

HOUSE FINANCE COMMITTEE
March 14, 2013
3:21 p.m.

[3:21:57 PM](#)

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 3:21 p.m.

MEMBERS PRESENT

Representative Alan Austerman, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Mark Neuman, Vice-Chair
Representative Mia Costello
Representative Bryce Edgmon
Representative Les Gara
Representative Lindsey Holmes
Representative Scott Kawasaki, Alternate
Representative Cathy Munoz
Representative Steve Thompson
Representative Tammie Wilson

MEMBERS ABSENT

Representative David Guttenberg

ALSO PRESENT

Representative Pete Higgins, Fairbanks; Thomas Studler, Staff, Representative Higgins; Kris Curtis, Legislative Auditor, Legislative Budget and Audit; Diane Burnham, Legislative Auditor, Legislative Budget and Audit; Patrick Pillai, Executive Director, Special Education Service Agency; PJ Ford Slack, Principal, Sitka High School and Chair, SESA; Millie Ryan, Executive Director, REACH; Daniel George, Staff, Co-Chair Stoltze; Stacy Shuber, Director, Government Affairs and Public Relations.

PRESENT VIA TELECONFERENCE

Craig Ward, Ketchikan; Jeremiah Pickett, Special Education Services, Buckland ; Georgia Lansing, Delta/Greely School District, Delta Junction; Tammy Boutte, Special Education

Services, Salana; Marilyn Rosene, Principal of Dillingham Elementary; Esther Bennet, Adak; Eric Havelock, Multi-Family Underwriting Supervisor, AHFC.

SUMMARY

HB 50 MULTI-UNIT HOUSING: COMMERCIAL USE

CSHB 50 (FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN1 (REV).

HB 87 EXTEND SPECIAL EDUCATION SERVICE AGENCY

HB 87 was HEARD and HELD in committee for further consideration.

#hb87

HOUSE BILL NO. 87

"An Act extending the special education service agency; and providing for an effective date."

[3:22:58 PM](#)

REPRESENTATIVE PETE HIGGINS, FAIRBANKS, introduced the legislation. He explained that the Special Education Service Agency (SESA) supported the education of children with Low Incidence Disabilities (LID) in rural areas. He recommended the extension of the program and the sunset through June 30, 2021.

[3:24:16 PM](#)

THOMAS STUDLER, STAFF, REPRESENTATIVE HIGGINS was available to answer questions about the bill.

[3:24:58 PM](#)

KRIS CURTIS, LEGISLATIVE AUDITOR, LEGISLATIVE BUDGET AND AUDIT, apologized because she was sick and her voice was suffering. She introduced her audit manager to provide her talking points.

[3:25:38 PM](#)

DIANE BURNHAM, LEGISLATIVE AUDITOR, LEGISLATIVE BUDGET AND AUDIT, presented Ms. Curtis' talking points.

The division of Legislative Audit conducted a sunset review of the Special Education Services Agency also known as SESA and issued our report last year. The main objective of the audit was to determine if the agency was operating in the public interest and whether its termination date should be extended.

We conclude that SESA is serving a public need and is essential in meeting the Federal law that requires the State ensure that all children with disabilities have available to them a free appropriate public education that meets their unique needs. SESA serves over 200 students located in mostly non-urban locations through its low incidence disabilities program.

We recommend extending SESA's termination date until June 30, 2021. However, our recommendation for extension comes with recommendations to improve collaboration and oversight.

The biggest issue facing SESA is the flat funding of its Low Incidence Disability program. The funding level is set in statute and hasn't been increased in 14 years thereby decreasing the real value of its budget by 36 percent. This has made it difficult to hire qualified staff. SESA's unique organizational structure has left it with no mechanism for seeking an increase to its budget during the annual budgetary process. SESA's funding as identified in the public school funding statute provides an amount per student as the a "not less than" amount. Since SESA's funding comes from the public school funding statutes, it is funded through DEED. DEED could ask for increases as part of its annual budget process but has chosen not to do so since SESA reports to the Governor's Council on Disabilities and Special Education which is organizationally located within the Department of Health and Social Services. DEED management does not consider their department's responsible for monitoring the adequacy of SESA's budget.

The Governor's council did support legislation to increase SESA's during the past session but the bill was not successful.

In recommendation No. 1 of the report, we hold DEED management accountable for monitoring SESA because DEED is responsible for fulfilling the federal law regarding special education. Because DEED is the entity the ultimately must meet the federal requirement, it should be taking a more active role in monitoring SESA. We recommend that DEED management and SESA management collaborate to ensure SESA is operating and funded as intended by the legislature.

DEED's commissioner does not agree with the recommendation. Historically the funding for SESA has been a legislative process and he sees no need for a change. DEED does not want to be held accountable for SESA's operations.

And we understand his viewpoint since the oversight responsibility for SESA is fragmented and confusing. Which brings me to the Auditor's Comments section of the report. In the Auditor's Comments section of the report, we discuss SESA's organizational structure which has led to confusion as to oversight responsibility for funding and monitoring SESA. SESA is a nonprofit corporation created by statute to report to the Governor's Council on Disabilities and Special Education. It must report to the Governor's Council, however, the council does not have budgetary authority over SESA. As a component of public school funding, SESA's main program, its Low Incidence Disabilities program, is funded through DEED.

To further complicate matters, as a nonprofit corporation, SESA has its own bylaws and its own board of directors.

The Auditor's Comments Section of the audit explains SESA's organizational structure and highlights the need for legislative clarification as to which entity should be held accountable.

The audit contains a second recommendation addressed to SESA's board president to revise board policies and improve SESA board oversight. There has been a fairly recent change in the executive director position and the board president has already initiated changes to help improve oversight.

[3:28:52 PM](#)

Ms. Burnham detailed the auditor's comments. The comments discussed SESA's organizational structure, which led to confusion regarding the oversight responsibility for funding and monitoring SESA. She added that SESA was a non-profit corporation created by statute to report to the Governor's Council on Disabilities and Special Education. The council, however, did not have budgetary authority over SESA. As a component of public school funding, SESA's main program was funded through Department of Education and Early Development (DEED). As a non-profit corporation, SESA had its own bylaws and board of directors. The auditor's comment section of the audit explained SESA's organizational structure and highlighted the need for legislative clarification as to which entity should be held accountable. The audit contained a second recommendation addressed to SESA's board president to revise board policies and improve the SESA board oversight. She mentioned a recent change in the executive director position and the board president had initiated changes to help improve oversight.

[3:30:10 PM](#)

Representative Wilson asked if the Commissioner of education was present for questions.

Co-Chair Stoltze confirmed that a DEED representative was present at the hearing.

Representative Wilson recalled much discussion in the subcommittee process regarding SESA and their ideal location. She asked how the auditors would determine the best placement for SESA regarding program authority and oversight.

Ms. Curtis replied that the decision was policy driven. The audit determined that the structure was working. The highlighted aspect of the audit addressed the flat funding problem, which compromised the program and led to a LB&A report.

[3:31:24 PM](#)

CRAIG WARD, KETCHIKAN (via teleconference), urged the committee to reauthorize the funding for SESA. He stated that he was the parent of a child with trisomy 18. He explained the details of her disabilities. He offered gratitude for a country that offered a free and appropriate public education for all children. He noted that prior to SESA's involvement his local school in Ketchikan was unable to determine how best to help his daughter because her needs were beyond the scope of their training. He spoke to the frustration about educating his daughter. He explained that SESA offered optimism, new ideas and hope for his daughter and family. Because of SESA, the child now had an educational plan for her future. He urged an increase in SESA's funding to allow the sharing of information with more districts throughout the state.

[3:34:37 PM](#)

JEREMIAH PICKETT, SPECIAL EDUCATION SERVICES, BUCKLAND (via teleconference), testified in support of SESA. He explained that he was from a rural village and was born blind. He urged the committee to authorize funding for SESA, which provided an integral part of his life and education. He stated that the specialists at SESA taught him how to accomplish mobility and navigation and he would not be able to get around as well without the help.

[3:36:20 PM](#)

GEORGIA LANSING, DELTA/GREELY SCHOOL DISTRICT, DELTA JUNCTION (via teleconference), testified in support of the legislation. She explained that she was a special education teacher with a master's degree in learning disabilities. She explained that her school district in Delta Junction recently saw an increase in LID students. She noted that she was overwhelmed with the task of meeting the needs of students with such a wide and varied range of learning difficulties including LID. She stated that she was empowered by the organization. She shared a story about a student delivered to her classroom with needs greater than her education had prepared her for. She benefitted from the help from SESA, which enabled students with LID to become more competent.

[3:40:12 PM](#)

TAMMY BOUTTE, SPECIAL EDUCATION SERVICES, SALANA (via teleconference), testified that son was autistic and SESA helped her son to begin communicating and therefore learn in the classroom. She stated that SESA helped with travel by teaching her family how to react and behave in the airport.

[3:42:45 PM](#)

PATRICK PILLAI, EXECUTIVE DIRECTOR, SPECIAL EDUCATION SERVICE AGENCY, provided a brief PowerPoint presentation. He began with slide 1: "Special Education Service Agency (SESA).

SESA provides consultation and training to support the unique educational needs of individuals and the Alaskan communities that serve them.

Mr. Pillai discussed slide 2: "Background."

- Created in 1986; formed as a not-for-profit Corporation;
- Governed by the Alaska Governor's Council on Disabilities and Special Education;
- Receive Low Incidence Disabilities funding through DEED based on prior years statewide total enrollment;

Mr. Pillai explained that SESA was not included in Base Student Allocation (BSA) calculations and had a lack of funding for the last 15 years. He stated that many people were confused and thought that SESA was a part of BSA or a school district.

Mr. Pillai commented on slide 3: "Individuals with Disabilities Education Act (IDEA 2004)."

The State is required to meet the mandate of IDEA 2004 to "ensure that all children with disabilities have available to them a free appropriate public education that emphasizes special education and related services designated to meet their unique needs."

The Legislature intended for SESA to help DEED fulfill this requirement by assisting schools with providing special education to children experiencing LID.

Mr. Pillai discussed slide 4: "A.S. 14.30.630(b) (1) requires SESA to provide the following special education services."

- A. Itinerant outreach services to students who are deaf, deaf-blind, mentally retarded, hearing impaired, blind and visually impaired, orthopedically disabled, health-impaired in other ways, and severely emotionally disturbed, and to students with multiple disabilities;
- B. Special education instructional support and training of local school district special education personnel; and
- C. Other service appropriate to special education needs.

[3:47:24 PM](#)

Mr. Pillai explained slide 5: A picture of a vision specialist working with a child in rural Alaska.

Mr. Pillai discussed slide 6: "Total Number of Students Served." He stated that SESA served 270 students with LID. He explained that the needs of the district determined the number of specialists in the area. Most schools had a special education teacher, but the uniqueness of the disability sometimes required help from a SESA specialist. He provided an example of a disability that led to severe and multiple infractions of behavior.

[3:48:24 PM](#)

Mr. Pillai described slide 7: "SESA Services."

- Itinerant service
- In-service training
- Alaska State Special Education Conference
- Courses designed and offered for university credit
- Alaska State Deaf Education Advisory Board
- Governor's Council/Rural Education/Autism/ Early Intervention
- AARC/BTKH/DSI
- Other Non-profits - Stone Soup/Center for Human Development/ILP
- Distance Education

[3:49:24 PM](#)

Mr. Pillai commented on slide 8: The screen shot of the SESA website, which was recently redesigned and illustrated links available to those students with LID and the staff that work with them.

Mr. Pillai discussed slide 9: The picture depicted a specialist working with a child with LID in rural Alaska.

Mr. Pillai described slide 10: "SESA FY 12 Student Consultation by District." The graph captured student consultation in each one of the districts. He mentioned the Bering Strait School District (BSSD), which used SESAs services frequently. He added that SESA might serve anywhere from 39 to 45 school districts from year to year.

[3:50:44 PM](#)

Mr. Pillai discussed slide 11: "Legislative Audit Report."

Recommendation #1

Reiteration from the prior report that the Legislature should review SESA funding; and

"Over the past 14 years, school districts have received increases in their funding formula, yet SESA's funding formula has not increased. ...the historical process for evaluating and increasing SESA funding has been a legislative process..."

Mr. Pillai added that SESA would be forced to reduce three specialists in the next year if the organization did not receive funding increases. He reminded that the inflation index affected SESA by 36 percent over the last 15 years. He added that the specialist hired by SESA were invested in working with students with LID, so much that they slept on the floor when travelling to rural Alaska. He compared SESA specialists' earnings with those of teachers in the Anchorage School District (ASD) and noted that at entry level, SESA specialists earned \$6000 - \$9000 less annually than the ASD teacher. The specialists were identified and recruited for their expertise and SESA employed one teacher with a PhD in autism from Boston University, which was helpful as autism had increased more than 1000 percent in Alaska. Well trained specialists were more difficult to recruit when they were paid so much less. He stated that

the specialists also contributed 30 percent of their earnings for medical insurance premiums.

[3:52:27 PM](#)

Mr. Pillai discussed slide 12: "This graph shows how LID student count has increased while SESA's overall funding has decreased due to decreased ADM." The graph depicted SESA's actual funding compared to funding if equivalent to BSA compared to Student Count. The red bars in the graph depicted the amount of funding that would have come to SESA if it had been equivalent to BSA.

Co-Chair Stoltze recommended that the discussion be held in the education subcommittee process.

Mr. Studler stated that the will of the sponsor was to move the bill from committee to extend the sunset date.

[3:53:40 PM](#)

Representative Wilson argued the fact that SESA was funded through DEED, with oversight from DHSS. She opined that without oversight, the funding should not be routed through DEED. She was unsure about the proper solution, but advocated for further investigation of SESA's placement. She stressed that she understood the value of SESA and supported the program, but wanted to detail the funding organization for budgetary reasons.

Co-Chair Stoltze expressed that the conversation was tardy, as the operating budget had passed out of the House already.

[3:55:04 PM](#)

Representative Kawasaki hoped that Mr. Pillai could address the LB&A audit.

Mr. Pillai stated that the process was funded by the legislature and the Governor's Council determined that the system was working and did not require change. He added that DEED focused more on compliance, where SESA focused on service. He added that the state administrator of special education sat on the SESA board and attended every meeting and received a full report of every board meeting along with an annual report.

Co-Chair Stoltze requested further information.

Representative Kawasaki noted the audit's comments that board meetings failed to have public notice and DEED staff did not consistently attend meetings. He wondered if the practices had changed with the release of the audit.

Mr. Pillai replied that all of the audit's concerns were addressed and DEED was present at all board meetings for the last 18 months.

[3:57:32 PM](#)

Vice-Chair Neuman pointed out various issues detailed in the audit along with commentary from SESA. He understood the recommendation that the legislature review their oversight responsibility. He opined that the program was great and funding must be used appropriately. He suggested extending the date for a shorter period to allow for more frequent legislative review. He wished for further committee discussion.

Mr. Pillai responded that SESA had clean fiscal audits. The LB&A audit was also clean in terms of finances. The previous executive director did enter into a contract with her husband with board approval. He pointed out that the arrangement did not lead to fiscal implications.

[3:59:58 PM](#)

Representative Edgmon stated that he worked with auditors regularly outside of his legislative efforts. He supported the program, but listed the deficiencies cited in the audit. He stated that he didn't understand that the structure of the SESA program. He pointed out that SESA funding was not adequately evaluated by DEED for operational needs and the operating plan did not comply with state statutes. He stated that both findings were material. He asked how to better structure the program. He asked for recommendations from SESA's executive director.

Mr. Pillai replied that DEED did not take responsibility for increasing revenue to SESA as the Governor's Council on Disabilities and Special Education had oversight. The department opined that legislative appropriation was the proper method of increasing funding. He stressed that SESA

remained in an awkward place where they were told that they were a good agency and they would benefit from the funding, but always confusion regarding the legislative appropriation versus funding from DEED. The audit pointed to the area of confusion.

[4:02:10 PM](#)

Representative Edgmon asked about SESA's classification.

Mr. Pillai replied that SESA was a political subdivision of the state.

Representative Edgmon asked if the bylaws and budgets were governed by the Governor's Council on Disabilities or by DEED.

Mr. Pillai replied that a minimum of five and maximum of seven members from the Governor's Council on Disabilities were required to serve on the board. The state director of special education had a mandatory position on the board as well.

Co-Chair Stoltze stated that he planned to review the legislation further in the committee in further meetings.

[4:04:05 PM](#)

MARILYN ROSENE, PRINCIPAL OF DILLINGHAM ELEMENTARY (via teleconference), explained that SESA's staff worked well with her school. She stated that her district was unable to serve the children with LID without SESA's help. She noted that her district employed SESA resources over the last six years from behavior specialists, which helped transition students from elementary to middle school. She added that SESA's help allowed students to remain in the community. She spoke to SESA's specialist's quality training.

[4:06:41 PM](#)

PJ FORD SLACK, PRINCIPAL, SITKA HIGH SCHOOL AND CHAIR, SESA, explained that when she began her position as board chair, she soon found that an inappropriate contract was initiated by the former director of SESA in 2011. She noted that the director was removed and Mr. Pillai was hired. She mentioned working with the School Board Association to assure that all of the current SESA board members were

trained in correct public and board policy. She mentioned that in 2012, Joseph Reeves reviewed the board's policy and the board received training regarding audit reports. She promised that the board would follow proper procedure under her lead.

Representative Munoz asked about the "intensive-funding" rate. She wondered if the district shared a portion of the "intensive-funding" with SESA.

Ms. Slack replied that the district was not allowed to share the funds because SESA was not allowed to establish fees as a non-profit organization. She added that students identified with LID were not necessarily "intensive-funded" students.

Co-Chair Stoltze remarked that passage of HJR 1 might enable the sharing of funds.

Representative Munoz asked about the difference between the "intensive-funding" rate and the special education funding rate in the BSA.

Ms. Slack replied that she would do her best. She stated that "intensive-funding" was specific to Alaska and appropriated by the legislature. She explained that "intensive-funded" students must meet at least five or six criteria and LID students had rare and infrequent disabilities that required very specific help. She mentioned a student with LID funding who did not have arms. She noted that he was not an "intensive-funded" student.

[4:11:13 PM](#)

Representative Munoz asked for a rough estimate of "intensive-funding" versus regular special education funding rates.

Ms. Slack replied that the director of finance for DEED could better answer the question.

[4:12:07 PM](#)

MILLIE RYAN, EXECUTIVE DIRECTOR, REACH, stated that she served as an ex officio member of SESA in her prior position as executive director of the Alaska Governor's Council on Disabilities and Special Education. She

addressed the question about SESA's location in the council. Upon creation of SESA, the council served as a special education advisory panel and SESA was a special education program. The council, located in DHSS became designated as a special education advisory panel because the legislature, at the time, did not want to establish another board with a narrow purpose. Because the council had the similar purpose, it was chosen. The council received regular reports on SESA during meetings and the education committee received the same communication. She admitted that the situation was awkward, but she understood that SESA was located in DEED because SESA provided an education service.

Representative Wilson asked if SESA might receive oversight from DEED alone.

Ms. Ryan stated that the situation was awkward because the council looked for funding changes for SESA and made recommendations regarding the Alaska Mental Health Trust Authority, which represented people with developmental disabilities. She added that the council provided an advocacy role that the state board of education might not address as thoroughly.

[4:15:49 PM](#)

Representative Kawasaki asked about the timing. He understood that some SESA employees had contracts that were set to expire.

Ms. Ryan agreed that an assurance was necessary for the teachers.

[4:16:40 PM](#)

ESTHER BENNET, ADAK (via teleconference), explained that her son had benefitted greatly from SESA's involvement in his education. She mentioned that she served on the school board and was aware that the agency had not had a funding increase in 15 years. She stated that her son waited for SESA's services and she wondered if the wait resulted from the lack of funding increases. She suggested that committee members get to know SESA specialists. She explained that travel around Alaska was unpredictable and wondered if that might explain board member absences. She expressed

gratitude that her son had access to the services from SESA.

[4:19:31 PM](#)

Co-Chair Stoltze closed public testimony.

HB 87 was HEARD and HELD in committee for further consideration.

[4:20:02 PM](#)

AT EASE

[4:21:27 PM](#)

RECONVENED

#hb50

HOUSE BILL NO. 50

"An Act authorizing the Alaska Housing Finance Corporation to allow certain commercial uses in a multi-unit residential housing development owned or financed by the corporation and limiting the Alcoholic Beverage Control Board's issuance of certain licenses to premises in the residential housing development."

[4:21:42 PM](#)

Representative Costello MOVED to ADOPT the proposed committee substitute for HB 50, Work Draft, 28-LS0155/C, Strasbaugh, 3/14/13 (FIN). Co-Chair Stoltze OBJECTED for discussion.

DANIEL GEORGE, STAFF, CO-CHAIR STOLTZE, explained the changes in the CS. He noted the change on the final page, which removed the wording between lines 9 and 17, "the corporation may not authorize the commercial use of space in a multi-unit residential housing development owned or financed by the corporation for the manufacture, sale, transfer or storage of cigarettes or tobacco products" replaced with "the corporation may not authorize the commercial use of space in a multi-unit residential housing development owned or financed by the corporation for a business that primarily sells, transfers, or stores cigarettes or tobacco related products."

There being NO FURTHER OBJECTION, it was so ordered, Version C was ADOPTED.

4:23:15 PM

Representative Costello explained that the bill allowed the Alaska Housing Finance Corporation (AHFC) to authorize the combination of commercial use and multi-unit residential housing developments owned or financed by the corporation. She pointed out three sections of the bill. Under the authorizations allowed to the corporations, "the addition of the ability for AHFC to authorize certain commercial uses in a multi-unit residential housing development owned or financed by the corporation."

Representative Costello added that the final section of the bill excluded certain types of businesses such as charitable gaming, adult entertainment, the sale of alcoholic beverages, unless the sale occurs with a restaurant licensed under the alcohol beverage control board as a restaurant. The first section of the bill was new and allowed the ABC board to approve a request for a new location if AHFC approved a business in one of the multi-unit housing areas. She explained that the purpose of the bill was to allow more flexibility for multi-unit housing in Alaska. She mentioned other communities that utilized commercial use space in buildings, which allowed residents to benefit from the commercial properties and allowed AHFC greater flexibility when pursuing more affordable housing for Alaskans.

4:25:10 PM

STACY SHUBER, DIRECTOR, GOVERNMENT AFFAIRS AND PUBLIC RELATIONS, explained that AHFC was involved in mortgages, bonds, financing, public housing and energy programs. The mortgage and investment aspect of the business supported the diversity of work at AHFC. She explained that the bill would help meet the need for more housing across communities and helping the corporation to strengthen their position financially.

Ms. Shuber explained that AHFC's family loan program performed well and remained an important tool for construction of new, safe, quality and affordable multi-unit housing. She stated that AHFC supported the legislation and urged the committee's support.

4:26:03 PM

Representative Wilson asked about the exclusions and whether they were tied to federal grants.

Representative Costello replied that the exclusions were not mandated by the relationship between the federal government and AHFC. The exclusions were included in the legislation to promote family-friendly living environments.

4:26:49 PM

Representative Wilson asked if other communities were using the model. She wished to better understand the family-friendly portion of the legislation.

Representative Costello replied that AHFC could best speak to community models. She added that there was a trend across the country to incorporate commercial and housing opportunities. She was unsure about exact statistics regarding these types of housing opportunities.

Representative Wilson stated that she supported the commercial portion of the legislation, but wanted to remain flexible with the language.

4:27:48 PM

Representative Kawasaki agreed that the proposed housing trends were infectious in the Lower 48. He asked if similar units were overseen in Alaska by AHFC.

Ms. Shuber referred to the Inlet Tower Hotel, which was included in AHFC's portfolio. She noted that a property in the Mountain View subdivision in Anchorage resulted from a partnership between AHFC and Cook Inlet Housing and included retail shops on the bottom of the building and housing units on the top.

Representative Kawasaki asked if AHFC must fill a void in the area because of the need for housing.

Ms. Shuber replied that AHFC saw the opportunity to address housing issues in Kodiak, Anchorage, Nome and Barrow. She highlighted that the commercial space made the housing options more affordable across all income levels.

Co-Chair Stoltze asked if Mountain View would have similar options without AHFC and Cook Inlet Housing.

Ms. Shuber replied that she did not know the answer to the question.

4:30:01 PM

Representative Edgmon asked about the charitable gaming element of the bill and the potential restrictions implied. He pointed out that rural Alaskan communities utilized gaming for fundraising purposes, and senior housing facilities employed similar routines.

4:30:29 PM

Ms. Shuber replied that AHFC did not have a position on the gaming and profitability aspect of HB 50. She supposed that gaming might affect the profitability of a business in certain circumstances, but AHFC did not speculate without a proposed project to detail.

Representative Costello responded that the bill provided a tremendous opportunity for businesses. The intent of the exclusion was to provide for a family-friendly environment in the facility.

Representative Edgmon did not know if the restriction might provide an unintended impediment in rural Alaska.

4:31:57 PM

Co-Chair Stoltze asked if the restriction might prevent a senior center from hosting a bingo event.

Ms. Shuber referred the question to an AHFC underwriter.

ERIC HAVELOCK, MULTI-FAMILY UNDERWRITING SUPERVISOR, AHFC (via teleconference), commented that venues for charitable gaming were sometimes located near the corporation's housing projects but typically not within the facility. He stated that a senior center would have bingo night and pull-tab operations. He stated that AHFC did not have a position on the gaming operations.

Co-Chair Stoltze understood the corporation's neutrality.

Mr. Havelock stated that he had witnessed gaming utilized in other projects outside of the residential housing.

[4:33:15 PM](#)

Representative Munoz asked about developments that were tax exempt under city or municipal code. She assumed that the owner would be liable for the property tax due to the commercial portion of the property. She wondered how the division of property assessment was addressed by the corporation.

Ms. Shuber requested Mr. Havelock's opinion.

Mr. Havelock stated that the local tax authority would determine the taxing structure for the business and housing unit. A municipality could offer a tax exemption for real property taxes. The taxation of the commercial space would be determined by each municipality.

[4:34:31 PM](#)

Co-Chair Stoltze understood that bingo and other events constituted common fundraising opportunities. He suggested a conceptual amendment to strike the charitable gaming language from the bill.

Representative Gara offered a conceptual amendment:

Delete "charitable gaming under AS 05.15," page 6, line 11.

There being NO OBJECTION, it was so ordered. The conceptual amendment was adopted.

[4:36:29 PM](#)

Representative Costello highlighted one zero fiscal note from Department of Revenue (DOR).

[4:37:16 PM](#)

Representative Costello MOVED to REPORT CSHB 50 (FIN) out of committee with individual recommendations and the accompanying fiscal note.

CSHB 50 (FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN1 (REV).

#

ADJOURNMENT

The meeting was adjourned at 4:38 p.m.