

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

March 18, 2013

3:21 p.m.

MEMBERS PRESENT

Representative Kurt Olson, Chair
Representative Lora Reinbold, Vice Chair
Representative Mike Chenault
Representative Bob Herron
Representative Charisse Millett
Representative Dan Saddler
Representative Andy Josephson

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative Tammie Wilson
Representative Mike Hawker
Representative Doug Isaacson
Representative Steve Thompson

COMMITTEE CALENDAR

HOUSE BILL NO. 76

"An Act relating to electronic filing of certain information with the Department of Labor and Workforce Development; relating to surcharges, rate increase reduction, prohibition on the relief of certain charges, the unemployment trust fund account, and the offset of certain unemployment compensation debt under the Alaska Employment Security Act; relating to the definition of 'covered unemployment compensation debt' in the Alaska Employment Security Act; and providing for an effective date."

- MOVED CSHB 76(L&C) OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 23(FIN)

"An Act relating to development project financing by the Alaska Industrial Development and Export Authority; relating to the dividends from the Alaska Industrial Development and Export Authority; authorizing the Alaska Industrial Development and Export Authority to provide financing and issue bonds for a

liquefied natural gas production system and natural gas distribution system; and providing for an effective date."

- MOVED HCS CSSB 23(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 112

"An Act repealing the film production tax credit; providing for an effective date by repealing the effective dates of secs. 31 - 33, ch. 51, SLA 2012; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 76

SHORT TITLE: UNEMPLOYMENT; ELEC. FILING OF LABOR INFO

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/18/13	(H)	READ THE FIRST TIME - REFERRALS
01/18/13	(H)	L&C, FIN
03/04/13	(H)	L&C AT 3:15 PM CAPITOL 106
03/04/13	(H)	AIDEA: LNG PROJECT; DIVIDENDS; FINANCING
03/05/13	(H)	L&C AT 8:00 AM BARNES 124
03/05/13	(H)	-- Meeting Continued from 3/4/13 --
03/13/13	(H)	L&C AT 3:15 PM BARNES 124
03/13/13	(H)	Heard & Held
03/13/13	(H)	MINUTE(L&C)
03/15/13	(H)	L&C AT 3:15 PM BARNES 124
03/15/13	(H)	Heard & Held
03/15/13	(H)	MINUTE(L&C)
03/18/13	(H)	L&C AT 3:15 PM BARNES 124

BILL: SB 23

SHORT TITLE: AIDEA: LNG PROJECT; DIVIDENDS; FINANCING

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/16/13	(S)	READ THE FIRST TIME - REFERRALS
01/16/13	(S)	L&C, FIN
01/31/13	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
01/31/13	(S)	Bills Previously Heard/Scheduled
02/05/13	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/05/13	(S)	Heard & Held
02/05/13	(S)	MINUTE(L&C)
02/19/13	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/19/13	(S)	Heard & Held
02/19/13	(S)	MINUTE(L&C)

02/21/13 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/21/13 (S) Moved CSSB 23(L&C) Out of Committee
02/21/13 (S) MINUTE(L&C)
02/25/13 (S) L&C RPT CS 4NR 1AM SAME TITLE
02/25/13 (S) NR: DUNLEAVY, OLSON, STEDMAN, ELLIS
02/25/13 (S) AM: MICCICHE
02/28/13 (S) FIN AT 9:00 AM SENATE FINANCE 532
02/28/13 (S) Heard & Held
02/28/13 (S) MINUTE(FIN)
03/06/13 (S) FIN RPT CS 3DP 3AM NEW TITLE
03/06/13 (S) DP: KELLY, BISHOP, HOFFMAN
03/06/13 (S) AM: DUNLEAVY, FAIRCLOUGH, OLSON
03/06/13 (S) FIN AT 9:00 AM SENATE FINANCE 532
03/06/13 (S) Moved CSSB 23(FIN) Out of Committee
03/06/13 (S) MINUTE(FIN)
03/13/13 (S) TRANSMITTED TO (H)
03/13/13 (S) VERSION: CSSB 23(FIN)
03/14/13 (H) READ THE FIRST TIME - REFERRALS
03/14/13 (H) L&C, FIN
03/18/13 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 112

SHORT TITLE: REPEAL FILM PRODUCTION TAX CREDIT

SPONSOR(s): STOLTZE

02/11/13 (H) READ THE FIRST TIME - REFERRALS
02/11/13 (H) L&C, FIN
03/13/13 (H) L&C AT 3:15 PM BARNES 124
03/13/13 (H) Heard & Held
03/13/13 (H) MINUTE(L&C)
03/15/13 (H) L&C AT 3:15 PM BARNES 124
03/15/13 (H) Heard & Held
03/15/13 (H) MINUTE(L&C)
03/18/13 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

BRYNN KEITH, Acting Deputy Commissioner

Office of the Commissioner

Department of Labor & Workforce Development (DLWD)

Juneau, Alaska

POSITION STATEMENT: Testified and answered questions on SB 23.

PAUL DICK, Director

Central Office

Division of Employment Security (DES)

Department of Labor & Workforce Development (DLWD)

Juneau, Alaska

POSITION STATEMENT: Testified and answered questions on SB 23.

KONRAD JACKSON, Staff
Representative Kurt Olson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of Representative Kurt Olson, Chair, House Labor and Commerce Standing Committee, explained the changes contained in the proposed committee substitute for HB 76, Version N.

TED LEONARD, Executive Director
Alaska Industrial Development & Export Authority (AIDEA)
Department of Commerce, Community & Economic Development (DCCED)
Anchorage, Alaska

POSITION STATEMENT: Testified and answered questions on SB 23.

SARA FISHER-GOAD, Executive Director
Alaska Energy Authority (AEA)
Department of Commerce, Community & Economic Development (DCCED)
Anchorage, Alaska

POSITION STATEMENT: Testified and answered questions during the discussion of SB 23.

DAVE HUNSAKER, Screenwriter
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of HB 112.

PATRICIA HULL, Actor
Alaska Film Group
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of HB 112.

RICHARD BENAVIDES, President
The International Alliance of Theatrical Stage Employees - Local 918 (IATSE Local 918)
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HB 112.

IRENE BEDARD, President
Sleeping Lady Films - Waking Giant Productions
Anchorage, Alaska

POSITION STATEMENT: Testified during the discussion of HB 112.

FRANCES CHEEVER, President & CEO
Squeaky Reel Productions;

Major, U.S. Army Nurse Corps, Retired
West Hollywood, California

POSITION STATEMENT: Testified during the discussion of HB 112.

KELLY BENDER, Owner
Lazy Otter Charters
Whittier, Alaska

POSITION STATEMENT: Testified during the discussion of HB 112.

GARY ZIMMERMAN, General Manager
Alaska Rent a Car, Inc.
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HB 112.

ACTION NARRATIVE

[3:21:24 PM](#)

CHAIR KURT OLSON called the House Labor and Commerce Standing Committee meeting to order at 3:21 p.m. Representatives Chenault, Millett, Herron, Josephson, Reinbold, Saddler, and Olson were present at the call to order.

HB 76-UNEMPLOYMENT; ELEC. FILING OF LABOR INFO

[3:22:17 PM](#)

CHAIR OLSON announced that the first order of business would be HOUSE BILL NO. 76 "An Act relating to electronic filing of certain information with the Department of Labor and Workforce Development; relating to surcharges, rate increase reduction, prohibition on the relief of certain charges, the unemployment trust fund account, and the offset of certain unemployment compensation debt under the Alaska Employment Security Act; relating to the definition of 'covered unemployment compensation debt' in the Alaska Employment Security Act; and providing for an effective date."

[3:22:52 PM](#)

REPRESENTATIVE JOSEPHSON made a motion to adopt Amendment 1, labeled 28-GH 1494\A.1, Wayne, 3/11/13, which read:

Page 1, line 2:

Delete "**rate increase reduction,**"

Page 3, lines 11 - 29:

Delete all material.

Renumber the following bill sections accordingly.

Page 5, line 5:

Delete "Section 10"

Insert "Section 9"

Page 5, line 6:

Delete "sec. 11"

Insert "sec. 10"

CHAIR OLSON objected for the purpose of discussion.

[3:23:44 PM](#)

REPRESENTATIVE JOSEPHSON explained Amendment 1 would delete Section 5, which is the only controversial section of HB 76. He stated that the state's Unemployment Insurance (UI) Trust Fund has never been insolvent. He asked Ms. Huff to re-read a definition of the weighted average, which includes the use of the word solvency. Thus this UI Trust Fund is clearly about solvency. He said Section 5 is irrelevant, in terms of who pulls the trigger, since it could be anyone. However, this provision would add unnecessary risk to this program and it shifts the timing of the UI taxes, but not the total amount of taxes. He expressed concern that the result may be that businesses are paying lower taxes in good times and higher taxes as they struggle to come out of a recession. This bill would also require a new consultation with actuaries. He reminded members that recently the state had difficulties with its actuaries for the Public Employees' Retirement System (PERS) unfunded liability. He acknowledged that the aforementioned isn't a universal problem and concluded that the system is working. Additionally, he said he has never recalled anyone in his district raising this issue. Lastly, he informed the committee that the state, in terms of the nation, ranks 34 out of 50. The state pays \$370 per week maximum, and there is a correlation between what the state pays in benefits and this formula. Given Alaska's high cost of living, he said one issue is whether the state is adequately paying UI benefits if the state is only paying \$1,200 to \$1,300 in UI benefits.

[3:25:33 PM](#)

CHAIR OLSON maintained his objection.

A roll call vote was taken. Representative Josephson voted in favor of Amendment 1. Representatives Millett, Reinbold, Saddler, Chenault, Herron, and Olson voted against it. Therefore, Amendment 1 failed by a vote of 1-6.

[3:26:12 PM](#)

REPRESENTATIVE HERRON [did not offer] amendments in members' packets Amendment 2 [labeled 28-GH1494\A.2, Wayne, 3/11/13], and Amendment 3 [labeled 28-GH1494\A.3, Wayne, 3/14/13].

[3:26:33 PM](#)

REPRESENTATIVE HERRON moved to adopt Amendment 4, labeled 28-GH1494\A.4, Wayne, 3/15/13, which read:

Page 3, line 20, following "may":

Delete "suspend, in whole or in part, any unemployment rate of contribution increases"

Insert ", in increments of 16.5 percent, suspend up to 66 percent of an unemployment rate of contribution increase"

Page 3, line 23:

Delete "suspended, in whole or in part"

Insert "partially suspended under this subsection"

Page 3, line 26:

Delete "suspended, in whole or in part"

Insert "partially suspended"

Page 3, following line 27:

Insert a new subsection to read:

"(b) The commissioner may not suspend more than one 16.5 percent increment of an unemployment rate of contribution increase under (a) of this section in a six-month period."

Reletter the following subsection accordingly.

CHAIR OLSON objected for the purpose of discussion.

[3:27:04 PM](#)

REPRESENTATIVE HERRON explained Amendment 4. He related that he circulated Amendment 2 [A.2] and Amendment 3 [A.3] and

discovered that both sides of the issue didn't like those amendments. Therefore, Amendment 4, which allows UI tax contributions to be suspended in parts up to 66 percent and limits the commissioner's ability such that he/she may not suspend it for more than one 16.5 percent increment without a six-month period, was developed.

CHAIR OLSON maintained his objection.

[3:27:47 PM](#)

REPRESENTATIVE JOSEPHSON asked him to summarize Amendment 4 again.

REPRESENTATIVE HERRON explained that he [did not move forward] with the earlier two amendments since he circulated them and found committee members did not support the potential amendments so he worked to improve the change. Under Amendment 4, the UI insurance rates could incrementally be suspended up to 16.5 percent and allow a six-month trial prior to suspending another 16.5 percent UI tax contribution.

[3:28:26 PM](#)

CHAIR OLSON maintained his objection.

A roll call vote was begun. Representative Herron voted yea.

REPRESENTATIVE MILLETT requested an at-ease.

The committee took an at-ease from 3:28 p.m. to 3:30 p.m.

CHAIR OLSON asked for further clarification of Amendment 4.

REPRESENTATIVE HERRON related that in considering the testimony the focus has been on Section 5 of the bill and the administration and others are opposed to [Section 5.] Thus, he said he tried to allow the department to adjust the unemployment rate of contribution up or down on increments every 6 months up to a maximum of 66 percent, which is the language in Amendment 4.

[3:32:05 PM](#)

BRYNN KEITH, Acting Deputy Commissioner, Office of the Commissioner, Department of Labor & Workforce Development (DLWD), introduced herself.

PAUL DICK, Director, Central Office, Division of Employment Security (DES), Department of Labor & Workforce Development (DLWD), introduced himself.

[3:32:25 PM](#)

CHAIR OLSON inquired as to the impact of proposed Amendment 4 on the bill.

[3:32:39 PM](#)

MS. KEITH explained that the bill, as written, would allow the commissioner of the DLWD limited discretion, under controlled circumstances to suspend in part or in whole tax increases on unemployment insurance. The department, she related, holds the opinion that further restricting that flexibility is unnecessary. Furthermore, adjusting tax rates twice a year as opposed to the annual adjustment would potentially add an additional burden to employers. Additionally, the semi-annual adjustment would add additional administrative costs associated with it within the DLWD.

[3:33:21 PM](#)

REPRESENTATIVE MILLETT surmised then that Amendment 4 would require the department to review the UI rates every six months and by discretion the DLWD could adjust the [UI] rates, which is "a look back."

MS. KEITH answered yes; that is how she interprets Amendment 4.

REPRESENTATIVE MILLETT related her understanding that the current "look back" is for one year and if the bill passed it would remain a one-year "look back."

MS. KEITH answered yes.

CHAIR OLSON maintained his objection.

[3:34:11 PM](#)

A roll call vote was taken. Representatives Herron and Josephson voted in favor of Amendment 4. Representatives Millett, Reinbold, Saddler, Chenault, and Olson voted against it. Therefore, Amendment 4 failed by a vote of 2-5.

The committee took an at-ease from 3:34 p.m. to 3:36 p.m.

CHAIR OLSON related that a conceptual amendment was previously distributed to members, but since then had been incorporated into the proposed committee substitute.

[3:36:19 PM](#)

REPRESENTATIVE REINBOLD moved to adopt the committee substitute (CS) for HB 76, labeled 28-GH1494\N, Wayne, 3/18/13 as the working document.

CHAIR OLSON objected for the purpose of discussion.

[3:36:36 PM](#)

KONRAD JACKSON, Staff, Representative Olson, Alaska State Legislature, stated that Version N makes some minor corrections to the bill. He pointed out that the most significant change embodied in Version N is the repeal of Section 5 on page 6, line 4. The intent of the change is to give the department some time to consider unemployment insurance rate adjustments. If there is [a major economic crisis] or if a "terrible" commissioner makes decisions, the language would disappear in five years.

[3:38:30 PM](#)

MR. JACKSON explained that a new page 3 is in Version N. He offered that when the Department of Law drafts a bill the legislative team of lawyers also review and format the language. He pointed out that on page 2, line 13, the citation that refers to the UI Trust Fund account, AS 23.20.135(a), which was in the incorrectly referred to AS 23.20.130(b)(2). [The correction was made to a proposed committee substitute (CS) for HB 76, previously circulated to members but not discussed or adopted by the committee.] He suggested that the committee consider adoption of Conceptual Amendment 2, which corrects the aforementioned typo on page 5, line 14, and page 6, line 1 of Version N.

[3:39:33 PM](#)

REPRESENTATIVE REINBOLD moved Conceptual Amendment 2, [which corrects the UI Trust Fund account citation]. There being no objection, Conceptual Amendment 2 was adopted.

REPRESENTATIVE SADDLER asked for clarification on whether Conceptual Amendment 2 would amend Version N.

CHAIR OLSON answered yes.

The committee took an at-ease from 3:40 p.m. to 3:42 p.m.

[3:42:47 PM](#)

CHAIR OLSON stated that the proposed CS for HB 76, Version N, as amended, is before the committee.

[3:42:57 PM](#)

REPRESENTATIVE CHENAULT asked whether Conceptual Amendment 1 had been approved.

MR. JACKSON explained that a draft amendment, entitled, "Conceptual Amendment 1" was circulated to members, but was not presented or adopted by the committee. Instead, the draft language was incorporated into the proposed committee substitute (CS) for HB 76, Version N. The committee formally adopted [the proposed CS for HB 76, Version N], and adopted Conceptual Amendment 2, which corrects the reference to the UI Trust Fund account in the proposed CS for HB 76, Version N.

CHAIR OLSON remarked that the committee has been experiencing some of the effects of a 90-day legislative session as opposed to a 120-day legislative session.

[3:44:11 PM](#)

REPRESENTATIVE REINBOLD moved to report the proposed committee substitute (CS) for HB 76, labeled 28-GH1494\N, Wayne, 3/18/13, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE JOSEPHSON objected.

[3:44:27 PM](#)

A roll call vote was taken. Representatives Chenault, Herron, Millett, Reinbold, Saddler, and Olson voted in favor of reporting the proposed committee substitute (CS) for HB 76, labeled 28-GH1494\N, Wayne, 3/18/13, as amended, from the House Labor and Commerce Standing Committee. Representative Josephson voted against it. Therefore, the CSHB 76(L&C) was reported out

of the House Labor and Commerce Standing Committee by a vote of 6-1.

[3:44:58 PM](#)

The committee took an at-ease from 3:44 p.m. to 3:48 p.m.

SB 23-AIDEA: LNG PROJECT; DIVIDENDS; FINANCING

[Contains discussion of HB 74.]

[3:48:30 PM](#)

CHAIR OLSON announced that the next order of business would be the CS FOR SENATE BILL NO. 23(FIN) "An Act relating to development project financing by the Alaska Industrial Development and Export Authority; relating to the dividends from the Alaska Industrial Development and Export Authority; authorizing the Alaska Industrial Development and Export Authority to provide financing and issue bonds for a liquefied natural gas production system and natural gas distribution system; and providing for an effective date."

CHAIR OLSON noted that SB 23 is the companion bill to HB 74, which has been heard several times in this committee with much public testimony. Therefore, public testimony for SB 23 will be brief as it's virtually the same bill as HB 74.

[3:49:11 PM](#)

CHAIR OLSON explained that SB 23 contains the financing for the Fairbanks liquefied natural gas (LNG) project and the AIDEA [direct financing provisions remain] in HB 74. He explained that it is easier to manage these projects in two separate bills. He noted that he is awaiting the final draft of HB 74.

[3:50:32 PM](#)

REPRESENTATIVE REINBOLD moved to adopt the proposed committee substitute, the HCS CS for SB 23, labeled 28-GS1738\0, Bailey, 3/15/13, as the working document.

CHAIR OLSON objected for the purpose of discussion.

[3:50:55 PM](#)

TED LEONARD, Executive Director, Alaska Industrial Development & Export Authority (AIDEA) and Alaska Energy Authority (AEA),

Department of Commerce, Community, & Economic Development (DCCED), introduced himself.

SARA FISHER-GOAD, Executive Director, Alaska Energy Authority (AEA), Department of Commerce, Community & Economic Development (DCCED), introduced herself.

3:51:10 PM

MR. LEONARD explained that Version O would remove the direct financing language leaving in the bill the language for the dividend calculation for AIDEA and the liquefied natural gas (LNG) project. The fiscal note has been revised to show the reduction from the committee substitute, the direct language, leaving the fiscal note that relates to the dividend and the LNG project. He further explained that there isn't any change to the dividend language [from the revolving fund and the Sustainable Energy Transmission and Supply Development (SETS) fund] or the LNG language that was in HB 74, which remains the same in SB 23.

CHAIR OLSON remarked the fastest way to expedite the LNG project is to use a bill that has passed the other body.

3:52:50 PM

REPRESENTATIVE REINBOLD expressed compassion about the energy issues in Fairbanks; however, said she has questions since she is interested in the long-term fiscal health of the state. Referring to charts she distributed to members entitled, "DHHS Public Assistance Non-Formula Comparisons by Allocation" and "Division of Public Assistance Benefits by Census Areas," she pointed out that for FY 13 the state Division of Public Assistance (DPA) spent \$3,389,944 in Fairbanks. She acknowledged that the state needs a comprehensive and sustainable energy plan, but questioned when - with the implementation of the LNG trucking to Fairbanks - the legislature could expect to see these state subsidies decline since Fairbanks receives substantial subsidies through the [Low Income Home Energy Assistance Program] LIHEAP.

3:55:01 PM

REPRESENTATIVE REINBOLD then asked whether the project sponsors can secure long-term gas contracts with industrial users and utilities to ensure that this investment is recouped. She offered that her goal is to ensure that the Sustainable Energy

Transmission and Supply Development fund (SETS) loan will not be jeopardized by not securing long-term gas contracts.

MR. LEONARD answered yes; that part of the process AIDEA will go through in completing its feasibility study and prior to the SETS loan will be to secure long-term contracts with the utilities that would use the gas from this project. He reiterated that part of the loan process will necessitate that the contracts are in place.

[3:55:59 PM](#)

REPRESENTATIVE REINBOLD asked for clarification on the length of the long-term contract, specifically whether it would be 5, 10, or 20 years in length.

MR. LEONARD recalled that Fairbanks Natural Gas (FNG) is considering a 15-year contract, but until the process is completed the contract terms of the SETS and LNG contracts is not definite. He assured her that AIDEA will have customers to guarantee the project.

[3:57:03 PM](#)

REPRESENTATIVE REINBOLD recalled AIDEA testimony relating that if the gasline is constructed the LNG can be repurposed to supply industrial users and serve rural Alaska. She asked whether any feasibility study has been done to assure it is viable to do so.

MR. LEONARD answered that AIDEA is in the process of doing so. He offered that AIDEA has hired Northern Economics to begin this work; however, this will be part of the process AIDEA will undergo prior to submitting the project to AIDEA's Board of Directors for project approval. In any case, looking at that long-term demand is very important in terms of timing for the pipeline.

MS. FISHER-GOAD suggested that Mr. Leonard has covered this quite well. The expectation is that after the pipeline is built, additional industrial customers would continue to be able to utilize this [LNG], in particular, some of the mining districts will need electrical generation as well as liquid fuel for trucks. Additionally, AEA has been working on the rural energy programs to ensure that the project and components can be used to produce liquid fuel for areas on the river system and

rural road system. In essence, AIDEA anticipates this [LNG] project would be used in areas not served by a pipeline.

[3:59:08 PM](#)

REPRESENTATIVE REINBOLD, summarizing her concerns, expressed her desire for assurance that if this project moves forward the state can anticipate a decrease in the LIHEAP. Second, she expressed the need to be sure the long-term contracts will be in place so the state can recoup a good investment on the SETS loan. Third, she expressed interest in ensuring that a feasibility study will be conducted so the project can be repurposed. In brief, Representative Reinbold related that her goal is to have a long-term energy plan for the entire state and to ensure the state maintains its good bond rating.

MS. FISHER-GOAD answered that the AEA has been working closely with all the regions of the state to develop regional energy plans to address energy needs in the state. She cautioned that what will work in the Railbelt area or even in the Fairbanks area isn't necessarily what will work in Southeast Alaska. In fact, AEA reviews these issues regionally. Ms. Fisher-Goad clarified that the LIHEAP program, a statewide program based on income not necessarily the cost of energy in an area, is not an AEA program. She suggested that the LIHEAP should perhaps be addressed through the HSS. Although the Power Cost Equalization Program (PCE) is an AEA program, it does not serve the Fairbanks area since the GVEA is not eligible utility.

[4:01:07 PM](#)

REPRESENTATIVE REINBOLD clarified that her point is that if the legislature is going to provide relief in Fairbanks, it seems to follow that energy costs will be lowered.

MS. FISHER-GOAD answered that is correct.

REPRESENTATIVE REINBOLD said she also assumed the [LNG or propane] would provide more affordable energy for residents. She explained she could provide substantial detail about public assistance, including adjustments made [in the HSS committee].

CHAIR OLSON remarked this is not the forum to discuss [the health and social services aspects].

[4:01:54 PM](#)

REPRESENTATIVE CHENAULT asked whether Version 0 has any negative effects on AIDEA moving forward on the Fairbanks [LNG/propane] trucking project.

MR. LEONARD replied no.

[4:02:31 PM](#)

REPRESENTATIVE CHENAULT characterized this project as an opportunity to assist residents in Fairbanks. He noted he has questions that AIDEA can't currently answer, such as the location and the costs of the LNG plant, which won't be available until the feasibility study is completed at which point the project could move forward if it is deemed feasible. He said he is fairly comfortable with AIDEA moving forward with this bill since it would allow AIDEA to examine costs and perhaps move forward with a project that will assist Fairbanks as soon as possible. He offered his belief that this project is not in competition with other energy projects, such as an in-state gasline or a big natural gas pipeline. He reiterated his support for the LNG trucking project to assist the community of Fairbanks, and in turn create opportunities in other areas in the state that do not currently have lower-cost energy. He noted his agreement with Representative Reinbold that the public assistance funding is high and although it isn't under AIDEA's purview, some of the assistance provided to individuals is for energy assistance. If that funding were available for [energy] projects, it might be possible to have a long-term energy supply for most areas of the state, he said. He acknowledged that it is a tough battle to offer the cheapest energy to everyone in a state the size of Alaska. However, without projects like this no opportunities will exist and residents will continue to pay high prices for fuel. Therefore, he offered his willingness to move forward with SB 23 to help the Interior residents.

[4:05:35 PM](#)

REPRESENTATIVE HERRON referred to Section 4 and the change on page 3, line 12.

MR. LEONARD explained that this language sets up the capital reserve for the state's moral obligation. The change on line 12 would replace "chairman" with "chair" and "no" with "not," which are technical changes; however, the whole section relates to the moral obligation of the state and allows AIDEA to set up a capital reserve to provide the state's backing for this credit. He explained that this language is estimated to change the

investment grade to a high investment grade and the amount of basis points from 175 to 200 basis points will lower the cost of the bond.

CHAIR OLSON asked whether AIDEA would have an AAA rating.

MR. LEONARD answered it could be one or two ratings below. He clarified that the state has an AAA rating, and the moral obligation requires considering the bond, but this language would give it a boost it would not otherwise have if it was based on revenue bonds for a utility. Thus the language [in Section 4] would bring it up to an AA or AA plus rating, he said.

[4:07:39 PM](#)

REPRESENTATIVE HERRON said he supports this bill in order to do something to address energy costs as the legislature has discussed gas projects and reductions in energy costs for a long time. In broader terms, the state is huge and there have been various [energy] subsidies including the Four Dam Pool and the Cook Inlet gas project. Passage of SB 23 will also be a huge subsidy and, perhaps, in the future other parts of the state will also receive subsidies. In short, Representative Herron said it does make sense to do something and he hoped the bill will work out and if not, the [legislature] will just need to try something else.

[4:08:43 PM](#)

REPRESENTATIVE MILLETT, referring to the fiscal note and the language Interior Energy Plan, asked whether AIDEA will prepare an energy plan specifically for Fairbanks with the liquefaction project in mind.

MS. FISHER-GOAD responded that the Interior Energy Plan has been the term used for the financing package in the proposed FY capital budget and the authorizations provided to AIDEA in SB 23.

REPRESENTATIVE MILLETT said the House Special Committee on Energy is often criticized for not having an energy plan for the entire state. However, no one solution fits the entire state, which has been the fundamental barrier to creating a statewide plan. Therefore, she opined that it is good for the Interior to move forward with this project, even if it may not be palatable for Anchorage or Southeast Alaska residents. The state has

historically funded large-scale energy programs in the state as there has been no private sector provider. Further, the state has subsidized electric utilities and Interior Alaska has waited for a solution. She viewed this as a start and once energy is provided to Fairbanks it will open up more job opportunities, which would offer the opportunity for people to get off [LIHEAP]. She offered to support this to make sure this energy rich state is not anemic in providing sustainable energy for its citizens.

MS. FISHER-GOAD, in response to Representative Josephson, stated that she first reviewed [Version 0] this weekend. In further response, Ms. Fisher-Goad explained that when the committee removed the direct financing program a number of conforming amendments were necessary.

[4:12:50 PM](#)

REPRESENTATIVE JOSEPHSON referred to page 2 of the fiscal note, which specifies that the Interior Energy Plan will receive \$125 million from the SETS direct financing. He asked whether that was removed since the funding for this project is in the operating budget.

MS. FISHER-GOAD answered that what changed was the AIDEA fiscal note shows \$750,000 in services request. She offered her belief the other fiscal note stands since it does not need to change. She reiterated that the direct financing program does not impact the Interior Energy Plan, so removing that from the bill does not impact the \$125 million. Again, that fiscal note stands as is and is informational. In further response, Ms. Fisher-Goad agreed that the AIDEA adjustment that will remain in HB 74.

[4:14:35 PM](#)

REPRESENTATIVE JOSEPHSON asked whether the changes in Version 0 would change rating from AAA to something less.

MS. FISHER-GOAD explained that typically when a moral obligation is placed on a bond, the rating would be one or two notches below the entity providing the moral obligation since the obligation is not a general obligation, but is a different circumstance.

REPRESENTATIVE JOSEPHSON asked whether AIDEA and AEA is content with [Version 0].

MS. FISHER-GOAD answered yes; [Version 0] will fulfill the needs of the Interior Energy Plan as testified. She explained that the impacts of the direct financing program and the benefits will be discussed by Mr. Leonard. She said the AEA would not be involved in a bill [regarding the direct financing program]. In further response, Ms. Fisher Goad agreed [Version 0] is a stand-alone bill.

[4:16:07 PM](#)

REPRESENTATIVE SADDLER referred to page 3, lines 18-19, of Version 0, and asked the size of the capital reserve fund.

MR. LEONARD explained that the capital reserve fund will be set up for this specific bond. Thus there isn't any money until the bond is issued. Typically, a capital reserve fund usually equates to one year of debt service so it will depend on the size of the bond issued. He suggested this bond may be issued in a series in conjunction with the build out of the distribution system and a portion of the \$150 million would be for the first series. He also explained that this language states that AIDEA will set up a capital reserve fund for the debt service for this bond. In the event insufficient revenue is not available to repay the bond, AIDEA's Chair would ask the legislature to appropriate money to replenish the capital reserve. He assured members that AIDEA would ensure that this would not happen, but again, that is the purpose of a reserve account. He explained that the aforementioned language creates a moral obligation and although the legislature does not have to appropriate the money, the state would not want to impinge on its moral obligation so it would likely replenish the reserve account. He pointed out that AIDEA is currently considering ways to have a second layer of credit to back up the moral obligation.

[4:18:28 PM](#)

REPRESENTATIVE SADDLER inquired as to whether as each series of bonds is issued the size of the capital reserve account would also increase.

MR. LEONARD answered yes; it would increase up to the annual debt service.

REPRESENTATIVE SADDLER inquired as to the original source of the capital reserve account.

MR. LEONARD answered that it would be bond proceeds itself. In further response, he explained the remainder would be used to make the last bond payment.

4:19:08 PM

CHAIR OLSON, after first determining no one else wished to testify, closed public testimony on SB 23.

CHAIR OLSON removed his objection. There being no further objection, Version was before the committee.

4:20:03 PM

REPRESENTATIVE CHENAULT remarked that SB 23 will give AIDEA an opportunity to truck LNG to Fairbanks and other opportunities that it might bring to other communities in the state.

REPRESENTATIVE JOSEPHSON remarked that if these types of prices Fairbanks is experiencing occurred in Southcentral Alaska the prices would not be tolerated. He stated that the prices for fuel oil are so high because the price of oil is at \$120 per barrel. Combined with the non-attainment issues for air quality and that compared to other large projects, such as a dam or a pipeline, this project is quite inexpensive. Representative Josephson offered his belief that SB 23 is a good investment and the people of the FNSB are worthy of this. He offered his support for the bill.

REPRESENTATIVE HERRON related he has listened to the testimony given by Interior residents and found the comments to be sincere, in fact, many residents are scared and need help, and the legislature is ready to give them help. He hoped when people in other communities in the state need help that Fairbanksans will remember 2013.

REPRESENTATIVE CHENAULT said that energy prices are not only high in Fairbanks or in rural Alaska. In fact, the price per gallon for diesel fuel on the Kenai Peninsula is higher than it is in Fairbanks. He said the anticipated effect of the LNG project ranges from \$13-15, but this year short-term contracts were let in the Cook Inlet for \$15 Mcf gas. While Cook Inlet residents receive a break on natural gas, over 50 percent of the Cook Inlet residents are not on a gas distribution grid and heat with propane, diesel, coal, and wood, he said. Fortunately, there is more wind in Cook Inlet than in Fairbanks, he pointed out.

[4:23:35 PM](#)

REPRESENTATIVE CHENAULT moved to report the proposed House committee substitute, (HCS) for SB 23, labeled 28-GS1738\O, Bailey, 3/15/13, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HCS CSSB 23(L&C) was reported from the House Labor and Commerce Standing Committee.

The committee took an at-ease from 4:24 p.m. to 4:31 p.m.

HB 112-REPEAL FILM PRODUCTION TAX CREDIT

[4:31:07 PM](#)

CHAIR OLSON announced that the final order of business would be HOUSE BILL NO. 112 "An Act repealing the film production tax credit; providing for an effective date by repealing the effective dates of secs. 31 - 33, ch. 51, SLA 2012; and providing for an effective date."

[4:31:13 PM](#)

DAVE HUNSAKER, Screenwriter, informed the committee he has lived in Alaska for approximately 40 years and has worked as a screen writer for 25 years, working between Juneau and Hollywood. Prior to that, he worked as the Artistic Director of the Naa Kahidi Theater and Perseverance Theatre. He offered his belief that the film industry is just getting started and has generated a lot of interest in Hollywood. He has a project, The Firecracker Boys, which is based on Fairbanks writer Dan O'Neill's book about Project Chariot. This project is funded and ready to go. He said Leonardo DiCaprio is the producer and the director is Bronwen Hughes. He reported that the production is in the process of casting and while the budget doesn't permit the entire production to be in Alaska, some location shoots were done in Alaska and location scouts have been hired. He related the intention is to shoot 30 percent of the film here, which would not be the case without the Alaska Film Production Incentive Program credits. What has prevented more productions from being filmed in Alaska is the lack of trained technical crew, which is changing as more productions are filmed here. He said that while a lot of money has been paid to people outside Alaska thus far, the more projects that are filmed here the bigger the base. He offered his belief that as more films are filmed in Alaska, the filmmakers will discover the grandeur and

superior lighting in Alaska. Further, some things simply cannot be found in other places. For example, there are not any good Arctic locations in Canada that have the infrastructure film crews need, noting, Canada is Alaska's huge competitor. Mr. Hunsaker related that Canada has been aggressive. He stated that people from the British Columbia Film office and the Alberta office, which is where Alaska has been depicted, came to Alaska with respect to filming Firecracker Boys. He predicted that once people see the real Alaska it will make them more prone to want to come to Alaska and anything shot here would be good advertising for Alaska.

[4:34:37 PM](#)

PATRICIA HULL, Actor, Alaska Film Group, stated she moved to Alaska in 1967 and has spent 31 cumulative winters in Alaska. She said that she is representing the Alaska Film Group (AFG) today. She works as a performing artist in music, theatre, film, and television. The AFG is a nonprofit trade organization for individuals and businesses that are involved in the film and video industry in Alaska. The Alaska Film Group also encourages workforce development so Alaskans can be hired into the well-paying crew jobs. Additionally, the AFG has been active in the development of infrastructure to support film production. She offered her belief that Alaska is a really compelling place to make films since it has dramatic locations and abundant summer daylight. However, other places with beautiful locations, such as New Mexico, Canada, and New Zealand, aggressively court the film industry. She recalled that New Mexico even offers loans. She turned to Canada, which in many ways is Alaska's twin. When the Canadian dollar was strong it was really easy to keep films in Alaska, but now that Alaska is 98 cents to the Canadian dollar, Alaska is in a precarious balance point. She explained that eliminating the Alaska Film Production Incentive Program (AFPIP) at this point would have the effect of losing the competitive advantage. Films that would normally come to Alaska will instead go to Canada. In fact, she recalled hearing that a film about the serum run in Nome will be shot in Canada. She highlighted that a chilling effect has taken place due to the risk of the incentive program being dismantled. Last year, the 10-year commitment was made it made people think big and long-term and really start to put their irons in the fire, which has changed with HB 112.

[4:36:48 PM](#)

MS. HULL pointed out that a number of enhancements were scheduled to go into effect for the AFPIP, including cabinet level review of projects to ensure the best interests of the state and its residents are reflected in the films. Further, a sliding scale application fee from \$220 to \$5,000 would be implemented, based on the film budget's ground spend, she said. Additionally, the incentive to hire Alaskan residents would be increased from 10-20 percent, which means the film companies will receive more tax credits if they hire more Alaskans, which also would reduce non-resident funding. In fact, Alaskans are trying to tweak the program to really make it work. In essence, creative industries like film are the wave of the future. There isn't any red tape, or any of the difficulties of other industries, plus film companies leave things better than they find them. In fact, one major production company needed a sound stage and subsequently created a \$6 million investment in the sound stage. These types of investments are not reflected in the incentive plan, but this sound studio is now part of Alaska's infrastructure. She encouraged members to let the wisdom of the 27th Alaska State Legislature move forward.

[4:38:09 PM](#)

RICHARD BENAVIDES, President, The International Alliance of Theatrical Stage Employees - Local 918 (IATSE Local 918), stated he is testifying in opposition to HB 112. He said the IATSE Local 918 is the organization that represents both stage, film and television technicians. However, IATSE also supports any union or non-union person who works on films and is part of the film community. The AFPIP has positively impacted IATSE. Over the course of the program, over half of the IATSE Local 918 has worked making good wages on several film or television projects, such as Everybody Loves Whales, Frozen Ground, employing 160 members and 90 members, respectively. Additionally, the IATSE Local 918 has been involved with the University of Alaska Fairbanks (UAF) in training over 250 individuals in Fairbanks and Anchorage. He said some activities conducted at studios to train grip for films, which were streamed statewide so people who could not attend in person could follow along via video, which is still available for people to download. Additionally, the IATSE Local 918 will offer courses this summer. In fact, a student film will be made with UAF film students - assisted by Alaskans already trained in film - to use technicians across the state so students learn how to make a film from beginning to end and learn all aspects of filmmaking, including technical and acting. Referring to the Alaska Film Office's Report to the legislature, Mr. Benavides highlighted the following bullet

points: "cooperate with organizations in the private sector for the expansion and development of industry in the state; promote Alaska as a location for production; provide production assistance by connecting folks with Alaska contractors, suppliers, and workers; and certify internship programs, and promote the employment of interns by eligible people." He suggested a person could insert "oil" or any industry in this state into the language of the bullet points. These are the things Alaskans always discuss. In fact, the mantra ever since he worked as staff for the legislature has been to diversify the economy. He asked members why one would destroy a fledgling industry which has shown positive growth and fills the need to help diversify Alaska's economy. He asked members to consider what has occurred, including that the industry has been growing, and thus far has been very positive. He urged members to please vote against this bill.

[4:42:24 PM](#)

IRENE BEDARD, President, Sleeping Lady Films - Waking Giant Productions, stated that she is Alaska Native and was born and raised in Alaska. She said she has made her career in over 45 productions in the film and television industry. She also said she is so happy to say that she has worked on the international stage, but her home, Alaska, has always held her heart. She said, "Alaska is where I'm from." Last year she incorporated Sleeping Lady Films - Waking Giant Productions in Anchorage. The company is an Alaska Native majority-owned company, with minority partner, Thom Denomme from Canada who has expressed great interest in the beauty and rich culture of Alaska's people. However, for an entrepreneur and an international producer, it was the film tax incentives that made starting a company in Alaska a sound business decision. It has been their mission and vision to show Alaska in all its beauty and grandeur, to show the strength and integrity of Alaskans and to tell their stories which are uniquely Alaska. She reported that the slated projects could provide continuous work for Alaskans and create a unique opportunity to train and develop the workforce and infrastructure needed. She emphasized the key, which has happened in Vancouver, British Columbia, as well, is to have a series of projects moving forward to enable the workforce to get trained, interned, and developed into a very strong group of people who can be used on the international stage.

[4:44:32 PM](#)

MS. BEDARD stated the company's strategic development has traveled throughout the U.S. and Canada and has made connections around the world, including Europe, Asia, and South Africa. They have been ambassadors of goodwill for the burgeoning industry in Alaska. She characterized the Alaska film industry as one which creates the best overall public relations for tourism and brings Alaska to the international stage at a pretty high level. She offered her belief that it will be a missed opportunity for Alaska if this bill goes through. She said, "I'm deeply saddened to say it is not a good business decision to keep my company here if it does go through and that would be a great loss to our state." She read a statement from her chief executive officer, Canadian producer, Thom Denomme, as follows [original punctuation provided]:

I am writing to you in reference to HB 112 dealing with the Alaska Film Tax Credits. I am curious that this subject is once again being broached as we had set our business plan to correspond with the passing of the previous Bill on Tax Credits and it certainly delivers a red flag to the industry as a whole about shooting in Alaska.

The subject of controversy seems to arise in the mistaken belief that the tax credits and incentives are being used to pay the salaries of actors from outside of Alaska, creating a campaign that states, "Why should Alaska taxpayers pay the salary of rich Hollywood stars?" This argument has as much credibility as stating "Why should there be any incentives programs for the oil and gas business in Alaska? These incentives just go to pay the salaries of rich oil and gas executives."

This would seem a strange statement as the oil and gas industry is a multi-billion dollar industry creating thousands of jobs across the State. Given the opportunity, the film and television industry could also be creating a myriad of opportunities not only in the film/television business, but also in related ancillary businesses. This includes shipping, catering, the hospitality industry, construction, transportation and most importantly, tourism.

[4:46:44 PM](#)

MS. BEDARD continued reading, as follows [original punctuation provided]:

The best example of how this can affect a region is from my home province of British Columbia. Utilizing a diverse landscape and strong tax credits (sound familiar?) British Columbia transformed itself to the point that film and television is now one of our biggest industries. When you add in the tourism and that was created as a result of this, you can see how this industry has been a tremendous boom to the overall economy of British Columbia.

The challenge is that most producers have no idea of the diversity of landscape that Alaska has to offer. Unfortunately most of the shows shot on Alaska show the State as inhospitable tundra. We've had producers in LA tell us they have no winter scenes in their film, so why should they shoot in Alaska? We of course calmly explain that Alaska does indeed have summer, show them pictures of the incredible scenery and mention that in certain places, they can virtually shoot around the clock as there is virtually no night. Now, THAT gets their attention!

The challenge is that Alaska has created this tremendous tax credit that has the potential to create a whole new industry for the State and has done absolutely nothing to promote it. The potential is there, the template (from BC) is there, yet the only thing being created is uncertainty and unease from producers when they see Bills such as this one being revisited. The key to making this work is less bureaucrats and more salespeople.

Anchorage is ideally situated six hours from LA and six hours from London England. Alaska should be actively promoting to producers worldwide and attending different film festivals such as MIPCOM and NATPE. My partner Irene Bedard and I have been promoting Alaska ourselves as international producers and would be more than happy to work with the State in this regard.

[4:48:12 PM](#)

MS. BEDARD continued reading [original punctuation provided]:

The second part of this equation is building the infrastructure of talent to attract productions. This means creating jobs. For our part, we are creating a Film Institute to help train Alaskans, especially First Alaskans, in the film industry. We would be happy to have discussions on how we can all work together to accomplish this. By following through on this, we are now creating jobs for Alaskans, not for outside production companies.

The last point I wish to comment on is likely the most important and that is tourism. I am not privy to the statistics, nor do I feel they can be accurately predicted but I am going to guess that Alaskan based shows have created a tremendous boost to tourism and tourism based businesses. Other States with strong Film Tax Credits, such as Louisiana and New Mexico have also seen a growth to their tourism statistics.

Speaking for ourselves, we have a slate of shows that will highlight Alaska in the most positive light. The key to building this industry in Alaska is commitment, training, cooperation between those with a vested interest and a sustained promotional program. As a personal note, I would also like to add that the State has a strong promoter and ambassador in Ms. Irene Bedard. She is the one who convinced me to open up our production company in Alaska. She not only believes in the incredible potential of the State but wanted to help create something beautiful and meaningful in the place she calls home. I will leave you with that.

[Thom Denomme
CEO
Sleeping Lady Films/Waking Giants Productions]

[4:49:36 PM](#)

FRANCES CHEEVER, President & CEO, Squeaky Reel Productions; Major, U.S. Army Nurse Corps, Retired, stated that she recently retired after 32 years of service, with most of her service at Walter Reed Army Medical Center caring for wounded warriors and their families. She said she is passionate about telling stories about American heroes through film and television, which can entertain, educate, and heal America. As a screenwriter and

member of Veterans in Film and Television, she believes she can do so, in particular, with her script 13 Pax, a high-stakes contemporary, military page turner that takes the audience to one of the military's far reaching power projection platforms: Alaska. She described the basic mission and skill set of the fictitious team, which is a motley crew of adrenaline junkies - men and women - who have proven their mettle as the premier combat-ready medical team. Last year, after spending only a week in Anchorage she fell in love with Alaska and made the bold move to take her feature film to Alaska and write an entire sequel 13 Pax Derailed which is set in Whittier and makes Alaska a central character. The film will showcase the beautiful scenery, history, and people of Alaska, along with service men and women. While in Alaska, she spent time with the Alaska Army National Guard's Public Affairs Officer as well as the commander of the 212th Rescue squad on Elmendorf Air Force Base (AFB) and Richardson AFB. The military base has been very excited about having her film come to Alaska since it has all the ingredients of a high-concept feature film with sequel or episodic television potential. Additionally, the film is under consideration for optioning by some very big Hollywood hitters. What has contributed to making this film a more attractive venture is the AFPIP, she said. Further, she indicated the Chief of Public Affairs for the U.S. Army wrote a letter of encouragement for this film and endorses it as the script is in concert with U.S. Army values and with funding. Once the U.S. Department of Defense (DOD) production assistance agreement is secured, the DOD will be inclined to support it, she said. She emphasized that having military assets available at Elmendorf Air Force Base and the U.S. Army's support makes Alaska an even more attractive setting.

MS. CHEEVER said that currently, she is working with an Alaska-based production company, Sprocket Heads. She anticipated hiring hundreds of local people for this film, including experienced local crew members, Alaska service members, veterans and their families. She concluded by saying that HB 112 could halt the potential future of her film, its sequel, and potential TV series in Alaska. She urged members to please support the AFPIP and honor the commitment to keep the program going until 2023.

[4:53:32 PM](#)

KELLY BENDER, Owner, Lazy Otter Charters, stated that her company provides water taxi, sightseeing, and has a coffee shop. While she is not directly affiliated with the local film

industry, her business is a local business that has benefited from the industry. She related that the film industry has provided direct business opportunities since her company has taken out film productions on their boats. Additionally, her business has enjoyed indirect benefits since the company has taken crew and cast on sightseeing tours. She estimated the industry has provided about \$12,000-15,000 during the shoulder season for her small mom-and-pop operation. Plus her business also hires local Alaskans who live in the community. She observed that the state often supports industries with finite resources, but here is an opportunity to support an industry that has infinite reach and can help small community-based businesses and industries. She hoped members would understand that this bill has a much farther reach than Hollywood since it supports many businesses and people in Alaska.

4:55:35 PM

GARY ZIMMERMAN, General Manager, Alaska Rent a Car, Inc., stated his business is an employee-owned licensee of the Avis Rent a Car system that has operated in Alaska since 1955 in many communities in Alaska. He currently employs approximately 100 full-time employees. He represents a company that is not involved in film production; however, it benefits from the increased activity this industry brings to Alaska. He offered his belief that a huge economic benefit is felt throughout Alaska from the film production dollars. Although some is as general as increased business to hundreds of companies, other impacts are as specific as direct wages to Alaskans, as well as increased revenues returned to state and local government. Although he only works in one service industry, this same industry generates over \$22 million in actual taxes and fees collected from renters, which is paid to state and local government, including hotel bed taxes, car rental taxes, and general sales taxes. He emphasized that as receipts from increased business activity increase so do revenues to governmental agencies. Frankly, the state could not begin to pay for the promotion of or spend marketing dollars that match the advertising done by productions that feature Alaska. This increased awareness helps further the state's goal to promote tourism and aid the tourism industry such that Alaska will surely rank high on tourists' list of where to spend their vacation dollars. In fact, the film industry is just beginning to get traction in Alaska with companies investing in people, training, facilities, and equipment, but HB 112 will effectively kill this industry and the companies that are working very hard to help diversify Alaska's economy. He urged members to look at

the title of this committee and do what they can to promote labor and commerce in Alaska by voting against HB 112.

[HB 112 was held over.]

[4:58:14 PM](#)

CHAIR OLSON recessed the House Labor and Commerce Standing Committee meeting until Wednesday, March 20 at 3:15 p.m.