

SENATE FINANCE COMMITTEE
February 24, 2012
9:04 a.m.

9:04:54 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:04 a.m.

MEMBERS PRESENT

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; Darwin Peterson, Staff, Senator Bert Stedman; Rynniva Moss, Staff, Senator John Coghill; Jordan Shilling, Intern, Senator John Coghill; Senator Cathy Giessel.

SUMMARY

CSSB 27(HSS)

FLAME RETARDANTS AND TOXIC CHEMICALS

CSSB 27(HSS) was REPORTED out of committee with a "do pass" recommendation and with a new zero fiscal note from the Department of Health and Social Services, a new zero fiscal note from the Department of Public Safety, and a new fiscal impact note from the Department of Environmental Conservation.

SB 68

COMMERCIAL FISHING & AGRICULTURE BANK

SB 68 was REPORTED out of committee with a "do pass" recommendation and with a new fiscal impact note from the Department of Commerce, Community and Economic Development.

SB 136 INCOME TAX CREDIT FOR EMPLOYING A VETERAN

CSSB 136(FIN) was REPORTED out of committee with a "do pass" recommendation and with a previously published indeterminate fiscal note: FN1 (DOR).

SB 144 STATE IMMUNIZATION PROGRAM

SB 144 was SCHEDULED but not HEARD.

Co-Chair Stedman noted that SB 144 had been removed from the agenda because the fiscal note had been received several minutes prior to the meeting and had not been reviewed yet; the bill would be rescheduled the after the documents had been examined. Co-Chair Stedman stated that this was the second hearing on SB 27. He observed that it had been a while since the committee had first heard the bill and requested a review.

#sb27

CS FOR SENATE BILL NO. 27(HSS)

"An Act relating to flame retardants and to the manufacture, sale, and distribution of products containing flame retardants; relating to a multistate chemicals clearinghouse; and providing for an effective date."

[9:06:03 AM](#)

SENATOR BILL WIELECHOWSKI, read from a sponsor statement (copy on file) and introduced SB 27. He stated that the bill would ban the use polybrominated fire retardants (PBDEs) from being manufactured, distributed, or sold in the state of Alaska; the negative health effects of these chemicals had been well documented, and their impact on children was disproportionately high.

Alaskans are particularly vulnerable for three reasons: We spend a lot of time indoors with little ventilation, increasing our exposure to and ingestion of the microscopic particles of toxins found in

household dust that are released from our furniture and electronics; we eat subsistence foods that may concentrate toxins; and through a process known as global distillation, toxins such as PBDEs are carried in the atmosphere for great distances from points of manufacture and concentrate in cold climates.

He addressed several concerns that were raised during the last hearing on the bill by stating that the legislation would not impact fire safety and would not exempt products from meeting existing fire safety standards; there was not a trade-off where the legislature would be forced to decide between the "lesser of two evils". He noted that there had been concerns that the bill increased costs to consumers, but indicated that this was not true. He explained that similar bans had been adopted in the European Union, Illinois, and Washington and that affordability had not been an issue in those states. He directed the committee's attention to a letter from an Illinois Representative named Elaine Nekritz (copy on file); it stated that the Illinois Environmental Protection Agency had conducted a comprehensive study to determine if there were cost or affordability issues associated with the state's ban on PBDEs, but had determined that there were none. Affordability issues did not exist because there were large markets that had already exempted and banned PBDEs. He stated that there were many companies that did not sell PBDEs and gave an example that the prior summer Walmart had adopted enhanced testing on products to insure that no PBDEs were sold in their stores. He shared that he had not heard anything from his constituents regarding increased prices in consumer grids and anticipated that other retailers would conform easily to the legislation. He offered that the "simple truth" was that PBDEs were largely being manufactured abroad; the legislation would protect American jobs and the health of children from foreign companies that sold products with toxic chemicals. He concluded that the bill had widespread statewide support from health officials and concerned citizens.

Co-Chair Stedman discussed a new zero fiscal note from the Department of Health and Social Services, a new zero fiscal note from the Department of Public Safety, and a new fiscal impact note from the Department of Environmental Conservation for \$139,000 in general funds for a new full-time environmental program specialist.

[9:10:33 AM](#)

Senator Ellis MOVED to report CSSB 27(HSS) out of committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

[9:10:45 AM](#)

CSSB 27(HSS) was REPORTED out of committee with a "do pass" recommendation and with a new zero fiscal note from the Department of Health and Social Services, a new zero fiscal note from the Department of Public Safety, and a new fiscal impact note from the Department of Environmental Conservation.

#sb136

SENATE BILL NO. 136

"An Act providing a tax credit for employing an Alaska veteran that may be taken against a liability for the tax on corporation income; and providing for an effective date."

[9:11:14 AM](#)

Senator Ellis MOVED to ADOPT the proposed committee substitute for SB 136, Work Draft 27-LS0983\R (Bullock, 2/16/12) as a working document.

[9:11:19 AM](#)

Co-Chair Stedman Objected for the purpose of discussion.

DARWIN PETERSON, STAFF, SENATOR BERT STEDMAN, explained that the new CS version R incorporated four changes as follows:

- Subsection B on page 1, line 9 was rewritten so that in order for the tax credit to apply, the veteran must have been unemployed for at least four weeks.
- Page 1, line 13 now required the tax credit to be applicable for up to ten years for disabled veterans.

- On page 2, line 7 the amount of the tax credit was increased to \$3,000 for a disabled veteran; the amount remained \$2,000 for other veterans.
- On page 2, line 9 a \$1,000 tax credit was added for seasonal employment; under this section, a veteran must be employed for at least 600 hours for five consecutive months in order to qualify.

[9:12:47 AM](#)

Co-Chair Stedman WITHDREW his OBJECTION. Seeing NO FURTHER OBJECTION, Work Draft 27-LS0983\R was ADOPTED.

Senator Wielechowski introduced SB 136 and stated that the changes in the new CS made the legislation better. The bill was designed assist veterans with the unemployment problem that they were currently experiencing. He stated that there had been concerns raised during a veterans summit in Fairbanks and at a town hall meeting in Anchorage that veterans had a higher than average unemployment rate state-wide, as well as on the national level.

Senator Wielechowski explained that the first Section of the bill specified that you could take a tax credit for employing a veteran; the credit could be taken within ten years of service for disabled veterans and within two years for non-disabled veterans. The rationale behind the timeframe was that it was harder for veterans to find jobs during the first months and years after exiting service.

Senator Wielechowski stated that sub-Section C on page 2, lines 5 through 8 detailed that in order to qualify for the tax credit, employment had to cover 12 consecutive months and 1,560 work hours; the credit was \$3,000 for a disabled veteran and \$2,000 for a non-disabled veteran.

Senator Wielechowski pointed out that sub-Section 2 on page 2, lines 9 through 13 was added in response to a suggestion from Senator Thomas and that it incorporated a \$1,000 tax credit for employing a veteran in a seasonal position.

[9:15:26 AM](#)

Senator Olson referenced the tax credit increase from \$2,000 to \$3,000 for disabled veterans and queried how the amount of \$2,000 was initially determined. Senator

Wielechowski responded that the amount of the credit had been determined by looking at what the other states and the federal government had set their credits at. He noted that he believed the federal government had set their credit at \$2,400. He observed that it had been Co-Chair Stedman's idea to increase the credit in SB 136 to \$3,000 for disabled veterans and stated that he agreed with the idea.

Senator Olson asked how the tax credit compared to that of other states. Senator Wielechowski stated that Legislative Research Services had conducted an analysis about the other state and federal tax credits that were available to veterans (copy on file). He gave examples of other state's veteran tax credits as follows:

- Vermont had a \$2,000 tax incentive, but it only applied to veterans who had returned from deployment in Afghanistan or Iraq with the last two years.
- California's veteran tax credit required that a veteran had left service in the last 48 months.
- Illinois had a tax credit that was not to exceed \$1,200 annually.
- West-Virginia had a tax credit available to an employer of the first \$5,000 in wages.

Senator Thomas thanked the bill sponsor for the inclusion of seasonal employment in the legislation.

Co-Chair Stedman discussed a previously published indeterminate fiscal note: FN1 (DOR).

[9:17:50 AM](#)

Senator Ellis MOVED to report CSSB 136(FIN) out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

[9:18:23 AM](#)

CSSB 136(FIN) was REPORTED out of committee with a "do pass" recommendation and with a previously published indeterminate fiscal note: FN1 (DOR).

Co-Chair Stedman asked that the record reflect that Senator McGuire had joined the committee and that Senator Cathy Giessel had been present throughout the meeting.

#sb68

SENATE BILL NO. 68

"An Act relating to the examinations, board, loans, records, and lobbying contracts of the Alaska Commercial Fishing and Agriculture Bank; and providing for an effective date."

9:19:12 AM

RYNNIEVA MOSS, STAFF, SENATOR JOHN COGHILL, stated that Senator Coghill sent his apologies for his absence and that the Senator was attending meetings for the Select Committee on Legislative Ethics, of which he was a member.

JORDAN SHILLING, INTERN, SENATOR JOHN COGHILL, introduced SB 68 and stated that when the Commercial Fishing and Agriculture Bank (CFAB) was established in 1980, they had received seed money from the state; the money was a loan to be paid back to the general fund with interest. As a result of the loan, certain restrictions such as specific board member requirements, limits on loans, limits on eligibility for loans, and the ability to lobby were placed on banks. Although CFAB had repaid the seed money, the statutes restricting their operations remained in effect; SB 68 lifted those restrictions and would allow CFAB to compete in the loan market in the same capacity as other private lending institutions.

9:20:46 AM

Co-Chair Stedman discussed a fiscal note from the Department of Commerce, Community and Economic Development reflecting \$5,800 in travel costs for the Banking and Securities Division to conduct an examination every three years; the note also showed an increase in revenue every three years in the amount of \$22,000.

Senator Olson asked if other lending institutions had voiced a position on the bill. Ms. Moss replied that CFAB had been in correspondence with all the major lenders in the state and that there had been no objections raised. Senator Olson queried if CFAB had been in contact with other lending institutions besides banks. Ms. Moss responded in the affirmative and furthered that it was her understanding that other types of lending institutions had been contacted.

9:22:00 AM

Senator Ellis MOVED to report SB 68 out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

9:22:16 AM

SB 68 was REPORTED out of committee with a "do pass" recommendation and with a new fiscal impact note from the Department of Commerce, Community and Economic Development.

Co-Chair Stedman discussed the committee's agenda for the next several weeks. He stated that they would begin reviewing some of the major capital projects and agency overviews the following week, rather than the week after the annual National Energy Council meetings. He observed that the schedule would give them a "clearer calendar" to deal with the oil legislation. He stated that the oil legislation would mostly likely be ready after the Energy Council meetings; if it was not ready by this point, the committee would continue with the capital budget and integrate the oil legislation later on in the process. He noted that the preliminary overview hearings with PFC Energy had been "tentatively" scheduled for the end of the following week and that the hearings would not focus on legislation; they were concept specific presentations on how Alaska fit in globally to petroleum market place and how Alaska's basin fit in with British Petroleum (BP), ConocoPhillips, and ExxonMobil. He observed that the integration of the oil discussion with the capital budget would probably require the committee to meet twice a day.

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ADJOURNMENT

9:24:28 AM

The meeting was adjourned at 9:24 AM.