance was legal in many places in the state. He added that the substance was inexpensive and virtually undetectable in a drug test.

[11:00:44 AM](#)

REPRESENTATIVE CATHY MUNOZ added that HB 7 would classify certain synthetic cannabinoids as controlled substances. The amended legislation made possession of 12 grams or less a misdemeanor offense and 12 grams or higher a class C felony. She explained the concern that some users experience serious adverse reactions including convulsions, anxiety attacks, elevated heart rate, increased blood pressure, and vomiting. The issue was brought to her attention by a parent whose child experienced a serious adverse reaction. She continued that HB 7 classified 10 commonly used chemicals as Schedule 3A substances. She pointed out three zero fiscal notes from the Department of Law (DOL), the Department of Public Safety (DPS), and the Department of Corrections (DOC).

Co-Chair Stedman highlighted the three zero fiscal notes.

[11:02:31 AM](#)

Senator Olson commented that the discussion of synthetic cannabinoids arose in the medical community as the chemicals were easy to obtain and often dangerous.

[11:03:19 AM](#)

AT EASE

[11:03:42 AM](#)

RECONVENED

Senator Olson MOVED to report HB 7 out of committee with individual recommendations and the accompanying fiscal note(s).

HB 7 was REPORTED out of committee with a "do pass" recommendation and with one new indeterminate fiscal note from the Department of Corrections and two previously published fiscal notes: FN4 (HFIN/DPS) and FN5 (LAW).

#hb127

CS FOR HOUSE BILL NO. 127(FIN)

"An Act relating to the crimes of stalking, online enticement of a minor, unlawful exploitation of a minor, endangering the welfare of a child, sending an explicit image of a minor, harassment, and misconduct involving confidential information; relating to probation; relating to the subpoena power of the attorney general in cases involving use of an Internet service account; relating to an appearance before a judicial officer after arrest; relating to penalties for operating a vehicle without possessing proof of motor vehicle liability insurance or a driver's license; relating to penalties for certain arson offenses; amending Rule 5(a)(1), Alaska Rules of Criminal Procedure, and Rule 43.10, Alaska Rules of Administration; and providing for an effective date."

11:04:25 AM

JOHN BURNS, ATTORNEY GENERAL explained the bill's purpose of communicating the collaborative efforts of the governor, the House, and the Senate. He stated the goal to end the epidemic of sexual assault and breaking the cycle of domestic violence in Alaska. He asserted that women in Alaska were raped two and one half times more often than the national average. He stated that Alaskan children were sexually abused at a rate of six times the national average. He maintained that the cycle of abuse must end.

Mr. Burns stated that the responsibility of the legislature was to enact legislation to enhance public safety. He continued that HB 127 refined legislative changes made in recent years. The legislation expanded the stalking laws and prohibited law enforcement from having sexual relations with people in custody and raised the penalty for online enticement of minors.

11:07:21 AM

Co-Chair Stedman mentioned four fiscal notes, two zero notes from the Department of Health and Social Services and the Department of Law and two indeterminate fiscal notes from the Department of Administration and the Department of Corrections.

[11:07:48 AM](#)

ANNIE CARPENETI, ASSISTANT, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, explained the legislation. She stated that the bill expands the definition of nonconsensual contact for purposes of stalking to include following a person with a GPS device or installing a device on the victim's computer or telephone. The bill also amended crimes of sexual assault in the third and fourth degree to prohibit a peace officer from engaging in either sexual penetration or sexual contact with the person in that peace officer's custody. The law applied to relationships considered consensual.

[11:10:25 AM](#)

Ms. Carpeneti continued that the bill added to the crime of criminal use of computer, which was a Class C felony by prohibiting a person from installing a keystroke logger on another person's computer. The bill made technical changes to the crime of endangering the welfare of a minor in the first degree. The bill adopted a new crime including sending an explicit digital image of a minor. The law required proof that the person acted with intent to annoy or humiliate another person who distributes an explicit image of a minor under the age of 15.

Ms. Carpeneti continued that the bill also adopted a misdemeanor offense of misconduct involving confidential information in the first and second degrees. The second degree crime prohibits the person from knowingly obtaining confidential information about another person without the consent of that person or the legal authority to obtain the information. Confidential information was defined as that information that is already defined as confidential in our laws.

Ms. Carpeneti explained that the bill gave discretion to the court in sentencing a person who is convicted of certain sexual crimes against children as a condition of probation that the person not reside within 500 feet of

school grounds. The bill made changes to the administrative subpoena enacted last year in SB 222.

[11:14:37 AM](#)

She mentioned corrections displayed in the bill. The bill changed the statutes to comply with the court rules adopted the year prior. She noted changes in the area of arson. The statute adopted a bail schedule for arson offenses. She stated that the bill corrected inconsistencies regarding fines incurred for crimes involving arson.

[11:17:52 AM](#)

Senator Olson asked about a person taking a picture of their child sitting on the toilet. He wondered if they would face an infraction.

Ms. Carpeneti replied that no infraction would be faced because the state must prove that the parent intended to distribute a photo to annoy or humiliate the child.

Senator Olson asked if a person was attempting to warm a car with coals from a campfire, would they be liable for charges.

Ms. Carpeneti replied that the arson statute contained a culpable mental state requiring proof that the person intended to explode the vehicle.

[11:19:21 AM](#)

COMMISSIONER MASTERS, DEPARTMENT OF PUBLIC SAFETY (via teleconference), echoed the testimony of the Attorney General. He highlighted the operation between the administration, the Senate, and the House regarding the evolution of the legislation. The importance to law enforcement occurred by raising the classification of the crime to the appropriate level for the predatory conduct of offenders who enticed Alaskan children into sexual encounters and abuse over the internet. He added that people who engaged in these patterns of conduct were not typically first-time offenders.

Commissioner Masters commented about the GPS tracking and keystroke provisions of the bill.

11:22:43 AM

Commissioner Masters stated that the department was in complete agreement about the provision regarding peace officers. He reiterated the importance of the legislation.

11:23:26 AM

Attorney General Burns reiterated the concerns of Commissioner Masters.

Co-Chair Hoffman MOVED to report HB 127 out of committee with individual recommendations and the accompanying fiscal note(s). There being NO OBJECTION, it was so ordered.

HB 127 was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from the Department of Law, one new zero fiscal note from the Department of Corrections, two indeterminate previously published fiscal notes: FN3 (DOA) and FN6 (DOA) and two previously published zero fiscal notes: FN1 (DPS) and FN5 (DHS).

#hb13

HOUSE BILL NO. 13

"An Act relating to fees and charges for medical treatment or services as they relate to workers' compensation; and providing for an effective date."

11:25:00 AM

CONRAD JACKSON, STAFF, REPRESENTATIVE OLSON, explained that HB 13 would establish a medical services fee schedule for workers' compensation related services.

Co-Chair Stedman highlighted one fiscal note from Department of Labor and Workforce Development for \$75 thousand in interagency receipts.

Co-Chair Hoffman MOVED to report HB 13 out of committee with individual recommendations and the accompanying fiscal note(s). There being NO OBJECTION, it was so ordered.

HB 13 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN 2 (HFC/DOL).

#hb24

CS FOR HOUSE BILL NO. 24(FIN)

"An Act extending the termination date of the Regulatory Commission of Alaska; and providing for an effective date."

11:26:22 AM

Co-Chair Hoffman proposed committee substitute, work draft #27-LS0173/E, Kirsch/Kane, 4/15/11. Co-Chair Stedman OBJECTED.

Co-Chair Stedman stated that the CS altered the sunset date to June 30, 2013.

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

11:27:14 AM

Mr. Jackson explained that HB 24 extended the sunset date of the Regulatory Commission of Alaska.

Co-Chair Stedman noted that Senator McGuire requested a response regarding the conversion between the Regulatory Commission of Alaska and Anchor Point Energy.

Senator McGuire stated that she was satisfied with the response that she received.

Co-Chair Stedman pointed out one Senate Finance Committee fiscal note reflecting the cost of \$8,932,100 in program receipts for a two year extension.

Co-Chair Hoffman MOVED to report SCSHB 24 out of committee with individual recommendations and the accompanying fiscal note(s). There being NO OBJECTION, it was so ordered.

SCSCSHB 24 was REPORTED out of committee with a "do pass" recommendation and with one new fiscal note from the Senate Finance Committee for the Department of Commerce, Community and Economic Development.

#hb97

HOUSE BILL NO. 97

"An Act extending a provision relating to noxious weeds, invasive plants, and agricultural pest management and education; providing for an effective date by repealing the effective date of sec. 2, ch. 102, SLA 2008; and providing for an effective date."

11:28:59 AM

JEANNE OSTNES, STAFF, REPRESENTATIVE JOHNSON, explained that HB 97 eliminated the sunset date for a position in the Department of Natural Resources (DNR). She explained the position's importance.

Co-Chair Stedman mentioned one fiscal note from DNR for \$101,100 in general funds to continue funding the invasive weeds and agriculture pest coordinator.

Co-Chair Hoffman MOVED to report HB 97 out of committee with individual recommendations and the accompanying fiscal note(s). There being NO OBJECTION, it was so ordered.

HB 97 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN 1 (DNR).

#hb173

HOUSE BILL NO. 173

"An Act amending the termination date of the licensing of sport fishing operators and sport fishing guides; and providing for an effective date."

11:31:13 AM

REPRESENTATIVE STEVE THOMPSON introduced the bill and his staff.

JOMO STEWART, STAFF, REPRESENTATIVE THOMPSON, described the bill. He explained that HB 173 provided a one year extension to an existing program. The sport fisheries guide and operators licensing and logbook program. The program provided benefits to both the state and the industry. The program provides valuable economic data on the sport fishing industry and critical harvest data to the resource managers. The program provides the industry recognition and professionalism. The program was in operation since 2005.

He noted that the Department of Fish and Game supported HB 173.

Co-Chair Stedman pointed out one fiscal note from the Department of Fish and Game for \$400 thousand to continue the program.

Co-Chair Hoffman MOVED to report HB 173 out of committee with individual recommendations and the accompanying fiscal note(s). There being NO OBJECTION, it was so ordered.

HB 173 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN2 (ADF&G).

[11:33:35 AM](#)

AT EASE

[11:35:01 AM](#)

RECONVENED

#hb214

HOUSE BILL NO. 214 am

"An Act naming the Ketchikan ferry terminal the Walter L. Kubley Ketchikan Ferry Terminal."

[11:35:22 AM](#)

REPRESENTATIVE KYLE JOHANSEN, explained the bill. He noted that the bond was used to name the ferry terminal after Walter L Kubley. The location was in Ketchikan. He wished to name the ferry terminal after Mr. Kubley.

Co-Chair Stedman mentioned one zero fiscal note from the Department of Transportation and Public Facilities.

[11:37:02 AM](#)

Co-Chair Hoffman MOVED to report HB 214 out of committee with individual recommendations and the accompanying fiscal note(s). There being NO OBJECTION, it was so ordered.

HB 214 was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN1 (DOT).

11:38:31 AM

RECESSED

ADJOURNMENT

The meeting was adjourned at 5:42 PM.