

HOUSE FINANCE COMMITTEE  
March 19, 2013  
1:32 p.m.

1:32:53 PM

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 1:32 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 Cathy Munoz  
Representative Steve Thompson  
Representative Tammie Wilson

MEMBERS ABSENT

Representative David Guttenberg

ALSO PRESENT

Representative Pete Higgins; Marcy Herman, Special Assistant, Department of Education and Early Development; Ms. Elizabeth Sweeney Nudelman, Director, School Finances and Facilities, Department of Education and Early Development; Darrell Breese, Staff, Representative Bill Stoltze; Amy Erickson, Division of Motor Vehicles, Department of Administration; Representative Bob Lynn; Representative Doug Isaacson, Sponsor.

PRESENT VIA TELECONFERENCE

Kirk Wickersham, Anchorage; Scott Thomas, Department of Transportation and Public Facilities; Buzz Otis, Director of North Pole Economic Development Corporation.

SUMMARY

HB 19 PERM. MOT. VEH. REGISTRATION/TRAILERS

CSHB 19(TRA) was REPORTED out of committee with "no recommendation" and with one new fiscal note from the Department of Administration.

HB 87 EXTEND SPECIAL EDUCATION SERVICE AGENCY

CSHB 87(FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN1 (EED).

HB 94 CON AND NELLIE MILLER BRIDGES

HB 94 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN1 (DOT).

CSHB 153 NAMING WALTER J. HICKEL EXPRESSWAY

CSHB 153(TRA) was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN1 (DOT).

[1:33:06 PM](#)

#hb87

HOUSE BILL NO. 87

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

[1:33:36 PM](#)

Co-Chair Stoltze stated that committee concerns were addressed for HB 87 regarding the Special Education Service Agency (SESA).

Representative Wilson MOVED to ADOPT the proposed committee substitute for HB 87, Work Draft, 28-LS0392\0, Mischel, 3/18/13,(FIN). Co-Chair Stoltze OBJECTED for discussion.

Representative Wilson explained that the Department of Education and Early Development (DEED) would now have oversight of SESA versus the former Governor's Council of Disabilities and Special Education. The findings and

recommendations on the audit report were considered when making the decision. She stressed "whereby state and federal law it is the requirement of the Department of Education and Early Development to make sure that the correct services were brought to our special education students." She noted that a special education director from the department met with SESA on regular intervals and the change will allow the legislature to better monitor the organization and its needs.

REPRESENTATIVE PETE HIGGINS, spoke about the bill. He appreciated the committee tackling the issue of program oversight.

Co-Chair Stoltze WITHDREW his OBJECTION..

[1:36:12 PM](#)

Representative Kawasaki MOVED a conceptual amendment.  
Representative Wilson OBJECTED.

TO: CSHB 87 (FIN) Work Draft 28-LS0392\0

Page 1, line 11:  
Delete "\$15.75"  
Insert "\$21.50 [\$15.75]"

Page 2, following line 6:  
Insert a new bill section to read:

"\*Sec. 2. AS 1430.650 is amended by adding a new subsection to read:

(b) The funding allocated under (a) of this section shall be adjusted annually by multiplying the amount allocated in the immediately preceding fiscal year by 0.5 percent."

Representative Kawasaki explained the amendment. He noted that recent discussions with Legislative Budget and Audit (LB&A) and DEED led to information about SESA's funding. The funding had not kept up with inflation or Base Student Allocation (BSA) increases. He noted that SESA was an agency that was flat-funded for many years while the total number of program participants increased substantially. The \$21.50 would allow the program to keep up with inflation.

Representative Wilson responded that the \$15.75 was a minimum requirement. She noted that the education subcommittee did not discuss the issue because the program's oversight was through the Department of Health and Social Services (DHSS). The audit stated that the "plan did not have the number of students and school district personnel receiving services and all funding sources." She noted that the education subcommittee would detail the fund sources during the interim with the oversight located in DEED.

Co-Chair Stoltze spoke against the amendment because he was philosophically opposed to indexing the appropriate channels when working through the budget process.

Representative Gara pointed out the cost per special education student in Anchorage or Fairbanks of \$50 thousand. He wondered what rural school districts received to educate special education students with severe handicaps.

[1:39:03 PM](#)

Representative Higgins replied that the current funding was adequate, but the organization would prefer not to be flat funded. The SESA board understood that the state was operating under budget constraints. The goal of the legislation was to extend the sunset utilizing a subcommittee process to address the funding issue.

Representative Gara clarified his question. He wondered if rural areas received funding for special education services in addition to SESA.

Representative Higgins did not know the answer to the question.

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Representative Wilson responded that the \$15 was based on the average daily attendance and the numbers of students in the state.

Representative Kawasaki reiterated that the SESA baseline budget was established 15 years ago. He noted that inflation alone decreased the value by over 36 percent. The sum was small and affected the most vulnerable people in

rural Alaska who might not have the assets available within their own school districts. He pointed out that the joint legislative education task force recommendations advocated for an increase for the intensive needs resources to schools. He noted that not every intensive-needs student qualified for SESA, but he believed that the money was wisely spent and impacted those kids who needed the most help.

Representative Wilson maintained her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Kawasaki

OPPOSED: Thompson, Costello, Edgmon, Neuman, Wilson,  
Holmes, Munoz, Stoltze and Austerman

The conceptual amendment failed (2/9).

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Representative Costello detailed one fiscal note for CSHB 87 showing an impact of \$2,035,500 for fiscal year 2014 for every fiscal year following.

Co-Chair Stoltze asked a department member if fiscal note was correct.

MARCY HERMAN, SPECIAL ASSISTANT, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, responded yes.

Representative Wilson MOVED to REPORT CSHB 87 (FIN) out of committee with individual recommendations and the accompanying fiscal note.

Representative Kawasaki OBJECTED in favor of hearing from DEED about the implication of the legislation and the change in oversight from the council to the department.

MS. ELIZABETH SWEENEY NUDELMAN, DIRECTOR, SCHOOL FINANCES AND FACILITIES, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, stated that the costs shown in the fiscal note would remain accurate if SESA continued to operate.

Representative Kawasaki wondered how the substantive change in oversight would affect the program because DEED would take over administration and governance of the program.

Ms. Nudleman replied that the SESA organization was run by a board of directors and the board, with the executive director would continue to operate the organization. She stated that the fiscal note would carry the same costs it had in prior years. She referred to the sponsor for questions regarding the CS.

Co-Chair Stoltze wished that Representative Kawasaki had followed protocol by raising the point when the CS was discussed.

Representative Kawasaki asked if SESA's nonprofit status impacted the department's ability to regulate the organization.

Ms. Nudelman responded that the legislation consolidated by eliminating oversight from the Governor's Council on Disabilities and Special Education. She was unaware of further changes. The nonprofit was administered by a board.

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Representative Gara stated that he did not understand the decision to consolidate the agencies governing SESA.

Co-Chair Stoltze explained that the audit report recommendations were considered when making the decision.

Representative Wilson clarified that the education subcommittee discussed the matter at great length. The council did not have the authority, if the money was not spent correctly, to do anything about it. With new and specific laws regulating special education, the decision to give DEED full oversight was prudent. She stated that the council would continue to review programs. The only change was providing authority to the department to ensure that the students got the help they need and money was spent correctly. The authority was also provided to DEED to bring the item forth in their budget for future program needs.

Representative Gara appreciated the explanation.

Representative Kawasaki WITHDREW his OBJECTION

CSHB 87(FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN1 (EED).

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AT EASE

[1:55:21 PM](#)

RECONVENED

#hb19

HOUSE BILL NO. 19

"An Act relating to permanent motor vehicle registration; relating to the registration fee for noncommercial trailers and to the motor vehicle tax for trailers; and providing for an effective date."

[1:55:36 PM](#)

Co-Chair Stoltze noted that he had the Department of Administration (DOA) online. He reminded that public testimony had been taken on the bill in a prior finance meeting. He imagined that most people appreciated the notion of permanent registration. He anticipated questions about the fiscal note. He asked staff to provide a brief overview of the legislation.

DARRELL BREESE, STAFF, REPRESENTATIVE BILL STOLTZE, explained that HB 19 allowed for permanent registration, offered through the Division of Motor Vehicles (DMV) for non-commercial motor vehicles older than eight years and non-commercial trailers older than eight years. The permanent registration would cost \$25 in addition to the regular biannual registration. The owner of the vehicle or trailer had a choice to pay biannual registration fees as established in statute or to select the permanent vehicle or trailer registration. He pointed out that the permanent registration for vehicles or trailers was nontransferable. If a vehicle or trailer was sold, the new owner must register with DMV.

Co-Chair Stoltze pointed out the "opt-out" provision for the municipalities.

Mr. Breeze added that the bill offered municipalities a provision to establish their own motor vehicle registration

tax rate for vehicles that were permanently registered. Currently municipalities had the option based on the age of the vehicles, but HB 19 allowed municipalities to adopt, by ordinance passed by city council or a local assembly.

Co-Chair Stoltze added that the municipalities could collect the portion of the registration fee that the state provided to local governments. He wished to provide an option for the public to avoid government fees. He stated that he himself had an older boat trailer and pickup truck and was impacted by the legislation. He wished to detail the fiscal note.

AMY ERICKSON, DIVISION OF MOTOR VEHICLES, DEPARTMENT OF ADMINISTRATION, was available to answer questions.

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Representative Kawasaki asked why the DMV collected on the behalf of some municipalities. Ms. Erickson did not have the history.

Co-Chair Stoltze commented on the assumptions stated on the fiscal note. He noted that the department projected the fiscal impact or revenue loss based on predictions regarding choice of permanent registration. He added that the permanent registration might not benefit those people who chose to leave Alaska to relocate to another state or country.

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Representative Gara asked to combine his legislation related to permanent licensing registration for hunting and fishing.

Co-Chair Stoltze answered that he had concerns about the fish and game fund and the effect that a combined act of legislation would have, although he was amenable to the concept.

Representative Gara stated that his bill, HB 157, was written to avoid any impact on the fish and game fund.

[2:03:48 PM](#)

Vice-Chair Neuman expressed concern about two-year registration for DMV, which was implemented to help reduce division costs. Since DMV brought in more money than they needed, he suggested legislation to reintroduce single-year registration.

Co-Chair Stoltze stated that the department was unwilling to provide information regarding the fiscal impact of a return to a single-year registration.

Representative Wilson asked about the loss of revenue shown in the fiscal note. She asked if the division would continue to operate with a surplus if HB 19 were enacted. Ms. Erickson replied yes.

Co-Chair Stoltze pointed out the short-term positive earnings in the division's near future, as documented in the fiscal note. He asked to know the exact short-term impact on the department.

Ms. Erickson replied that the department anticipated a surplus greater than \$6,000,000 in 2014 and approximately \$7,000,500 in 2015. The calculations were based on the number of vehicles. The department estimated that 478,000 motor vehicles and 115,000 trailers were eligible for permanent registration.

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Representative Gara asked if the projection became negative over time.

Ms. Erickson responded that most vehicles registered biannually would no longer bring revenue. The increase of \$25 for the permanent registration led to the projected surplus, but after 2015 the revenues were no longer available to the division.

[2:06:50 PM](#)

Representative Gara asked for an estimate of annual loss to the division or communities.

Ms. Erickson stated that the revenue loss impacted the state rather than DMV. She clarified that once vehicles were permanently registered, the revenue loss would compound.

Co-Chair Stoltze clarified that the projections were merely speculations.

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Vice-Chair Neuman questioned the assumption of the fiscal note. He supposed that some people might learn about the option and choose to register a vehicle that was otherwise ignored, leading to further revenue for the state.

Co-Chair Stoltze agreed that speculations were merely that.

Representative Munoz asked about the percentage of the permanent fee that was to be shared with communities. She asked if the formula would remain consistent.

Mr. Breese responded that the permanent registration fee went directly to DMV and thus the state. The cities and municipalities that had motor vehicle registration tax were those that were passed and approved by each separate community. The permanent registration fee would be appropriated as the legislature chose.

Co-Chair Stoltze agreed and clarified that the legislature appropriated funds through the constitutional appropriation process.

Representative Munoz asked the estimated savings to the individual for the average life of a car.

Mr. Breese stated that the savings was difficult to estimate. He noted that the average age of vehicles in the state was 13 years old. Five years of permanent registration was calculated in an estimate making the savings difficult to discern.

Co-Chair Stoltze opined that government gets its tax out of the vehicle at some point.

2:11:06 PM

AT EASE

2:13:22 PM

RECONVENED

Representative Kawasaki MOVED Amendment 1 to be written properly for the floor.

Page 1, line 2, following "trailers;":  
Insert "providing that permanent motor vehicle registration may not be considered when determining the eligibility of an individual for a permanent fund dividend;"

Page 5, following line 2:  
Insert a new bill section to read:

"\* Sec. 8. AS 43.23.015(a) is amended to read:  
(a) The commissioner shall adopt regulations under AS 44.62 (Administrative Procedures Act) [THE ADMINISTRATIVE PROCEDURE ACT (AS 44.62)] for determining the eligibility of individuals for permanent fund dividends. The commissioner may require an individual to provide proof of eligibility, and the commissioner may use other information available from other state departments or agencies to determine the eligibility of an individual. The commissioner shall consider all relevant circumstances in determining the eligibility of an individual. However, the commissioner may not consider the issuance of a permanent motor vehicle registration under AS 28.10.155 as a factor in determining the eligibility of an individual, and the residency of an individual's spouse may not be the principal factor relied on [UPON] by the commissioner in determining the residency of the individual."

Co-Chair Stoltze OBJECTED for discussion.

Representative Kawasaki discussed policy regarding qualification for the Permanent Fund Dividend (PFD). He stated that establishing residency for the PFD used proof of home ownership, employment records, school records, voter registration, motor vehicle registration records and licenses for items or activities such as hunting and fishing. He wanted to ensure that the bill was not used exclusively to determine or establish residency. He wanted to ensure that the person did have a permanent vehicle registration. He planned to amend his amendment in the near future to allow the registration to be used for eligibility for the PFD.

[2:14:46 PM](#)

Representative Wilson pointed out that a vehicle registration was considered proof of Alaskan residence in the PFD application process.

Representative Gara explained that some people applied dishonestly for the PFD. The commissioner utilized a vehicle registration when determining residency, but with HB 19, a person might pay \$25 one time and continue to use the documentation to prove that they were eligible for a PFD.

Co-Chair Stoltze countered that a negative trigger often provided a red flag.

Representative Kawasaki WITHDREW his amendment.

Representative Costello detailed the fiscal note. She noted the change in revenues for FY 14 - FY 19, which illustrated a fiscal impact of \$100,100 for FY 14 for database upgrades. The fiscal note also illustrated changes in state revenues for FY 14 as an increase of \$5,346,000, in FY 15 an increase of \$5,982,000, FY 16 a decrease of \$17,836,000, FY 17 a decrease of \$20,128,000, FY 18 a decrease of \$20,128,000 and FY 19 projected a decrease of \$22,420,000.

Co-Chair Stoltze clarified that the fiscal note projections were purely speculative.

[2:19:03 PM](#)

Vice-Chair Neuman MOVED to REPORT CSHB 19(TRA) out of committee with individual recommendations and the accompanying fiscal note.

Representative Kawasaki OBJECTED

Representative Kawasaki noted that the bill packet contained collections for communities with a motor vehicle registration tax. He pointed out that some communities would feel a significant impact from the revenue losses. He WITHDREW his OBJECTION.

CSHB 19 (TRA) was REPORTED out of committee with "no recommendation" and with one new fiscal note from the Department of Administration.

2:20:35 PM

AT EASE

2:23:03 PM

RECONVENED

#hb153

HOUSE BILL NO. 153

"An Act designating Minnesota Drive and a portion of O'Malley Road in Anchorage the Walter J. Hickel Expressway."

2:23:11 PM

REPRESENTATIVE BOB LYNN, explained that HB 153 would rename a portion of Minnesota Drive in Anchorage as the Walter J. Hickel Parkway. He provided a brief history about Alaska's first governor. He stated that Governor Hickel pushed hard to open Prudhoe Bay for oil development and oversaw the permitting process for the Trans-Alaskan pipeline.

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Representative Gara stated that he would like to co-sponsor the bill. Representative Lynn stated that Representative Gara was welcome to co-sponsor the bill.

Representative Kawasaki asked why the Minnesota Drive portion of the highway was selected.

Representative Lynn responded that the portion of Minnesota Drive was well-traveled thoroughfare in Anchorage deeming it the most appropriate highway for the name.

Representative Holmes pointed out that the proposed highway ran close to Governor Hickel's house and hotel.

Representative Kawasaki asked about the Hickel family's opinion about the proposed plan. Representative Lynn replied that Ermalee Hickel approved of the idea.

Representative Kawasaki asked if the designation was honorary or if postal services be affected.

Representative Lynn replied that the plan included two large signs. The street addresses would remain the same to lessen the inconvenience.

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KIRK WICKERSHAM, SELF, ANCHORAGE (via teleconference), testified in support of the legislation. He suggested the idea of renaming the Minnesota bypass to Representative Lynn. He pointed out that the Minnesota bypass was named because the street was widened and extended, which was a random decision in his opinion. He encouraged the elimination of the word Minnesota from the name of the expressway. A combination of Minnesota and Governor Hickel was proposed in a previous bill.

[2:30:46 PM](#)

SCOTT THOMAS, CENTRAL REGION TRAFFIC ENGINEER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (via teleconference), was available for questions.

Vice-Chair Neuman CLOSED public testimony.

Representative Costello discussed the two fiscal notes. The first fiscal note was a zero note from Department of Transportation and Public Facilities. The second note had a fiscal impact of \$15 thousand from Department of Transportation and Public Facilities, which would pay for the cost of two signs.

Vice-Chair Neuman noted that the second fiscal note was forthcoming.

Representative Kawasaki remarked that he lived on Glacier Avenue while in Juneau. Apparently Glacier Avenue was known previously as Glacier Highway and Google maps included both names when searched.

Representative Thompson MOVED to REPORT CSHB 153(TRA) out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHB 153(TRA) was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN1 (DOT).

[2:33:13 PM](#)

AT EASE

[2:34:25 PM](#)

RECONVENED

#hb94

HOUSE BILL NO. 94

"An Act naming the northbound Chena Flood Channel Crossing Bridge the Nellie Miller Bridge and naming the southbound Chena Flood Channel Crossing Bridge the Con Miller Bridge."

[2:34:25 PM](#)

REPRESENTATIVE DOUG ISAACSON, SPONSOR, introduced the legislation affecting two bridges that spanned the Chena flood control channel. The proposed plan was to name the bridge for two remarkable Alaskans, Con and Nellie Miller. He stated that Con and Nellie Miller were early settlers in the city of North Pole who founded the business the Santa Claus House and demonstrated public service throughout their lives. Con Miller was the longest serving mayor of North Pole dedicating 19 years of leadership. He mentioned their son Terry Miller who served as a former Lieutenant Governor, a North Pole city councilman, a borough assemblyman and as an Alaskan legislator in both the House and the Senate. Mike Miller, the other son of Con and Nellie also served in the house and the senate for 18 years.

Representative Gara wondered if the legislature might choose an esteemed democrat for such honors.

BUZZ OTIS, DIRECTOR OF NORTH POLE ECONOMIC DEVELOPMENT CORPORATION (via teleconference), testified in support of the Millers and thought that the tribute was notable.

[2:39:00 PM](#)

Co-Chair Stoltze CLOSED PUBLIC TESTIMONY.

Representative Costello addressed the fiscal note from Department of Transportation and Public Facilities for \$6,900 for the creation of two signs.

Representative Wilson MOVED to REPORT HB 94 out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 94 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN1 (DOT).

#  
ADJOURNMENT

2:43:00 PM

The meeting was adjourned at 2:43 p.m.