

HOUSE FINANCE COMMITTEE
March 3, 2014
8:33 a.m.

[8:33:51 AM](#)

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 8:33 a.m.

MEMBERS PRESENT

Representative Alan Austerman, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Mia Costello
Representative Bryce Edgmon
Representative David Guttenberg
Representative Lindsey Holmes
Representative Cathy Munoz
Representative Tammie Wilson

MEMBERS ABSENT

Representative Mark Neuman, Vice-Chair
Representative Les Gara
Representative Steve Thompson

ALSO PRESENT

Representative Mike Chenault; Dan Stickel, Assistant Chief Economist, Tax Division, Department of Revenue; Christine Marasigan, Staff, Senator Kevin Meyer; Nancy Sutch, Deputy Director, Division of Personnel and Labor Relations, Department of Administration.

SUMMARY

HB 305 JUNK DEALER & METAL SCRAPPER LICENSING

HB 305 was HEARD and HELD in committee for further consideration.

SB 125 REJECT RECOMMENDATION OF COMP. COMMISSION

SB 125 was HEARD and HELD in committee for further consideration.

#hb305

HOUSE BILL NO. 305

"An Act repealing the requirement that a junk dealer or metal scrapper obtain a license."

8:34:26 AM

AT EASE

8:34:48 AM

RECONVENED

8:35:49 AM

REPRESENTATIVE MIKE CHENAULT, introduced HB 305 and related that it was a small piece of legislation that helped clean up the books. He explained that the bill removed the statute AS 08.60.010, which required the Department of Revenue (DOR) to issue an annual license for persons engaged in the business of junk dealer or metal scrapper. He explained that prior to statehood, all the duties that were associated with the issuance of junk dealers' licenses had resided in the territorial Department of Finance and relayed that the duties had later been resumed by DOR. He pointed out that Legislative Research Services had stated that under Section 10 of the State Organization Act of 1959, the authority and functions performed by the Department of Taxation, the commissioner of the Department of Taxation, the Department of Finance, the director of the Department of Finance, and the treasurer of the Department of Finance had all been transferred to DOR; however, in Section 14 of the same act, the Department of Commerce, Community and Economic Development (DCCED) was given the responsibility to issue licenses for businesses not covered or otherwise provided in the act. He related that according to Legislative Research Services, the duty for licensing junk dealers and metal scrappers was performed by DCCED even though it was not assigned to the department because of the collection of fees or because it was overlooked. He stated that there was a report from Legislative Research Services that provided the history and other information that related to the licensing of junk dealers and metal scrappers within DOR (copy on file). He stated that the legislation helped clean up the state's statutes and

believed that it had no fiscal impact because the licensing was currently being conducted under DCCED.

Co-Chair Stoltze inquired if Representative Chenault foresaw any harmful impacts on the health, welfare, or commerce of the state as a result of the bill. Representative Chenault replied in the negative.

Co-Chair Stoltze noted that he would like the department to comment on the record regarding its position on the current statute.

Representative Edgmon agreed with the bill, but had a question regarding what was included under the definition of metal scrapper. He inquired if the definition of metal scrapper under the legislation included people who were dealing with copper. Representative Chenault believed that copper was included in the definition.

[8:39:01 AM](#)

Co-Chair Stoltze indicated that the bill would be held in committee because of potential issues and a desire to take public testimony.

DAN STICKEL, ASSISTANT CHIEF ECONOMIST, TAX DIVISION, DEPARTMENT OF REVENUE, stated that DOR had looked at its records back to 1970 and related that the department had not found an instance of it collecting any revenue from licenses for junk dealers and metal scrappers; furthermore, no one in the department was aware of having collected the licenses. He added that DOR was not opposed to the bill.

Co-Chair Stoltze inquired if there were people out of compliance because of the issue and noted that there were people selling scrap. Mr. Stickel replied that the licenses were collected by DCCED and that it appeared that the statute was an extraneous one that could be "scrapped."

Co-Chair Stoltze CLOSED public testimony.

Co-Chair Stoltze noted that there was interest in adding an amendment to the bill and pointed out that it would be incorporated as a CS. He wanted to involve all of the committee members with the proposal and give people a chance to look at it.

[8:41:09 AM](#)

HB 305 was HEARD and HELD in committee for further consideration.

[8:41:17 AM](#)

AT EASE

[8:41:36 AM](#)

RECONVENED

#sb125

SENATE BILL NO. 125

"An Act disapproving all recommendations of the State Officers Compensation Commission relating to the salaries of state officers; and providing for an effective date."

[8:41:52 AM](#)

CHRISTINE MARASIGAN, STAFF, SENATOR KEVIN MEYER, introduced SB 125 and related that it would reject the State Officers Compensation Commission's recommendations (copy on file). She pointed out that according AS 39.23.540(d), the legislature had 60 days to accept or reject the recommendation once a final report from the State Officers Compensation Commission was received. She stated that the legislature had received the final report on January 30th of the current year, which gave the legislature until March 31 to accept or reject the recommendations. She observed that the fiscal note was zero, but that the Office of Management and Budget had calculated that the recommendations by the commission for salary increases for the governor, lieutenant governor, and commissioners would add approximately \$227,515 in costs for FY15; if the legislature did not reject the recommendations, the increases would come into effect at the beginning of the fiscal year in July. She offered that the timing of the report to increase salaries was unfortunate and believed that Rick Halford was online to answer questions.

Co-Chair Stoltze noted that Mr. Halford was not signed up to testify online.

Representative Wilson referenced the State Officers Compensation Commission's recommendations. She noted the

line for \$146,142.67 and inquired if commissioners would be set back at that point. She stated that the bill would reject the recommendations and inquired if they had been rejected in the past. She further queried where the commissioners were on the schedule in the findings and recommendations of the commission. Ms. Marasigan deferred the question to the administration.

NANCY SUTCH, DEPUTY DIRECTOR, DIVISION OF PERSONNEL AND LABOR RELATIONS, DEPARTMENT OF ADMINISTRATION, responded that the governor's current salary was \$145,000, the lieutenant governor's salary was \$115,000, and that commissioners were paid \$136,350.

Representative Wilson noted that commissioners were getting paid \$136,350 and inquired when the last time they had received a pay raise was. Ms. Sutch replied that the last salary increase for the governor and lieutenant governor was on July 1, 2011; however, the commissioners had received a 1 percent increase that was effective in July 1 2013 through SB 95.

Co-Chair Stoltze mentioned that SB 95 had also taken care of the judges.

Representative Edgmon assumed that the justification for the bill would be proffered at some point and inquired if there was anyone who was in opposition to the legislation.

Co-Chair Stoltze suspected that the State Officers Compensation Commission had determined the decision in good faith and noted that no one could be compelled to appear before the committee. He did not want to begrudge the decisions of the commission other than the policy decision of the committee that might be different. He stated that the commission had made their recommendation and that he did not know if the committee needed to compel volunteers to testify. He added that the commission's report was available for the committee to look at.

[8:47:24 AM](#)

Representative Edgmon stated that his question was offered because it appeared that the bill had widespread support.

Co-Chair Stoltze thought that the governor had come out against his own salary increase and that the commissioners had publicly fallen in line.

Representative Guttenberg queried if there would be any changes to the current salary schedule if the recommendations of the commission were rejected; he inquired if there were any cost of living increases or pay differentials in place currently. Ms. Sutch replied that the commissioners would receive a 1 percent salary increase effective July 1 of the current year, as well as a 2.5 percent increase in July of 2015.

Co-Chair Stoltze inquired if the commissioners' increases would occur if the recommendations were rejected. Ms. Such replied in the affirmative and added that the increases for commissioners would be given through statutory provisions; however, the lieutenant governor and governor would not receive any increases absent of the recommendations.

Co-Chair Stoltze noted that he was looking at an amendment that might sunset the State Officers Compensation Commission. He noted that the amendment would not abolish the commission, but would give the legislature some time to see if it should be in existence. He noted that he was not an advocate of abolishing the commission, but that the idea would be thrown around; he thought that the issue had become political. He observed that he wanted to hold the bill to properly draft an amendment. He reiterated that he did not want to eliminate the commission with the amendment, but that he wanted to give some deliberation regarding whether it should continue to exist.

Representative Guttenberg inquired if Mr. Halford would be online for testimony when the committee worked on the amendment. Co-Chair Stoltze responded that the committee could invite Mr. Halford, but that he was a volunteer and might have other things to do in his workday.

[8:50:18 AM](#)

Co-Chair Austerman thought that rather than sunset the commission, the committee could consider changing the timeline of the commission's report from every two years to every five years. Co-Chair Stoltze replied that the committee could deliberate on the issue further; however, given the timeline with the bill, he wanted to pass it out

of committee in the current week. He thought that the committee had enough time to be deliberative on the bill and opined that there was a lot of support to pass the legislation as it was written. He wanted to make sure that citizens were out there doing this work, but wondered if the commission was something that needed to continue to exist in the current environment.

Representative Holmes liked Co-Chair Austerman's idea that it might not be necessary to have the State Officers Compensation Commission report every two years and that perhaps the work could be done every five years.

[8:51:52 AM](#)

Co-Chair Stoltze noted that both SB 125 and HB 305 could have easily passed committee, but thought that there were other issues that should be addressed on the both pieces of legislation. He noted that the both of the bills would be brought back before the committee in the very near future.

Co-Chair Stoltze CLOSED public testimony on SB 125.

Representative Holmes inquired if Mr. Halford had been online for questions only. Co-Chair Stoltze replied that he had not been online and that it had been speculation that he was.

SB 125 was HEARD and HELD in committee for further consideration.

Co-Chair Austerman discussed the following meeting's agenda.

#

ADJOURNMENT

[8:53:17 AM](#)

The meeting was adjourned at 8:53 a.m.

