

SENATE FINANCE COMMITTEE

April 11, 2012

9:32 a.m.

9:32:31 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:32 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

Weston Eiler, Staff, Senator Bert Stedman; Representative Paul Seaton; Representative Bob Herron; Marie Darlin, Alaska Association of Retired Persons; Representative Bryce Edgmon; Senator Gary Stevens

PRESENT VIA TELECONFERENCE

Jeff Hetrick, Director, Alutiiq Pride Shellfish Hatchery, Seward; Roger Peinter, President, Alaska Shellfish Growers Association, Kake; Karen Purdue, President & CEO, Alaska State Hospital and Nursing Home Association, Anchorage

SUMMARY

SB 25 AIDEA SUSTAINABLE ENERGY PROGRAM

SB 25 was SCHEDULED but not HEARD.

SB 160 BUDGET: CAPITAL

CSSB 160(FIN) was REPORTED out of committee with a "do pass" recommendation.

HB 60 GEODUCK AQUATIC FARMING/SEED TRANSFER

HB 60 was HEARD and HELD in committee for further consideration.

HB 78 INCENTIVES FOR CERTAIN MEDICAL PROVIDERS

HB 78 was HEARD and HELD in committee for further consideration.

HB 261 COMMERCIAL FISHING ENTRY PERMIT LOANS

HB 261 was HEARD and HELD in committee for further consideration.

#sb160

SENATE BILL NO. 160

"An Act making and amending appropriations, including capital appropriations and other appropriations; making appropriations to capitalize funds; and providing for an effective date."

[9:33:51 AM](#)

Co-Chair Hoffman MOVED to ADOPT the proposed committee substitute for SB 160, Work Draft 27-GS2600\X (Martin, 4/10/12) as a working document.

Co-Chair Stedman OBJECTED for the purpose of discussion.

WESTON EILER, STAFF, SENATOR BERT STEDMAN, spoke to the changes in the Work Draft, and referred to the "2012 Legislature-Capital Budget; House District Summary-SCS 2 Structure" (copy on file). He explained that the spreadsheet outlined the changes between the two versions of the bill. He remarked that the overall aggregate change was \$87.2 million of cuts, with \$88.1 million added. He noted that the changes "netted out", so the overall total of the budget did not change.

Co-Chair Stedman REMOVED his OBJECTION. There being NO FURTHER OBJECTION, Work Draft 27-GS2600\X was ADOPTED.

[9:35:39 AM](#)

Mr. Eiler explained that Section 1 outlined the capital budget, and constituted \$2.57 billion in total projects. He highlighted the individual policy areas that the committee had developed on the capital budget. He pointed out that \$710 million was appropriated for transportation projects: Port of Anchorage, \$25 million; statewide digital mapping, \$15.9 million; replacement for the pier in Kodiak, \$18.1 million; Statewide Roads to Resources Package, \$81 million; repairs to the state-owned Ketchikan shipyard, \$10 million; and an Arctic port study, \$5 million. He explained that \$340 million was appropriated for education projects: two engineering buildings at the University of Alaska Anchorage (UAA) and University of Alaska Fairbanks (UAF), \$105 million; state library archives building, \$49 million; Fairbanks Pipeline Training Center, \$6 million; and community library matching grants, \$22.3 million. He highlighted the energy appropriations, which totaled \$190 million: weatherization and energy rebate programs, \$66.5 million; AEA Renewable Energy Grant, \$25 million; and various regional energy improvements and planning, \$45 million. He discussed the health care appropriations, which totaled \$70 million: Tribal Wellness Center in Kenai, \$15 million; a drug treatment center in Southwest Alaska, \$12.7 million; and various improvements to community hospitals and rural clinics, \$18 million. He concluded that the total for Section 1 was \$2.57 billion, which constituted the FY 13 capital budget.

Mr. Eiler looked at Sections 2 and 3, which outlined fund-source details of Section 1. He stated that Section 4 was the corresponding appropriating language for the general obligation (GO) and transportation bond bill that was currently considered by the legislature. He explained that bond bills were not considered appropriation bills.

Mr. Eiler explained that Sections 5 and 6 were fund-source details for the GO bond authorization and appropriation language.

[9:40:57 AM](#)

Mr. Eiler stated that Section 7 was the FY 12 Supplemental Capital Budget, which included projects that had been removed from the "fast track" supplemental budget. It included several amendments from the governor, specifically

the Alaska Aerospace Corporation launch pad at Kodiak Island effective date. The total for the FY 12 Supplemental Capital Budget in Section 7 of the CS was \$60.6 million. He explained that Sections 8 and 9 were fund-source details for Section 7. He stated that Section 10 outlined the FY 12 Supplemental Operating Budget, which totaled \$43.5 million. He explained that Sections 11 and 12 were fund-source details for Section 10. He noted that Sections 13 to 17 were fund transfers and various fund capitalizations. He pointed out Section 14, which appropriated \$60 million for general fund reimbursements at the request of the administration. He explained that Sections 18 to 38 were legislative reappropriations and scope changes for 44 various legislative and state grants. He stated that Section 39 relieved loan balances for certain recipients of the Alaska Municipal Bond Bank to the amount of \$13.2 million, and debt relief for the Inter-Island Ferry Authority to the amount of \$1.3 million. He stated that Section 43 contained contingency language that required the enactment of GO bond legislation and voter approval of the bond bill and proposed transportation bonding and authorized appropriations referenced previously in the bill. He explained that Sections 44 to 47 were the effective date clauses.

[9:45:54 AM](#)

AT EASE

[10:04:28 AM](#)

RECONVENED

[10:04:34 AM](#)

Co-Chair Hoffman MOVED to report CSSB 160(FIN) out of committee with individual recommendations. There being NO OBJECTION, it was so ordered.

CSSB 160(FIN) was REPORTED out of committee with a "do pass" recommendation.

#hb60

HOUSE BILL NO. 60

"An Act relating to aquatic farm permitting involving geoducks and to geoduck seed transfers between certified hatcheries and aquatic farms."

10:05:19 AM

REPRESENTATIVE PAUL SEATON, introduced HB 60 and referred to the sponsor statement (copy on file).

Shellfish farming has the potential to diversify the economic base of coastal communities impacted by the changing dynamics of the fishing industry. HB 60 allows this expansion of this clean water industry by permitting geoducks to be farmed sub tidally in the Gulf of Alaska even if wild geoducks are not present. The bill does not exempt farmers from any health, safety, or other transfer provisions relating to hatchery seed.

The Alutiiq Pride Shellfish Hatchery is the only hatchery that supplies mariculture spat and seed in the State. It was initiated by the State to be a self-sustaining operation in association with the private mariculture farms permitted by the State. Their business plan relies on the sale of geoduck seed. However, an informal policy of the Department of Fish and Game prevents geoduck seed from being utilized by farms anywhere outside of southeast Alaska. These restrictions on the sale of geoduck seed cause the sole hatchery for the mariculture industry in Alaska to require continual subsidy by the State. HB 60 will allow the mariculture industry to develop around the Gulf of Alaska, providing a potentially strong market for seed and private sector financing for the operation of the hatchery.

As non-mobile filter feeders eating plankton, farmed geoducks will not prey on any local commercial, sport or personal use fish. There have been no reports of species displacement in the sedimentary habitat by geoduck clams. Farmed geoducks will not interfere with personal recreational boaters as they are cultivated in the sediment below low tide and without the numerous buoys and floating cages used in oyster farms. No infectious disease has been identified in any wild geoduck population or the geoduck farming industries of Washington, British Columbia, or Alaska. The conflict involving geoducks in southeast Alaska is between the dive fishermen who harvest wild stock and farmers who wish to farm in areas with existing wild stock. HB 60 would circumvent this conflict because

there is no wild geoduck stock in the proposed area. This bill will not override any Department of Natural Resources farm site leasing or Department of Fish & Game permit regulation.

HB 60 eliminates unnecessary hindrances to the growth of the mariculture industry in Alaska and provides a potential alternative economic

[10:09:48 AM](#)

JEFF HETRICK, DIRECTOR ALUTIIQ PRIDE SHELLFISH HATCHERY, SEWARD (via teleconference), testified in support of HB 60 and related that legislation reflected the support of the Mariculture Industry. He shared that geoducks would grow well in southeast Alaska and that they would not conflict with any natural species.

ROGER PEINTER, PRESIDENT, ALASKA SHELLFISH GROWERS ASSOCIATION, KAKE (via teleconference), expressed support for HB 60 and stated the legislation was a clean economic development opportunity for south central Alaska.

Co-Chair Stedman discussed the two zero fiscal notes from the Department of Natural Resources (DNR) and Department of Fish and Game (DFG).

HB 60 was HEARD and HELD in committee for further consideration.

#hb78

CS FOR HOUSE BILL NO. 78(FIN)

"An Act establishing a loan repayment program and employment incentive program for certain health care professionals employed in the state; and providing for an effective date."

[10:13:37 AM](#)

REPRESENTATIVE BOB HERRON, introduced HB 78 and stated that the bill would provide financial incentives for healthcare throughout the state. He furthered that Alaska needed healthcare occupations filled, and the bill provided incentives for people to live and work in Alaska in the specific health care fields.

Co-Chair Stedman noted the one zero fiscal note from Department of Education and Early Development (DEED) and one fiscal impact note from Department of Health and Social Services (DHSS).

MARIE DARLIN, ALASKA ASSOCIATION OF RETIRED PERSONS, testified in support of HB 78. She explained that Alaska had the highest percentage of retired persons in the country who decide to stay in their home state after retirement. She stressed that it was critical to the seniors' health care that the health care positions be filled with competent employees.

[10:16:44 AM](#)

KAREN PURDUE, PRESIDENT & CEO, ALASKA STATE HOSPITAL AND NURSING HOME ASSOCIATION, ANCHORAGE (via teleconference), spoke in strong support of HB 78. She stated that the Nursing Home Association represented all the hospitals in Alaska and that it employed about half of the healthcare professionals in Alaska. She concluded and that the legislation would assist with recruiting and retaining healthcare professionals.

Senator Olson voiced his strong support or HB 78. He felt that the Alaska population faced decreasing resources and decreasing medical care, so Alaska needed to "step up to the band wagon."

HB 78 was HEARD and HELD in committee for further consideration.

#hb261

CS FOR HOUSE BILL NO. 261(FIN)

"An Act relating to loans for the purchase of commercial fishing entry permits; and providing for an effective date."

[10:18:57 AM](#)

REPRESENTATIVE BRYCE EDGMON, introduced HB 261 and explained that the legislation would access the Commercial Fishing Revolving Loan Act Fund and increased the ceiling limit for the Section B component from \$100,000 to \$200,000. It allowed for qualifying Section A applicants to

participate in the Section B component of the Commercial Fishing Revolving Loan Act.

Co-Chair Stedman noted the zero fiscal notes from Department of Commerce, Community and Economic Development (DCCED) and DFG.

HB 78 was HEARD and HELD in committee for further consideration.

10:20:17 AM
RECESSED

1:09:20 PM
RECONVENED

ADJOURNMENT
1:09:38 PM

The meeting was adjourned at 1:09 PM.