

**ALASKA STATE LEGISLATURE**  
**SENATE LABOR AND COMMERCE STANDING COMMITTEE**

March 31, 2011

2:02 p.m.

**MEMBERS PRESENT**

Senator Dennis Egan, Chair  
Senator Linda Menard  
Senator Bettye Davis  
Senator Cathy Giessel

**MEMBERS ABSENT**

Senator Joe Paskvan, Vice Chair

**COMMITTEE CALENDAR**

SENATE BILL NO. 51

"An Act relating to the operation of vending facilities on public property."

- MOVED CSSSSB 51(L&C) OUT OF COMMITTEE

SENATE BILL NO. 40

"An Act prohibiting certain automated telephone solicitations."

- MOVED CSSB 40(L&C) OUT OF COMMITTEE

SENATE BILL NO. 32

"An Act making a special appropriation to capitalize the alternative energy revolving loan fund; and providing for an effective date."

- MOVED SB 32 OUT OF COMMITTEE

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."

- MOVED HB 13 OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 119(EDT)

"An Act relating to the procurement of supplies, services, professional services, and construction for the Alaska Industrial Development and Export Authority; relating to the

definition of 'own' for the economic development account; relating to the definitions of 'development project', 'plant', 'facility', and 'project' for the Alaska Industrial Development and Export Authority; relating to the Alaska Industrial Development and Export Authority creating subsidiaries regarding projects financed under AS 44.88.172; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 51

SHORT TITLE: STATE VENDING LICENSES

SPONSOR(s): SENATOR(s) DAVIS

01/19/11	(S)	READ THE FIRST TIME - REFERRALS
01/19/11	(S)	L&C, FIN
02/16/11	(S)	SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
02/16/11	(S)	READ THE FIRST TIME - REFERRALS
02/16/11	(S)	L&C, FIN
03/08/11	(S)	L&C AT 2:00 PM BELTZ 105 (TSBldg)
03/08/11	(S)	Heard & Held
03/08/11	(S)	MINUTE(L&C)
03/31/11	(S)	L&C AT 2:00 PM BELTZ 105 (TSBldg)

BILL: SB 40

SHORT TITLE: USE OF RECORDED MESSAGES

SPONSOR(s): SENATOR(s) MEYER

01/19/11	(S)	PREFILE RELEASED 1/14/11
01/19/11	(S)	READ THE FIRST TIME - REFERRALS
01/19/11	(S)	L&C, JUD
03/15/11	(S)	L&C AT 2:00 PM BELTZ 105 (TSBldg)
03/15/11	(S)	Heard & Held
03/15/11	(S)	MINUTE(L&C)
03/31/11	(S)	L&C AT 2:00 PM BELTZ 105 (TSBldg)

BILL: SB 32

SHORT TITLE: APPROP: ALTERNATIVE ENERGY REV. LOAN FUND

SPONSOR(s): SENATOR(s) WIELECHOWSKI, MCGUIRE

01/19/11	(S)	PREFILE RELEASED 1/14/11
01/19/11	(S)	READ THE FIRST TIME - REFERRALS
01/19/11	(S)	L&C, FIN
01/19/11	(S)	L&C RPT RECD W/CS AWAIT TRANSMITTAL NXT
03/24/11	(S)	L&C AT 2:00 PM BELTZ 105 (TSBldg)

03/24/11 (S) Heard & Held  
03/24/11 (S) MINUTE(L&C)  
03/31/11 (S) L&C AT 2:00 PM BELTZ 105 (TSBldg)

BILL: HB 13

SHORT TITLE: WORKERS' COMPENSATION: MEDICAL FEES

SPONSOR(S): REPRESENTATIVE(S) OLSON

01/18/11 (H) PREFILE RELEASED 1/7/11  
01/18/11 (H) READ THE FIRST TIME - REFERRALS  
01/18/11 (H) L&C, FIN  
02/11/11 (H) L&C AT 3:15 PM BARNES 124  
02/11/11 (H) Moved Out of Committee  
02/11/11 (H) MINUTE(L&C)  
02/14/11 (H) L&C RPT 6DP  
02/14/11 (H) DP: THOMPSON, SADDLER, JOHNSON, HOLMES,  
MILLER, OLSON  
03/08/11 (H) FIN AT 9:00 AM HOUSE FINANCE 519  
03/08/11 (H) Moved Out of Committee  
03/08/11 (H) MINUTE(FIN)  
03/09/11 (H) FIN RPT 11DP  
03/09/11 (H) DP: FAIRCLOUGH, T.WILSON, GUTTENBERG,  
JOLE, GARA, NEUMAN, COSTELLO, EDGMON,  
03/09/11 (H) DOOGAN, STOLTZE, THOMAS  
03/18/11 (H) TRANSMITTED TO (S)  
03/18/11 (H) VERSION: HB 13  
03/21/11 (S) READ THE FIRST TIME - REFERRALS  
03/21/11 (S) L&C, FIN  
03/29/11 (S) L&C AT 2:00 PM BELTZ 105 (TSBldg)  
03/29/11 (S) Heard & Held  
03/29/11 (S) MINUTE(L&C)  
03/31/11 (S) L&C AT 2:00 PM BELTZ 105 (TSBldg)

BILL: HB 119

SHORT TITLE: AIDEA: PROCUREMENT; PROJECTS

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/24/11 (H) READ THE FIRST TIME - REFERRALS  
01/24/11 (H) EDT, FIN  
02/03/11 (H) EDT AT 10:15 AM BARNES 124  
02/03/11 (H) Heard & Held  
02/03/11 (H) MINUTE(EDT)  
02/08/11 (H) EDT AT 10:15 AM BARNES 124  
02/08/11 (H) Moved CSHB 119(EDT) Out of Committee  
02/08/11 (H) MINUTE(EDT)  
02/11/11 (H) EDT RPT CS(EDT) NT 4DP 3NR  
02/11/11 (H) DP: THOMPSON, MUNOZ, OLSON, FOSTER

02/11/11 (H) NR: GARDNER, TUCK, HERRON  
 02/22/11 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
 02/22/11 (H) Moved CSHB 119(EDT) Out of Committee  
 02/22/11 (H) MINUTE(FIN)  
 02/23/11 (H) FIN RPT CS(EDT) NT 4DP 6NR 1AM  
 02/23/11 (H) DP: FAIRCLOUGH, NEUMAN, JOULE, COSTELLO  
 02/23/11 (H) NR: T.WILSON, GUTTENBERG, EDGMON,  
 DOOGAN, STOLTZE, THOMAS  
  
 02/23/11 (H) AM: GARA  
 03/23/11 (H) BEFORE THE HOUSE  
 03/23/11 (H) TRANSMITTED TO (S)  
 03/23/11 (H) VERSION: CSHB 119(EDT)  
 03/25/11 (S) READ THE FIRST TIME - REFERRALS  
 03/25/11 (S) L&C, FIN  
 03/31/11 (S) L&C AT 2:00 PM BELTZ 105 (TSBldg)

**WITNESS REGISTER**

CHRISTINE MARASIGAN

Staff to Senator Meyer  
 Alaska State Legislature  
 Juneau, AK

**POSITION STATEMENT:** Commented on the CSSB 40, version D, for the sponsor.

TOM OBERMEYER

Staff to Senator Davis  
 Alaska State Legislature  
 Juneau, AK

**POSITION STATEMENT:** Explained the CS to SSSB 51 for the sponsor.

MICHELLE SYDEMAN

Staff to Senator Wielechowski  
 Alaska State Legislature  
 Juneau, AK

**POSITION STATEMENT:** Commented on SB 32 for the sponsor.

CONRAD JACKSON

Staff to Representative Olson  
 Alaska State Legislature  
 Juneau, AK

**POSITION STATEMENT:** Offered to answer questions on HB 13 for the sponsor.

MARK DAVIS, Economic Development Officer

Alaska Industrial and Development and Export Authority (AIEDA)  
Department of Commerce, Community and Economic Development  
(DCCED)

**POSITION STATEMENT:** Explained HB 119 on behalf of the administration.

STACY SHUBERT, Director  
Government Relations and Public Affairs  
Alaska Housing Finance Corporation (AHFC)  
Anchorage, AK

**POSITION STATEMENT:** Testified in support of amendment to HB 119.

#### **ACTION NARRATIVE**

[2:02:48 PM](#)

**CHAIR DENNIS EGAN** called the Senate Labor and Commerce Standing Committee meeting to order at 2:02 p.m. Present at the call to order were Senators Giessel, Menard, and Egan.

[2:03:47 PM](#)

SENATOR DAVIS joined the committee.

#### **SSSB 51-STATE VENDING LICENSES**

[2:03:57 PM](#)

CHAIR EGAN announced SSSB 51 to be up for consideration, and then delayed it until staff returned.

#### **SB 40-USE OF RECORDED MESSAGES**

[2:04:39 PM](#)

CHAIR EGAN announced SB 40 to be up for consideration.

SENATOR MENARD moved to adopt CSSB 40( ), labeled 27-LS0374\D.

CHAIR EGAN objected for discussion purposes.

CHRISTINE MARASIGAN, staff to Senator Meyer, explained that number (4)(A)-(E) on page 2, lines 3-11 of version I were eliminated in version D. The reason for the change is that during the last committee hearing the ACLU pointed out that certain types of speech were either favored or disfavored, and eliminating (A) through (E) is saying that all of these robocalls will be treated the same under this particular section.

They then changed exemptions later on in section 4 on page 3, lines 3-6, to include utility companies and any group with which there is a membership. This issue was brought to them by the AFLCIO who pointed out that union members like to be able to communicate with membership using robocalls.

There were a few other technical fixes with renumbering for conformity.

CHAIR EGAN removed his objection and version D was before the committee.

SENATOR MENARD moved to report CSSB 40( ), labeled 27-LS0374\D, from committee with individual recommendations and attached fiscal note(s). There were no objections and it was so ordered.

[2:08:52 PM](#)

At ease from 2:08:52 PM to 2:10:24 PM.

#### **SSSB 51-STATE VENDING LICENSES**

[2:10:24 PM](#)

CHAIR EGAN moved back up the calendar and announced SSSB 51 to be up for consideration.

SENATOR DAVIS, sponsor of SSSB 51, said they had heard the bill before but a new committee substitute (CS) was before them labeled CSSSB 51 ( ) 27-LS0079\B.

TOM OBERMEYER, staff to Senator Davis, sponsor of SSSB 51, explained that language in the sponsor substitute was returned to that of the original draft in the CS removing the recent inclusion of municipal and school property in the definition of "public property" that is in existing statute. It was determined after diligent inquiry that including municipal and school property, particularly school property, would greatly reduce revenues needed in school programs supported by vending revenues. The intent of SB 51 and the language in the CS is still to give statutory priority in vending licenses to the blind in state and federal buildings under the current definition of "public property" which is managed by the business enterprise program in the Division of Vocational Rehabilitation, Department of Labor and Workforce Development (DOLWD). There was no intention in the previous draft to reduce needed revenues and programs in the state school districts.

CHAIR EGAN objected for questions.

SENATOR DAVIS relayed that the bill is the same except for removal of the one section.

CHAIR EGAN removed his objection.

[2:12:02 PM](#)

SENATOR MENARD moved to report [CSSSSB 51 ( ) 27-LS0079\B] from committee with individual recommendations and zero fiscal note. There were no objections and it was so ordered.

[2:14:41 PM](#)

At ease from 2:14 PM to 2:16 PM.

**SB 32-APPROP: ALTERNATIVE ENERGY REV. LOAN FUND**

[2:16:19 PM](#)

CHAIR EGAN announced SB 32 to be up for consideration.

[2:16:42 PM](#)

MICHELLE SYDEMAN, staff to Senator Wielechowski, sponsor of SB 32, said this bill fulfills a promise made in last years' Senate Energy Omnibus bill, which passed unanimously in both houses. That bill authorized a new loan program that would serve businesses and non-profits in the state that are struggling with the same high energy costs that everyone else is. She said the legislature has done a fabulous job of providing assistance to home owners, schools, cities, the University and state agencies, but to date there have not been any programs developed for the non-profit community or businesses. She recalled "breathtaking" testimony from a young woman representing a consortium of churches who referred to a church in Fairbanks that had a \$13,000 energy bill last year and a congregation of just 100 individuals - exemplifying the need. They also heard from five business owners and had letters from 32 additional business owners urging the committee to move this legislation along.

SENATOR MENARD moved to report SB 32 from committee with individual recommendations. There were no objections and it was so ordered.

[2:18:46 PM](#)

At ease from 2:18:46 PM to 2:20:11 PM.

**HB 13-WORKERS' COMPENSATION: MEDICAL FEES**

[2:20:11 PM](#)

CHAIR EGAN announced HB 13 to be up for consideration.

CONRAD JACKSON, staff to Representative Olson, sponsor of HB 13, offered to answer questions.

CHAIR EGAN found no questions and removed his objection.

SENATOR MENARD moved to report HB 13 from committee with individual recommendations and attached fiscal note. There were no objections and it was so ordered.

[2:21:45 PM](#)

At ease from 2:21:45 PM to 2:23:07 PM.

**HB 119-AIDEA: PROCUREMENT; PROJECTS**

[2:23:07 PM](#)

CHAIR EGAN announced HB 119 to be up for consideration [CSHB 119(EDT), version 27-GH1745\M, was before the committee]. It was introduced by the House Special Committee on economic Development, Trade, and Tourism by request of the Governor. He said it was being presented by the administration.

MARK DAVIS, Economic Development Officer, Alaska Industrial and Development and Export Authority (AIEDA), Department of Commerce, Community and Economic Development (DCCED), explained that this bill provides for expansion of the type of projects that AIDEA can currently finance. Presently, AIDEA is authorized to provide financing for natural resource development, industry, tourism infrastructure and energy. Those four categories have not been changed since 1993 and one major purpose of this bill is the modernization and clarification of some of the projects AIDEA could now engage in. Without the changes in CSHB 119, AIDEA could not finance new sectors of the Alaska economy such as communications or health care. Additionally, AIDEA is now prevented from providing financial support for federal facilities and they cannot support the military or the Coast Guard in their endeavor to build new facilities in the state. In the last year, AIDEA has been approached by a health care clinic in rural Alaska and by the U.S. Coast Guard; in both instances AIDEA approached the Department of Law to see whether current statutes would let them build those facilities and lease them back to the federal government, and the answer in both instances was no. He said the support of the military has an important role for economic development in Alaska.

[2:25:44 PM](#)

Additionally, he explained that CSHB 119 authorizes AIDEA to better create public/private partnerships or what are commonly known as PPPs; it does so by permitting the Authority to own part of a project through the use of a limited liability (LLC) company or through a corporation. The reason is as they worked with private developers over the last year they have been approached several times with the idea of AIDEA owning part of a project, which they are allowed to do by statute, not in a partnership but through an LLC. That is based on liability, insurance and financing issues unfortunately, because they were also advised by the Department of Law that presently they cannot be a member of an LLC. The bill seeks to change that, so in the future they can own part of a project through an LLC that would also let them divest of that investment more rapidly once that project was in good enough shape to go entirely to the predecessor. This is one major goal of AIDEA's new strategic plan - to hold things for only a period of time, have an exit strategy and get some backing in the private sector.

Another portion of CSHB 119 lets AIDEA create subsidiary corporations. The purpose of letting AIDEA create a subsidiary is that it could own a project, particular one developing new technology, and the AIDEA board would be allowed to grant that subsidiary the powers to own a project or to have bonding authority, whatever is needed to get it going; but should it be successful, it would be their intent to spin off the subsidiary corporation back into the private sector as soon as it is ready. A subsidiary corporation is an excellent way to sell a project, because it can be done through selling shares rather than an asset sale.

The other thing CSHB 119 does is it allows AIDEA to develop its own procurement regulations. At present, it doesn't have any procurement regulations; they are under the Department of Administration for the procurement of services and equipment and under the Department of Transportation and Public Facilities for construction. There are certain exemptions in the AIDEA statutes, for example the Healy Clean Coal Plant is entirely exempt from the Procurement Code. Mr. Davis said they would prefer to be under a single set of regulations for procurement. In that regard, they have the support of Vern Jones, the chief procurement officer for the Department of Administration and Mark O'Brien, the chief contracts officer for the Department of Transportation and Public Facilities. Both of those gentlemen who have oversight over AIDEA think this is a better way to go. This provision, which is an amendment to the Procurement Code, is identical to the authority now granted to the Alaska Housing

Finance Corporation (AHFC) and the Knik Arm Bridge and Toll Authority (KABATA). So, they would be treated in a similar fashion as other public corporations in the state.

Saying that, Mr. Davis said he didn't mean the regulations wouldn't follow the spirit of the Procurement Code; in fact, this is an amendment to it. So, they would be required to follow competitive bidding processes and all the provisions. The difference would be for appeals; if it's a bid for supplies that appeal goes to the commissioner of the DOA; if it's for construction it goes to the commissioner of DOTPF. And at times there has been confusion between the two. Now under the regulations, a bid appeal would go to the AIDEA board and they would hear it in a public process; all the board meetings are recorded, people are allowed to call in if they can't appear personally. It's a pretty open and transparent process to put forward a bid.

[2:29:45 PM](#)

Finally, he said there has been a proposal to amend this by the AHFC with regard to their need to create a subsidiary. He said he had been authorized to tell them that the administration is comfortable with the proposed amendment by the AHFC.

SENATOR MENARD asked how thorough he was in adding the new categories. Would he come back to the legislature in two years to ask for another category?

MR. DAVIS replied that that is an excellent question and the genesis of the amendment to AS 44.88.909 is based on AIDEA's strategic plan, specifically page 33, that working with consultants and the public process (polling businesses throughout the state and having public meetings) developed the list over the course of a year. It includes transportation, communications, community/public purposes, technical innovations, prototype, commercial applications, or intellectual property or planning a facility used for a federal facility. It's pretty comprehensive and reflects the actual projects that have been brought in to AIDEA over the last two years. It reflects the views of both the business, banking and government communities.

SENATOR MENARD said she appreciated that this could benefit the state's field of technology, which would be beneficial to the economy. She asked who makes up the board members since he wants to increase it from five to seven members.

MR. DAVIS replied that the expansion of the AIDEA board was passed by the legislature last year, but it has recently been implemented. Previously, it had three government members (commissioners) and two public members; it now has two public members - the commissioner of DCCED and the commissioner of DOR - joined by five private members. It's working very well.

CHAIR EGAN asked if he wanted to talk about the proposed amendment.

MR. DAVIS deferred to Ms. Shubert.

[2:33:54 PM](#)

STACY SHUBERT, Director, Government Relations and Public Affairs, Alaska Housing Finance Corporation (AHFC), thanked them for the opportunity for introducing the conceptual amendment that would allow for AHFC to create a subsidiary corporation as well. Currently, more than 7,000 families are on the wait list for AHFC rental assistance statewide, clearly a difficult issue. AHFC's mission is to provide Alaskans access to safe, quality and affordable housing. Currently, they are unable to become a development partner with private entities in the acquisition, creation and development of affordable housing and they understand that nearly \$4 million is available through federal funds. With the creation of a subsidiary corporation such as this, that could be leveraged to create additional affordable housing in Alaska. That is what they hope the amendment accomplishes.

CHAIR EGAN thanked everyone for their comments and said HB 119 would be held for the amendment to be added.

[2:35:39 PM](#)

Finding no further business to come before the committee, Chair Egan adjourned the meeting at 2:35 p.m.