

HOUSE FINANCE COMMITTEE
April 10, 2013
1:39 p.m.

[1:39:26 PM](#)

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 1:39 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

Senator Anna Fairclough; Laura Pierre, Staff, Senator Anna Fairclough; Kate Burkhart, Executive Director, Statewide Suicide Prevention Council; Margaret Dowling, Staff to Senator Cathy Giessel; David Scott, Staff, Senator Donny Olson; Senator Pete Kelly, Sponsor; Heather Shattuck, Staff, Senator Pete Kelly; William Streur, Commissioner, Department of Health and Social Services; Angela Rodell, Deputy Commissioner, Treasury Division, Department of Revenue; Valerie Davidson, Senior Director, Legal and Intergovernmental Affairs, Alaska Native Tribal Health Consortium (ANTHC); Don Habegar, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development; Dave Scott, Staff, Senator Olson; Doug Letch, Staff,

Senator Gary Stevens; Senator Cathy Giessel; Ed Fogels,
Deputy Commissioner, Department of Natural Resources.

PRESENT VIA TELECONFERENCE

Colin Maynard, Member, AELS Board, Anchorage

SUMMARY

SB 2 INTERSTATE MINING COMPACT & COMMISSION

SB 2 was REPORTED out of committee with a "do pass" recommendation and with one new fiscal note from Department of Natural Resources and one previously published zero fiscal note: FN 2(ADM).

SB 16 BD OF ARCHITECTS, ENGINEERS, SURVEYORS

SB 16 was REPORTED out of committee with a "no recommendation" and with one previously published fiscal note: FN2(CED).

CSSB 18(FIN) am
BUDGET: CAPITAL

CSSB 18(FIN) am was SCHEDULED but not HEARD.

CSSB 21(FIN) am(efd fld)
OIL AND GAS PRODUCTION TAX

CSSB 21(FIN) am(efd fld)was SCHEDULED but not HEARD.

SB 24 MARINE TRANSPORTATION ADVISORY BOARD

SB 24 was REPORTED out of committee with a "do pass" recommendation and with one new fiscal note from Department of Transportation and Public Facilities.

SB 37 EXTEND SUICIDE PREVENTION COUNCIL

SB 37 was REPORTED out of committee with a "do pass" recommendation and with one new fiscal note from Department of Health and Social Services.

CSSB 38(FIN)

STATE MEDICAL BOARD

CSSB 38(FIN) was REPORTED out of committee with a "no recommendation" and with one previously published fiscal impact note: FN1(CED).

SB 88 ALASKA NATIVE MEDICAL CENTER HOUSING

SB 88 was HEARD and HELD in committee for further consideration.

[1:39:42 PM](#)

#sb37

SENATE BILL NO. 37

"An Act extending the termination date of the Statewide Suicide Prevention Council; and providing for an effective date."

[1:40:06 PM](#)

LAURA PIERRE, STAFF, SENATOR ANNA FAIRCLOUGH, discussed the bill. She stated the recommendation of Legislative Budget and Audit (LB&A) to extend the council 6 years to June 30, 2019. The council was comprised of 17 members. Senator Fairclough served on the council as a Representative and a Senator. The council made great strides in increasing meeting attendance and implementing a statewide strategic plan for suicide prevention outreach across Alaska. The council's plan was called "Casting the Net Upstream." The plan promoted the prevention of suicide in Alaska.

Co-Chair Stoltze handed the gavel to Representative Costello.

Representative Costello appreciated the sponsor's interest in the issue.

[1:41:39 PM](#)

Representative Munoz asked how the \$415 thousand in school-based grants were distributed. She asked to know more about the projects funded by the grants. Ms. Pierre deferred the question to Kate Burkhart.

Representative Kawasaki asked about the LB&A audit suggesting the board's extension. He asked about other recommendations made in the audit. Ms. Pierre responded that other audit findings could be discussed by Ms. Burkhart.

Senator Anna Fairclough joined the meeting.

[1:43:27 PM](#)

KATE BURKHART, EXECUTIVE DIRECTOR, STATEWIDE SUICIDE PREVENTION COUNCIL, replied to Representative Kawasaki's question first. She stated that the audit made three recommendations. The first was that the council would perform an annual review of its executive director in partnership with the Mental Health Board and the Advisory Board on Alcoholism and Drug Abuse. She added that LB&A established a process by which the annual review would occur. The council worked with its partners to memorialize the framework of the council leadership.

Ms. Burkhart stated the second recommendation to track and report council attendance to the governor's office. An attendance log was created for transmission to the governor's office, the Speaker of the House and President of the Senate. The council did not have difficulty reaching a quorum due to recommendations made in the prior audit.

Ms. Burkhart continued with the third recommendation for the council to develop and monitor performance measures that supported statutory duties and annually report progress. She noted that the council had performance measures for many years, which had not been transmitted to the missions and measures language utilized by LB&A or included in the Department of Health and Social Services (DHSS) online performance measures. The council was working with DHSS to translate measures from the state plan into language discernible by LB&A.

Ms. Burkhart answered Representative Munoz's question. She shared that the funding available for school-based suicide prevention came through the council to the Department of Education and Early Development (DEED). The increment flowed through the council to allow the partnership between the council and the department. She added that the first year's funding would be provided to Alaska's alternative schools who were participating in a wellness initiative

funded with a grant from the Division of Behavioral Health. She pointed out that children from alternative schools were most likely to report depression, suicide attempts and drug and alcohol use. She noted that 20 percent of school districts applied for the funding. The proposals were reviewed and many would be funded. She expressed confidence that the programs would enhance services in the school districts.

[1:47:43 PM](#)

Representative Munoz asked if groups that were not affiliated with the school could apply for funding. Ms. Burkhart replied that the school-based funding stream was designed to provide funding for suicide prevention. She mentioned additional options for other entities interested in suicide prevention funding. An FY 13 capital appropriation secured funding for small grants up to \$5 thousand for community organizations. The Alaska Community Foundation matched the FY 13 funding.

Ms. Burkhart pointed out the Comprehensive Prevention Grant Program, which included opportunities for community coalitions and organizations to apply for prevention funding.

[1:50:23 PM](#)

Representative Gara thanked Ms. Burkhart for her work. He stated that much of the work was low-cost and outreach related. He pointed to work to enhance suicide prevention programs. He asked if he should pay special attention to a particular increment in the operating budget conference committee. Ms. Burkhart replied that there was not a specific FY 14 suicide-prevention increment.

Senator Fairclough appreciated time that the House Finance Committee had taken on the issue. She spoke to high suicide rates in Alaska. She stated that the council made considerable progress during her membership. She credited Ms. Burkhart with an excellent job.

Representative Costello CLOSED public testimony.

Representative Wilson discussed the replacement fiscal impact note from DHSS.

Representative Wilson MOVED to REPORT SB 37 out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 37 was REPORTED out of committee with a "do pass" recommendation and with one new fiscal note from Department of Health and Social Services.

[1:54:08 PM](#)

AT EASE

[1:56:20 PM](#)

RECONVENED

#sb16

SENATE BILL NO. 16

"An Act relating to the Board of Registration for Architects, Engineers, and Land Surveyors and to the Department of Commerce, Community, and Economic Development."

[1:56:44 PM](#)

MARGARET DOWLING, STAFF TO SENATOR CATHY GIESSEL, presented the bill. She stated that SB 16 revised current law, which allowed the state board of registration for architects, engineers and land surveyors to hire a full-time investigator. The bill had a provision changing a section allowing electronic licensing examinations. The board shared a part time investigator with 6 other boards serving a total of 18 thousand licensees. Every board had its own investigation needs and the investigator must have expertise in each subject and familiarity with the detailed regulations pertinent to each board.

Ms. Dowling continued that the primary mission of the board was to regulate the profession to assure that a specified level of competence through testing, certification and education. The process protected the safety and welfare of Alaska's public. The professional's reputations were also protected by the regulatory process. If competency standards were breeched or a question arose about a person practicing without a license, the public and other professionals were at risk.

Ms. Dowling continued to explain that once a complaint was filed, an investigation into the validity of the complaint was initiated. When investigators were few, the public was at risk. The board regulated 15 engineering specialties, with 9 of the 15 specialties added last year. The number of licensees and claims continued to increase. She noted that 116 cases were opened in the last 15 months adding to the already heavy workload of the part-time investigator. The investigator could not possibly keep up with the demands of the position.

[2:01:19 PM](#)

Ms. Dowling discussed increasing licensing fees to cover the expenses associated with the board.

Representative Holmes asked if the issue was supported by the board members. Ms. Dowling replied in the affirmative. She explained that board members brought the issue to Senator Giessel's attention. Senator Giessel then agreed to carry the bill. The potential cost increase per license was minimal.

Co-Chair Stoltze returned to the room.

COLIN MAYNARD, MEMBER, AELS BOARD, ANCHORAGE (via teleconference), spoke in favor of the legislation. He stated that the board had two and one half investigators, but was now down to one seventh of an investigator. The investigator had very little opportunity to travel because of the high workload. He added that the board of the Alaska Professional Design Council supported the bill.

Representative Wilson discussed the fiscal impact note from the Department of Commerce, Community and Economic Development.

Representative Costello CLOSED public testimony.

Representative Wilson MOVED to REPORT SB 16 out of committee with individual recommendations and the accompanying fiscal note.

Co-Chair Stoltze OBJECTED. He reviewed the bill and found no "featherbedding." Co-Chair Stoltze WITHDREW his objection. There being NO further OBJECTION, it was so ordered.

SB 16 was REPORTED out of committee with a "no" recommendation and with one previously published fiscal note: FN2(CED).

[2:06:01 PM](#)

AT EASE

[2:08:23 PM](#)

RECONVENED

#sb38

CS FOR SENATE BILL NO. 38(FIN)

"An Act extending the termination date of the State Medical Board; relating to the executive secretary of the State Medical Board; and providing for an effective date."

[2:08:33 PM](#)

DAVID SCOTT, STAFF, SENATOR DONNY OLSON, addressed the bill that extended the sunset date of the state medical board through 2020. He stated that LB&A reviewed the board activities and concluded that the board served the public interest. The LB&A recommended a seven year sunset date extension. The board was responsible for the licensing, regulation and discipline of physicians, podiatrists, physician assistants and paramedics. The board had two full time employees and the costs were covered by licensing fees and all revenue from the board covered its full operating costs. The board unanimously supported increasing fees to cover the costs associated with the legislation.

[2:10:57 PM](#)

Representative Wilson pointed to the three deficiencies listed in the audit that addressed a lack of oversight. Mr. Scott stated that the board president would directly address the deficiencies noted in the audit.

Representative Wilson noted audit deficiencies typically led to shortened extensions.

Representative Kawasaki wondered about the salary increase provided in the bill. He wondered if it was typical to include a salary increase in a board sunset bill. Co-Chair

Stoltze noted that board extensions sometimes carried major policy initiatives, but the legislature was reforming the process.

[2:14:12 PM](#)

Representative Gara asked the committee chair to bring the medical board representative before the committee by telephone. He told a story related to law practice.

[2:16:44 PM](#)

Co-Chair Austerman wondered what a range 23 paid. Mr. Scott asked for a repeat of the question.

Co-Chair Austerman repeated his question. Mr. Scott offered to get back to the committee with the answer. He estimated that a range 23 paid \$75 thousand per year.

Senator Pete Kelly joined the audience.

Vice-Chair Neuman joined the committee.

Co-Chair Austerman stated that a large disparity existed between a doctor's charges for services in Alaska when compared to those in the Lower 48. He thought that the fiscal note for the bill explained that disparity.

[2:18:27 PM](#)

Representative Munoz asked about a disciplinary action taken against a licensee. She wondered how the public received information about the action. Mr. Scott did not know.

Representative Wilson asked if the sponsor would oppose a shorter sunset. She was not convinced that the audit's deficiencies had been addressed. Mr. Scott replied that there would not be an objection to a reasonable extension.

CSSB 38(FIN) was HEARD and HELD in committee for further consideration.

[2:20:20 PM](#)

AT EASE

[2:22:00 PM](#)

RECONVENED

#sb88

SENATE BILL NO. 88

"An Act authorizing the state bond committee to issue certificates of participation to finance the construction and equipping of residential housing to serve the Anchorage campus of the Alaska Native Medical Center; and authorizing the Department of Administration to enter into a lease-purchase agreement for the benefit of the Alaska Native Tribal Health Consortium."

2:22:22 PM

SENATOR PETE KELLY, SPONSOR, addressed the bill. He spoke to increased costs in Medicaid. He pointed to the Medicaid task force who made some recommendations and initiated the conversation about containing Medicaid costs. One recommendation was to move people who were utilizing Medicaid services while eligible for Tribal Health into hospitals eligible for Tribal Health grants that reimbursed at 100 percent. With Medicaid, the state paid 50 percent and Medicaid paid 50 percent. The bill incentivized care for hospitals that pay 100 percent. The department estimated an \$8.8 million saving per year with implementation of the legislation.

Co-Chair Stoltze asked about a direct appropriation or a bond. Senator Kelly replied that the net savings would be \$8.8 million per year. He furthered that the bill would bond for the Alaska Native Medical Center (ANMC) in Anchorage for housing of patients that would then receive 100 percent grant funding from Medicaid. He anticipated even greater savings with time.

2:25:41 PM

Co-Chair Stoltze pointed to construction opportunities for the capital side of the issue and savings on the operating side. Senator Kelly affirmed.

HEATHER SHATTUCK, STAFF, SENATOR PETE KELLY, explained that the state was responsible for multiple pieces when paying Medicaid. The populations with high-risk pregnancies in rural areas benefitted greatly. She believed that the

cultural aspect would incentivize Alaska natives who were Medicaid eligible to utilize the facility. The facility's lease was 15 years long and required a memorandum of the state. The legislation would increase access to tribal facilities, which was in part contingent on expanding housing abilities.

Co-Chair Stoltze requested department testimony.

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WILLIAM STREUR, COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, discussed his involvement in the bill. He stated that approximately 40 percent of state services were delivered within the tribal system. The consequence was a 50 percent reimbursement for 60 percent of services. The discussion evolved cooperatively with Tribal Health who determined the greatest needs of tribal members. Maternal and child health was deemed the greatest need.

Commissioner Streur pointed out that the state spent approximately \$1 million per year for each of the first three years for a challenged birth. He mentioned an immunodeficient baby whose prescriptions alone cost \$36 thousand per month. One proposal was to bring rural mothers into urban areas for prenatal services. He projected \$1.9 million for increased deliveries per year within the native system. He added that operating room expansion was projected to cost \$595 thousand.

Commissioner Streur commented on the abundance of ear, nose and throat problems occurring in rural areas, which if left untreated could lead to permanent damage to children and their ability to be fully productive citizens. The proposal was for increased medical capabilities for those issues. He added that prenatal outpatient capacity would save \$1 million per year and the increased day capacity would save \$600 thousand per year. The total estimate was for \$3.8 million in Medicaid savings per year as an offset to the Tribal Health facility.

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Commissioner Streur discussed telemedicine capabilities. He noted that the telemedicine program at Alaska Native Tribal Health Consortium (ANTHC) provided a national model. He

believed that the performance measures would be included in the memorandum of agreement.

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Vice-Chair Neuman asked if the facility would be located in Anchorage. Commissioner Streur replied yes, the facility would be located on the ANTHC campus and connected by sky bridge to the Native Medical Center.

Vice-Chair Neuman noted that 60 percent of Alaska natives did not attend visits with a primary care provider, but instead chose emergency services. He asked how the Alaska natives could be convinced to choose the facility over emergency hospital care. He wondered how the percentage could be lowered.

[2:37:32 PM](#)

Commissioner Streur responded that most native citizens would arrive at the facility from Anchorage. He noted that people coming into Anchorage may or may not end up at a tribal facility. The intent of the legislation was early outreach and additional services. The prenatal services would bring young mothers into the facility for care earlier in their pregnancies. The prenatal service would encourage deliveries within the Tribal Health system.

[2:39:25 PM](#)

Vice-Chair Neuman asked about an opportunity for veteran services. Commissioner Streur responded that an effort to increase veteran care was active in Bethel, Nome and Barrow. He mentioned outreach in other rural areas. The outreach led to over 100 veterans in the Cordova area. Co-Chair Stoltze clarified the city of Cordova.

Vice-Chair Neuman hoped to get additional help for veterans in his area.

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Vice-Chair Neuman asked if there was a Neonatal Intensive Care Unit (NICU) in the facility.

Commissioner Streur replied that the facility did have a NICU with eight beds as part of the Alaska pediatric

partnership. When the eight beds were full, transfers to Providence were made. Co-Chair Stoltze assumed that the prenatal care minimized the need for the NICU. Commissioner Streur agreed.

Representative Kawasaki pointed to a centrally located hospital in Fairbanks. He understood that the Fairbanks Native Association had a facility to house people receiving care at the new facility. He wondered if the same bonding mechanism could be used for other facilities across the state.

[2:43:23 PM](#)

Commissioner Streur replied that the efforts to expand Medicaid type services had been proposed in a variety of mechanisms since 2006. He advocated for continued development of the services.

Co-Chair Stoltze mentioned the Mat-Su Valley Tribal Health facility. He wondered if benefits from that new facility were observed. Commissioner Streur responded that the facility was not yet open. He believed that the dental clinic was the only open portion.

Co-Chair Stoltze believed that the Mat-Su valley had 10 or 11 percent Alaska native population.

[2:46:07 PM](#)

ANGELA RODELL, DEPUTY COMMISSIONER, TREASURY DIVISION, DEPARTMENT OF REVENUE, addressed SB 88, which authorized the issuance of certificates of participation in the amount of \$35 million. The funding would be used to finance the construction of a 179 bed facility at the Alaska Native Medical Center to serve patients and families. The certificates of participation would be used to finance five of the six floors in the facility with ANTHC financing the sixth floor. The costs were capped at \$35 million with any cost overruns born by ANTHC. The ultimate project goal was to realize annual general fund savings. The total cost to the state was estimated at \$42 million, which included principal and interest to repay the certificates over a period of 15 years. The payments were subject to annual appropriation. The annually required debt service cost approximately \$3 million per year. An assumption was built in for increased rates. She noted that Department of

Administration (DOA) would enter into a lease agreement with ANTHC who would be responsible for the design and building of the facility. Construction invoices would be submitted to the department with the assistance of Department of Health and Social Services (DHSS). The state would maintain the tax exemption on the certificates of participation.

Representative Wilson asked if the money would be reimbursed to the state. Ms. Rodell replied that the state would fund the facility. Medicaid savings would provide the funding. The facility was a crucial aspect of the savings.

Representative Holmes pointed to page 2, lines 24 through 27. She stated that the bill did not mention participation by ANTHC. Ms. Rodell clarified that the bill was related to the \$35 million only. The entire project cost exceeded that amount. The partnership agreement was that ANTHC would contribute to the construction of the total project.

Representative Holmes noted that subsection (a) referred to the project as a residential housing facility with all remaining funding connected to the investment income earned on the proceeds. She believed the language did not adequately detail the private partner's participation.

[2:52:22 PM](#)

Ms. Rodell answered that she was unsure about acknowledging the private partner's participation in the legislation because ANTHC would be contributing equity. Representative Holmes was supportive of the project and would speak further with Ms. Rodell about the issue.

Co-Chair Austerman asked if the Department of Revenue (DOR) would sell the bond. Ms. Rodell replied in the affirmative.

Co-Chair Austerman asked about the federal government's participation in the project. Ms. Rodell answered that once the state went forward with the project, the department would come to the legislature for an annual debt service request regardless of federal government participation regarding Medicaid.

Co-Chair Austerman asked for verification that the project was dependent on the federal government. Ms. Rodell replied in the affirmative.

Representative Munoz asked if the state would derive benefit once the facility had been paid off and was constructed. Ms. Rodell replied that the state would continue to derive benefit due to the savings.

Representative Munoz clarified that the state shared the cost of Medicaid with the federal government. She wondered if the state would derive the financial benefit for the savings allowed by the presence of the facility. She asked if the state's contribution to Medicaid would lessen. Ms. Rodell deferred the question to Commissioner Streur.

Co-Chair Stoltze noted that the legislation would allow for medical services for additional Alaskans and provide a permanent accrual of benefit.

[2:57:16 PM](#)

Co-Chair Austerman pointed to the fiscal note listing \$2.8 million per year paid by the state. Ms. Rodell concurred.

Representative Wilson asked what would happen if the state did not fund the \$3 million annual payment. Ms. Rodell replied that the state would be in default.

Representative Wilson asked if the state was competing with the private sector. Ms. Rodell deferred the question.

[2:58:41 PM](#)

VALERIE DAVIDSON, SENIOR DIRECTOR, LEGAL AND INTERGOVERNMENTAL AFFAIRS, ALASKA NATIVE TRIBAL HEALTH CONSORTIUM (ANTHC), spoke in support of the legislation. She stated that expanding patient housing would allow an expansion of services at ANTHC. She provided examples of patients that would benefit from the facility. The first story pertained to a pregnant woman from a small village who experienced complications and needed to be in a hospital but was unfamiliar with the use of Medicaid vouchers. She mentioned her own personal experience. She elaborated on the story. She stated that patients had to learn navigation of a whole new world in Anchorage when they were from a village. She provided information on the proposed facility. She explained how a patient would be treated in the new facility. She discussed the services

provided at the facility including the cafeteria, shared kitchen and housing.

[3:04:33 PM](#)

Ms. Davidson continued to discuss how the facility would help various patients of all ages. She furthered that ANTHC was the highest level trauma center in the state. The project allowed the state to realize an annual savings of \$8.8 million. The state's required contribution would be \$2.8 to \$2.9 million annually. She spoke to the necessary housing component. She thanked the committee for its time.

Representative Holmes asked if the facility would enhance the ability for telemedicine services. Ms. Davidson answered that ANTHC had a program for telemedicine service which allowed savings in ear, nose and throat services. Her organization had documented the travel savings because of the telemedicine services. She stated that the organization explored expansion of telecardiology services.

Representative Holmes discussed support for the benefits of telemedicine services.

Co-Chair Stoltze asked ANTHC was under the management of the Southcentral umbrella. Ms. Davidson replied that the Southcentral foundation and ANTHC joint-managed the Alaska Native Medical center.

Co-Chair Stoltze remarked about the partnership. Ms. Davidson commented on the many benefits of the partnership.

Co-Chair Stoltze asked about the facility in Wasilla known as Benteh Nuutah. He wondered about its progress.

Ms. Davidson replied that once a facility was able to bill services that were available by a tribal health facility, the state immediately saw savings.

[3:10:57 PM](#)

Co-Chair Stoltze hoped that there was a decreasing number of Alaskans that would require Medicaid because of a thriving economy.

Representative Edgmon asked about the safety aspect of bringing patients in from villages. Ms. Davidson replied

that the consortium had heard stories about people being taken advantage of in cab rides to the ANMC. She provided other stories about patients who did not speak English well. The housing facility goal was to provide a home away from home. She shared a personal story related to her childhood. She furthered that Alaska Native families wanted what all families wanted. She stated that when there were opportunities to help the lives of many people it was important to seize them.

Co-Chair Stoltze inferred that the bill financed a facility with great opportunities for savings, which included facilitated transportation for rural patients. Ms. Davidson replied in the affirmative. The transportation from the housing to the airport would be provided.

[3:16:40 PM](#)

Representative Wilson asked if Medicaid eligibility was a patient requirement. Ms. Davidson replied that the housing facility would be available to all eligible individuals. Co-Chair Stoltze expounded that Medicaid patients utilizing the facility would benefit state savings. Ms. Davidson concurred.

Co-Chair Stoltze CLOSED public testimony.

SB 88 was HEARD and HELD in committee for further consideration.

[3:19:14 PM](#)

RECESSED

[7:36:27 PM](#)

RECONVENED

#sb38

CS FOR SENATE BILL NO. 38(FIN)

"An Act extending the termination date of the State Medical Board; relating to the executive secretary of the State Medical Board; and providing for an effective date."

[7:36:27 PM](#)

DON HABEGAR, DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT stated that he had an opportunity to listen to the committee's prior hearing on the legislation.

DAVE SCOTT, STAFF, SENATOR OLSON, answered Representative Munoz's earlier question about the board's presentation of findings to the public. He noted that the administrative procedure act was applicable to the board allowing for the Open Meeting Act. He added that "the board shall make available to the public the information maintained under (a) and (b) of the section for each person licensed under this chapter" as stated in AS 08.64.130.

Mr. Scott responded to Representative Wilson's question about the board's recommendations regarding the audit from LB&A.

Co-Chair Stoltze directed the question to Mr. Habegar.

Mr. Habegar stated that the audit's first point addressed the database issues. He noted that ample work was done this month to continue with the maintenance agreement. He stated that testing the changes in the database and the records would prove the work done.

[7:40:21 PM](#)

Mr. Habegar stated that the second piece of the audit dealt with continuing education. The department implemented a professional licensing database system. He added that the recommendation also required procedures mandating that the board report to the federation of state database to ensure that a check-and-balance system was established. The board ensured that their executive administrator was liaison with the chief medical investigator to ensure timeliness.

[7:41:47 PM](#)

Representative Wilson noted that the computer system change led to the issues. She wondered if the improvements in the database gave the director the confidence to approve of the extension. Mr. Habegar admitted that he was hopeful and had many IT specialists working on the issue.

Co-Chair Stoltze noted fewer and fewer problems with the new director of boards and commissions.

[7:42:54 PM](#)

Representative Kawasaki asked about the salary schedule changes and the other boards and commissions. He wondered if the department would provide staff for the board. He asked if other boards had the latitude to select salary ranges for executive directors and staff.

Mr. Habegar replied that salaried positions were set by DOA; however the Certified Public Accountant (CPA) board did address the issue by placing a range in statute. The salary raise was not allowed outside of the administration process and he believed that the board was taking advantage of the CPA model.

[7:44:18 PM](#)

Representative Gara asked about the small medical community and the difficulty with doctors realizing that another had breached duties. He wondered about an outside doctor brought in to do an evaluation. Mr. Habegar responded that occasionally an outside doctor comes in and in a standard of care issue; staff had certain liaisons that would advise staff. If the case investigation did require experts, they were hired outside of the state.

[7:46:51 PM](#)

Representative Gara encouraged the practice.

Co-Chair Stoltze CLOSED public testimony.

Co-Chair Stoltze asked about objections to changing the sunset date. Representative Wilson stated no.

[7:48:21 PM](#)

Representative Costello discussed the fiscal note which indicated fiscal impact of \$484.6 thousand for FY 14 through FY 19 and two full time positions.

Co-Chair Stoltze asked if the benefits would be increased to \$110 thousand.

Representative Costello MOVED to REPORT CSSB 38 (FIN) out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 38 (FIN) was REPORTED out of committee with a "no" recommendation and with one previously published fiscal impact note: FN1(CED).

#sb24

SENATE BILL NO. 24

"An Act relating to the Alaska Marine Transportation Advisory Board."

7:51:03 PM

DOUG LETCH, STAFF, SENATOR GARY STEVENS, stated that the bill was smaller and proposed changing the Marine Transportation Advisory Board and adding a twelfth seat from Southcentral Alaska. The legislation would allow the twelfth seat enabling membership to participate from communities served on Kodiak Island, the Kachemak Bay, Seldovia and Homer. He noted an additional section reflecting Gustavus' consideration for community membership in the Southeast section. He mentioned a change in the House Transportation Committee at the request of Representative Wilson on page 2 line 10 remove the word "retired" and add "20 years of experience." The change would increase the applicant pool for that particular seat. He spoke about the Marine Transportation Advisory Board (MTAP). He pointed out written testimony in committee members' packets from Homer and Seldovia Chamber of Commerce.

7:54:57 PM

Representative Holmes asked if the board had a history of deadlock votes. Mr. Letch replied that there had never been a tie vote and the board did not have bylaws. The board was amicable and wanted to bring better ferry laws to the state.

Co-Chair Stoltze CLOSED public testimony.

Representative Costello discussed the fiscal note showing a fiscal impact of \$3 thousand for FY 14 through FY 19.

Representative Wilson asked how often the board met. Mr. Letch replied that the board was required to attend one meeting per year, so the money would cover the cost of the short meeting.

[7:58:01 PM](#)

Representative Edgmon announced that Mr. Letch was retiring. Mr. Letch replied that he would move to Orlando Florida after the legislative session.

Co-Chair Stoltze commented that Mr. Letch was a thoughtful and wonderful employee. He was an asset to the building.

Representative Costello MOVED to REPORT SB 24 out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 24 was REPORTED out of committee with a "do pass" recommendation and with one new fiscal note from Department of Transportation and Public Facilities.

[8:00:28 PM](#)

AT EASE

[8:01:15 PM](#)

RECONVENED

#sb2

SENATE BILL NO. 2

"An Act enacting the Interstate Mining Compact and relating to the compact; relating to the Interstate Mining Commission; and providing for an effective date."

[8:01:15 PM](#)

SENATOR CATHY GIESSEL introduced her bill which would elevate Alaska from an associate member to full membership in the Interstate Mining Compact and Commission (IMCC). The change would allow Alaska's governor be an active voting member giving Alaska a voice on the national level. The compact was established in April 1971 and consisted of 20 member states and five associate member states. The powers

of the commission were found on page four of the bill. The estimated cost included \$40 thousand in dues, which was partially based on resource production. She mentioned a chart in the bill materials that illustrated the dues calculation.

[8:05:01 PM](#)

ED FOGELS, DEPUTY COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES, testified on the bill. He stated that Alaska now had seven operating mines that did well environmentally. He noted that the permitting and regulatory processes were improving. The bill's initiative was to strengthen the collaborative relationship with the federal agencies because permitting relied heavily on federal rules and regulations. He stated that IMCC brought together the environmental and mining programs from 26 states in the nation. In this forum, the states exchanged information about potential areas of improvement.

Mr. Fogels explained that IMCC was instrumental in helping Alaska with the number of initiatives where the federal government was "over-reaching." He provided an example. He was the governor's designee for IMCC and he had seen the benefits of the collaboration first hand.

[8:07:46 PM](#)

Representative Holmes asked about page 4 and the powers of the commission. She noted that the commission might make recommendations, which could be broadly read. Mr. Fogels replied that frequent IMCC actions included resolutions directed at federal agencies.

Representative Costello appreciated the bill and she was disappointed that the previous version of the bill did not elevate Alaska to full membership. She asked if there were tangible benefits to full members.

[8:09:08 PM](#)

Mr. Fogels replied that the most significant benefit was the ability for Alaska to take a leadership role and better guide the policy chosen by the commission. Initially the commission was an east-coast coal-centric organization.

[8:10:10 PM](#)

Representative Costello asked about the committee structure of the meetings. She asked about his participation in the meetings. Mr. Fogels replied that the commission hosted multiple committees and he had participated in meetings, but was not allowed to vote as an associate member.

Vice-Chair Neuman asked if IMCC had addressed Alaska's mining permits. He asked how the commission was able to help miners. Mr. Fogels replied that IMCC recently entered into a memorandum of understanding with the Mine Safety Health Administration. He commented that smaller rural mines were unable to abide by the strict federal guidelines set forth by the Mine Safety Health Administration. He was able to bring the concerns of the smaller Alaskan miners to the attention of IMCC.

[8:12:41 PM](#)

Vice-Chair Neuman reviewed the travel costs on page 1 showing \$20 thousand for two trips. Mr. Fogels replied that he traveled frugally. He explained that there were two IMCC meetings per year and the department sent two people to the meetings. Additional meetings were organized depending on the issues. He stated that mining symposiums for regulators were also hosted in western states. He hoped to incorporate staff from Department of Environmental Conservation (DEC) and Department of Fish and Game (DF&G).

[8:14:55 PM](#)

Representative Munoz asked about the 404 permitting legislation and how the IMCC could help. Mr. Fogels replied that the quest for Alaska state primacy was part of a broader effort to acquire more control over wetlands permitting in Alaska. Each piece of the issue involved negotiation with the federal government. He noticed that every mining state in the nation who participated in the meetings signaled a higher level of anxiety with federal overreach.

[8:17:12 PM](#)

Senator Giessel added that the IMCC participated with other western states on issues related to mining royalties. Alaska did not participate in much mineral resource royalty sharing.

[8:18:12 PM](#)

Mr. Fogels added that the federal government held back on royalties. The IMCC effort would also aid the broader resource development spectrum in Alaska.

[8:18:48 PM](#)

Co-Chair Stoltze CLOSED public testimony.

Representative Costello discussed the fiscal notes. She began with fiscal note 1, which showed a fiscal impact of \$60 thousand for FY 14 through FY 19, while fiscal note 2 was a zero note.

Representative Wilson asked about the second page of fiscal note 1. She stated that the fiscal note stated that Alaska would be the 20th state to join the compact as a full member. She understood that Alaska would be the second state to join as a full member. Mr. Fogels replied that Utah was the only western state that had joined as a full member.

[8:21:40 PM](#)

Co-Chair Stoltze had an issue with travel for DNR. He asked Representative Costello if she was comfortable with the fiscal note.

Representative Costello wondered about reducing the travel component by half. Mr. Fogels replied that the meeting opportunities would be fewer. He stated that the symposiums would not be attended.

Representative Costello repeated the question to Senator Giessel. Senator Giessel stated that the attendance would be reduced for Alaska as a result. She hoped that the department would find other means. She preferred face-to-face attendance to teleconference.

Co-Chair Stoltze stated that associated travel was introduced.

[8:24:18 PM](#)

Co-Chair Stoltze MOVED that the travel portion of fiscal note 1 was reduced to \$15 thousand. Representative Costello OBJECTED for discussion.

Representative Costello understood that travel costs were great, but she had faith that the department would seek efficiencies. Representative Costello WITHDREW her OBJECTION.

Co-Chair Stoltze AMENDED the fiscal note to show a \$5 thousand reduction.

Co-Chair Stoltze asked if the dues were structured on production or state revenues.

[8:25:53 PM](#)

Mr. Fogels replied that the IMCC structured the dues calculation by developing a two-year budget, which was then projected out and divided in half. Half of the final number was prorated and divided evenly among member states. The other half was made up as a percentage of production.

Co-Chair Stoltze understood that there was a cap to the dues.

[8:27:12 PM](#)

Senator Giessel commented that when new states join the compact as full members, the price of dues decreases.

Representative Costello MOVED to REPORT SB 2 as amended out of committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

SB 2 was REPORTED out of committee with a "do pass" recommendation and with one new amended fiscal note from Department of Natural Resources and one previously published zero fiscal note: FN 2(ADM).

[8:29:25 PM](#)

Representative Gara asked about Department of Revenue and the offer to answer questions regarding the modeling of HCS CSSB 21(RES). Co-Chair Stoltze concurred.

8:31:03 PM

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ADJOURNMENT

The meeting was adjourned at 8:31 p.m.