

SENATE FINANCE COMMITTEE
February 23, 2012
9:03 a.m.

9:03:09 AM

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 9:03 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Bert Stedman, Co-Chair

ALSO PRESENT

Catherine Reardon, Staff, Senator Joe Thomas; Meera Kohler, CEO, AVEC; Joy Huntington, Legislative Advocate, Tanana Chiefs, Conference; Jim Dodson, Fairbanks Economic Development Corporation; Senator Hollis French; Christine Marasigan, Staff, Senator Kevin Meyer

PRESENT VIA TELECONFERENCE

Dave Miller, Vice-Chairman, Cold Climate Housing Research, Fairbanks; Walter Rose, Energy Specialist, Kawerak, Nome; Myron Nanery, Association of Village Council, Bethel; Melody Nibeck, Bristol Bay Native Association, Dillingham; David Owens, Owens Inspection Services, Palmer; Victor Kester, Executive director, AK Office of Victim's Rights; Louisa Castrodale, Public Health Epidemiology, Anchorage

SUMMARY

SB 203 Energy Assistance Program & Vouchers

SB 203 was HEARD and HELD in committee for further consideration.

SB 135 Continuances in Criminal Trials/Victims

SB 135 was HEARD and HELD in committee for further consideration.

SB 140 Cathinone Bath Salts

SB 140 was HEARD and HELD in committee for further consideration.

#sb203

SENATE BILL NO. 203

"An Act establishing an energy assistance program in the Department of Revenue to issue an energy voucher to Alaska permanent fund dividend recipients; and relating to the analysis and recommendation of an energy assistance program by the governor."

[9:04:02 AM](#)

Senator Thomas introduced SB 203. He stressed that many of his constituents faced very high energy costs, and have forced some families to move somewhere else. He remarked that many other people in the state faced high energy costs. He noted that the bill had many technical issues, and the Department of Law was working through some of those issues. He referred to the bill summary (copy on file):

Section 1: State sends a voucher to every adult PFD recipient in the fall of 2012, which can be redeemed at a fuel distributor or utility for 250 gallons of heating oil, or for the natural gas BTU equivalent, or for 1,500 KWH of electricity.

- Fuel distributors apply to be added to the list of qualified distributors.
- Vouchers are numbered, state the recipient's name and are non-transferable.
- Vouchers may be redeemed at any qualified fuel distributor in the state.
- Fuel may be delivered to any address in the state.

- Recipients who certify that they do not pay directly for home heating oil, natural gas or electricity may return their vouchers to the department and receive either: a replacement voucher in the name of their landlord, or a check for \$250.
- Distributors submit claims for reimbursement to the state that list voucher numbers, names of voucher owners, fuel delivery addresses and the retail price of fuel on the delivery date.
- The program will be administered by the Department of Revenue/AHFC

Section 2: Executive branch evaluates options and makes a recommendation for an energy assistance program for Alaskans in 2013 and beyond.

The analysis and recommendation are due October 1, 2012. The analysis will include evaluation of a "fuel price reduction" program, an "individual account" program and alternate options, as well as a recommendation for the best program that can be instituted in FY14:

Fuel price reduction option:

The state makes payments to fuel distributors to lower the price they charge Alaskans for residential heating fuel.

Distributors of heating oil and natural gas submit to the state proof of the wholesale purchase price for the fuel they distribute, and the state reimburses those distributors the amount necessary to effectively reduce that wholesale price a specified amount or to a specified price. Distributors receive this reimbursement for all fuel they sell in the state for residential heating. The executive branch analysis will include consideration of the limiting the number of gallons each Alaskan may purchase at the reduced rate.

Individual account option:

Alaskans apply through the annual PFD process and qualify for an amount of money to be deposited by the state in an account in their name at a fuel distributor or electric utility of their choice in their community. The amount of assistance varies depending on energy costs and heating degree days in each community.

The Permanent Fund Division creates an electronic system similar to "pick-click-give" through which applicants may select a fuel distributor or utility. Individuals who do not select a fuel distributor or utility receive a standard, statewide "base" amount of assistance in the form of a check to their PFD mailing addresses. The executive branch analysis will consider allowing Alaskans to deposit a portion of their PFD's into their fuel accounts, in addition to their energy assistance.

The executive branch analysis of the options and its recommended program must include evaluation of the following:

1. Whether the program can be structured so the resulting energy assistance will not be subject to federal taxation.
2. The estimated cost of the program in FY14 and for the following 4 years.
3. The cost of administering the program relative to the assistance provided to Alaskans.
4. The extent to which the program provides the most assistance to those Alaskans who have the highest heating costs.

The recommended program must include the following:

- Amount of assistance correlated to the cost of home heating in different communities.
- Program triggered by ANS crude oil price or a heating oil price, and total program funding level dependent on state revenue.
- Penalties for fraud similar to PFD provisions, including loss of future PFD's.
- Voluntary participation by fuel distributors.
- Administrative costs kept to a minimum.

[9:06:47 AM](#)

CATHERINE REARDON, STAFF, SENATOR JOE THOMAS, explained that SB 203 would provide Alaskans with energy relief through fuel vouchers in fall 2012, and developed a program to help residents deal with high heating costs during the transition to more affordable energy supplies. The first section of SB 203 directed the Alaska Department of Revenue to send a voucher to every adult Permanent Fund Dividend recipient in the fall of 2012, which could be redeemed at

the fuel distributor or utility of their choice for either 250 gallons of heating oil, an equivalent amount of natural gas, or 1,500 KWH of electricity. By providing an equal amount of fuel to each adult, the voucher system would account for the disparate cost of different fuels and prices in different locations. Renters and others who certify that they did not pay directly for home heating oil, natural gas or electricity may request the reissuance of their voucher in the name of their landlord or a \$250 cash payment. The second section of the bill (beginning on page 5) required the governor to analyze two specific options for energy relief in FY14 and beyond: a "fuel price reduction program" (fuel price buy-down) and an "individual account program." The executive branch may also analyze alternatives to those options before making a recommendation. The analysis and recommendation would be due back to the legislature by October 1, 2012. The program ultimately recommended by the state must correlate the amount of assistance to the local cost of residential heating, taking into consideration the price of fuel and "heating degree days" in each community, as well as satisfy other requirements designed to ensure an efficient and equitable program. She stated that SB 203 would provide needed relief in the current year, and develop a program to help families in the future.

DAVE MILLER, VICE-CHAIRMAN, COLD CLIMATE HOUSING RESEARCH, FAIRBANKS (via teleconference), testified in support of SB 203. He stressed that relief for the high energy costs would be very good for the economy. He remarked that the Alaska Housing Finance Corporation (AHFC) had expressed support as well. He stressed that using the resources available in the state was necessary.

[9:12:30 AM](#)

WALTER ROSE, ENERGY SPECIALIST, KAWERAK, NOME (via teleconference), spoke in support of SB 203. He stressed that the cost of energy was very high and continued to rise. He remarked that January 2012 was the coldest month on record in Nome. He felt that SB 203 provided relief in an especially challenging year.

MEERA KOHLER, CEO, AVEC, testified in support of SB 203. She stressed that the high cost of energy was crippling the rural villages. She felt that the bill would provide great relief to Alaskans, and expressed that she was very

impressed with the bill. She feared what might happen to the rural Alaskans, if the bill was not implemented soon.

Senator Olson wondered what default rate existed in the villages. Ms. Kohler replied that most people honored their obligations, and stated that the collection rate was at 99 percent.

[9:17:29 AM](#)

JOY HUNTINGTON, LEGISLATIVE ADVOCATE, TANANA CHIEFS, CONFERENCE, spoke in support of SB 203. She felt that SB 203 would provide much needed relief to many rural villages. She explained that she wanted to serve the people of Fort Yukon, and while she was living there, she could not afford the extremely high energy costs. She stated that the cost of gas in small villages was \$10 per gallon.

JIM DODSON, FAIRBANKS ECONOMIC DEVELOPMENT CORPORATION, spoke in support of SB 203. He remarked that he would not normally support this type of legislation, but felt that SB 203 was necessary until the energy costs declined.

MYRON NANERY, ASSOCIATION OF VILLAGE COUNCIL, BETHEL (via teleconference), testified in support of SB 203. He noted that some villages were limiting their fuel supplies, because the high cost of fuel. He stressed that there needed to be a long-term solution to the energy needs in Alaska.

[9:24:07 AM](#)

MELODY NIBECK, BRISTOL BAY NATIVE ASSOCIATION, DILLINGHAM (via teleconference), spoke in support of SB 203. She stressed that energy assistance programs were very beneficial to Alaskans. She recommended that the Bristol Bay Native Association be a part of the conversation with the administration regarding recommendations for changes to the bill.

DAVID OWENS, OWENS INSPECTION SERVICES, PALMER (via teleconference), spoke in support of SB 203. He stressed that the legislation was critical to help Alaskans with the high cost of fuel.

Senator Thomas thanked the committee for hearing the bill, and noted that Senator Ellis, Senator Egan, and Senator Olson were co-sponsors of the bill.

SB 203 was HEARD and HELD in committee for further consideration.

#sb135

SENATE BILL NO. 135

"An Act relating to the rights of crime victims; relating to the duties of prosecuting attorneys; and amending Rule 45, Alaska Rules of Criminal Procedure."

[9:30:06 AM](#)

SENATOR HOLLIS FRENCH, introduced SB 135.

Article I, section 24 of our constitution is entitled "Rights of Crime Victims." The amendment passed by an overwhelming majority when it was placed before Alaskan voters in 1994. Included in its eight specific provisions is the promise that crime victims will have "the right to timely disposition of the case following the arrest of the accused."

In the eighteen years since the amendment passed, the promise of a timely disposition of the case has often not been kept. Moreover, the breaches of that promise frequently occur in the most serious of cases. Delays in the trial of a case, known as continuances, can go on for years.

SB 135 requires prosecutors and judges to consider a victim's right to a timely disposition of their case when deciding whether to allow continuances. This legislation will also ensure that victims are notified of any requests or motions that could substantially delay speedy prosecution of their case.

Repeated delays prevent victims from reaching emotional, physical, and financial closure from the trauma that they suffered as a result of the crime perpetrated against them. Delays in prosecution can also affect the availability of witnesses, a victim's ability to recall important details, and it can create other impediments to a successful trial.

Currently, Alaska is one of 27 states with constitutional provisions to protect a victim's rights; however, there is no statute in place to implement it. With this important piece of legislation, Alaska will join 15 other states that have enacted a statutory provision recognizing this crucial right.

SB 135 will guarantee a victim's right to a timely resolution in the court system. I urge your support of this legislation.

Senator Olson noted that there were some defendants in rural Alaska, and it was difficult to collect evidence. He wondered how due process was served, and felt that some of the defendants in rural Alaska were not always given a fair trial. Senator French replied that there was a current tension in the State Constitution regarding the defendant's right to a speedy trial versus the victim's right to a timely disposition. He felt that the defendant's liberty interest was often weighted greater than that of the victim.

[9:34:39 AM](#)

VICTOR KESTER, EXECUTIVE DIRECTOR, AK OFFICE OF VICTIM'S RIGHTS (via teleconference), testified in support of SB 135. He explained that the Office of Victim's Rights was a legislative agency dedicated representing Alaska crime victims in Alaska courts, and advancing the interest of crime victims. He explained that SB 135 amended the Alaska statutes to strengthen notification standards regarding requests for continuances in criminal trial that would delay prosecution of a case involving a crime victim.

Co-Chair Hoffman noted the four fiscal notes: FN3 (DOC), FN2 (DOA), new indeterminate fiscal note from the Department of Law, and a new fiscal impact note from the Department of Administration.

Senator French noted that the bill was filed on January 6, and since that time the bill became more focused and definite. Therefore, the indeterminate fiscal note was replaced with a fiscal impact note. He felt that the new fiscal note was unwarranted.

SB 135 was HEARD and HELD in committee for further consideration.

#sb140

SENATE BILL NO. 140

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

[9:40:17 AM](#)

CHRISTINE MARASIGAN, STAFF, SENATOR KEVIN MEYER, stated that SB 140 would add synthetic Cathinones to the list of controlled substances.

Co-Chair Hoffman noted the four fiscal notes: FN1 (DOA), FN2 (DOC), FN3 (DPS), and FN4 (DOL).

LOUISA CASTRODALE, PUBLIC HEALTH EPIDEMIOLOGY, ANCHORAGE (via teleconference), testified in support of SB 140. She stated that the abuse of synthetic Cathinones through bath salts to be a growing threat. Synthetic Cathinones were poorly regulated, widely available, and may contain different potent psycho-active compounds.

SB 140 was HEARD and HELD in committee for further consideration.

Co-Chair Hoffman discussed the following day's agenda.

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ADJOURNMENT

[9:42:35 AM](#)

The meeting was adjourned at 9:42 AM.