

SENATE FINANCE COMMITTEE
February 22, 2013
9:03 a.m.

[9:03:22 AM](#)

CALL TO ORDER

Co-Chair Meyer called the Senate Finance Committee meeting to order at 9:03 a.m.

MEMBERS PRESENT

Senator Pete Kelly, Co-Chair
Senator Kevin Meyer, Co-Chair
Senator Anna Fairclough, Vice-Chair
Senator Click Bishop
Senator Mike Dunleavy
Senator Lyman Hoffman
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT

Margaret Dowling, Staff, Senator Geisel; Johanna Bales, Department of Revenue; Laura Pierre, Staff, Senator Fairclough; Vern Jones, Chief Procurement Officer, Department of Administration; Kris Curtis, Chief Auditor, Legislative Budget and Audit; Kate Burkhart, Executive Director, Suicide Prevention Council; Bill Martin, Chair, Suicide Prevention Council; Gretchen Nealy, Alaska Brain Injury Network.

SUMMARY

SB 7 CORPORATE INCOME TAX

SB 7 was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from the Department of Revenue.

SB 12 PUBLIC PROCUREMENT

SB 12 was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN1 (ADM).

SB 17 EXTEND SPECIAL EDUCATION SERVICE AGENCY

SB 17 was POSTPONED until the Senate Finance Committee meeting on Monday February 25.

SB 37 EXTEND SUICIDE PREVENTION COUNCIL

SB 37 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN 1 (DHS).

#sb7

SENATE BILL NO. 7

"An Act relating to the computation of the tax on the taxable income of a corporation derived from sources within the state."

9:03:44 AM

Co-Chair Meyer discussed the day's agenda.

9:04:26 AM

AT EASE

9:05:03 AM

RECONVENED

Co-Chair Meyer discussed the legislation.

Senator Olson asked how the native corporations would be affected by the legislation.

MARGARET DOWLING, STAFF, SENATOR GEISEL, stated that staff from Department of Revenue (DOR) was present to answer questions. She received excited responses from members of a native corporation who had reviewed the proposed legislation. She expected to see letters of support from the entities regarding the legislation. She deferred Senator Olson's question to Johanna Bales.

Senator Olson asked if email or written support from the native entities was documented.

JOHANNA BALES, DEPARTMENT OF REVENUE, responded that the effect on all corporations was a minor reduction in tax. She stated that the corporations would benefit from a break in tax.

Co-Chair Meyer understood that the intent of the bill was to help businesses in Alaska, primarily small businesses.

Co-Chair Kelly MOVED to REPORT SB 7 out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 7 was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from the Department of Revenue.

#sb12

SENATE BILL NO. 12

"An Act relating to state and public entity procurement, including the State Procurement Code, procurement preferences, contract awards, the use of small procurement provisions for certain amounts of leased space, the Alaska business license requirement for Alaska bidder and other procurement preferences, the proof of registration of construction contract bidders and offerors, the establishment and maintenance of lists of persons who want to provide supplies or services to the state, state agencies, and state instrumentalities, electronic bids and proposals, the chief procurement officer, small procurements, and writings; relating to the meaning of 'Alaska bidder'; and providing for an effective date."

9:08:36 AM

Co-Chair Meyer stated that the committee heard public testimony for SB 12.

LAURA PIERRE, STAFF, SENATOR FAIRCLOUGH, requested an explanation of the procurement process from the Department of Administration (DOA).

VERN JONES, CHIEF PROCUREMENT OFFICER, DEPARTMENT OF ADMINISTRATION, highlighted relevant information by providing a sectional analysis of the legislation. He began with section one, which was a technical change that renumbered and moved a preference. Section 2 affected the local agricultural preference making the language of the preference consistent. He skipped to section 5, which changed the salary range for the Chief Procurement Officer reflecting a change in the Division of General Services as well as the duties performed. Sections 6 - 10 included additional technical changes on preferences including relocation to a common section. Section 11 amended the small procurement section. The change increased the threshold limit for small procurements of leased space from 3,000 square feet to 7,000 square feet, consistent with section 18.

Mr. Jones continued with section 12 of the sectional analysis. The section clarified when Alaska business licenses were required for formal bids and proposals. The change required bidders to provide proof of their Alaska business license prior to award, but required the license at the time of bid submission in order to qualify for the Alaska bidder preference. Section 13 omitted the vendor lists, which was an antiquated process. The department was implementing an automated procurement process. He skipped to section 15, which clarified construction contractor registration requirements, now explicitly requiring registration before awarding a contract.

Mr. Jones continued with section 16, which clarified the Alaska business license requirements for competitive sealed proposals and qualification for the Alaska bidder preference using language consistent with that used in section 13. He skipped to section 18, which included a substantive change amending the small procurement threshold to \$100 thousand for goods and professional services, to \$200 thousand for construction, and 7 thousand square feet for lease of space.

[9:14:52 AM](#)

Mr. Jones continued with section 19. The section consolidated the Alaska bidder preference, Alaska veterans' preference, and other preferences formerly in AS 36.30.170(b). The section also clarified the requirement for a disability preference and eliminated the "employers

of people with disabilities preference" and excluded real estate leases from application of procurement preferences. Section 21 clarified which preferences were cumulative, and which may not be combined. He continued with section 23, which moved the definition of "Alaska bidder" and added new definitions for "in writing" and "written" to include information in electronic form.

9:18:05 AM

Co-Chair Meyer appreciated the changes in the procurement code. He asked about section 5. He noticed that changes were being proposed for the testifier's position. He asked if Mr. Jones supported of the proposed changes.

Mr. Jones responded that the Chief Procurement Officer would no longer serve as Director of the Division of General Services. He was the Chief Procurement Officer in 2002 and he assumed the overall responsibilities for the division. The change coincided with plans to establish a director position for the Division of General Services allowing the procurement officer to focus on statewide procurement.

9:20:03 AM

Senator Olson understood that the vendor list was antiquated. He asked about entities without access to computers or enough broadband to interface with the new electronic process. He wondered how a contractor in the bush could bid on a project without access to the internet. He wished to level the playing field for veterans and disabled Alaskans.

9:21:41 AM

Mr. Jones replied that a transition period was imminent. He pointed out that the state was implementing an automated procurement system as part of the Integrated Resource Information System (IRIS). The system will include resources for vendors providing them with the necessary information. Internet access was necessary. The vendor lists were not required, so the online public notice system contained all posts from the division. The law required that the division maintain the vendor lists, but they had fallen out of use. The section also removed a requirement that was no longer used.

[9:23:32 AM](#)

Senator Hoffman thanked the sponsor for the legislation. He himself owned several corporations and was chairman of the Bethel Native Corporation. He asked if the legislation helped to streamline the cumbersome application process.

Mr. Jones responded that the changes allowed for automation of the formal bids and procurement, which would streamline the process. He added that implementation of IRIS would allow businesses to submit bids by populating forms online rather than creating Request for Proposals (RFP). He stated that raising the small procurement thresholds would alter business by removing barriers of complexity.

Senator Hoffman agreed that the legislation would simplify the process for Alaska small businesses.

[9:25:45 AM](#)

Senator Bishop echoed the statements of Senator Hoffman. He pointed out section 19, which eliminated redundancy in disability determinations for veterans. He appreciated the legislation's efficiency.

Co-Chair Kelly MOVED to REPORT SB 12 out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 12 was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN1 (ADM).

#sb37

SENATE BILL NO. 37

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

[9:27:20 AM](#)

Vice-Chair Fairclough introduced SB 37. She stated that she served on Alaska's Statewide Suicide Prevention Council for the past several years. With changes supported by the legislature, attendance for meetings increased. The council

assembled a statewide strategic plan and was working with partners on implementation. Public awareness, social media and partnering with communities around Alaska were changes proposed. She stated that Alaska had the highest rate of suicide in the nation at nearly twice the national average. The legislation proposed the maximum extension to 2019. She requested the support of the committee.

9:28:52 AM

AT EASE

9:30:04 AM

RECONVENED

KRIS CURTIS, CHIEF AUDITOR, LEGISLATIVE BUDGET AND AUDIT, stated that the agency conducted a sunset review of the Statewide Suicide Prevention Council. The objective of the audit was to determine whether the council was serving the public's interest and whether they should be extended. The conclusion of the audit was that the council did serve the public's interest. The recommendation was to extend the termination date six years, until June 30, 2019.

Ms. Curtis pointed out that the audit found notable improvements made by the council since the last review of operations in 2008. The improvements were attributed to alignment with the Alaska Mental Health Trust (AHMT) board and the Advisory Board on Alcoholism and Drug Abuse. The collaboration was advantageous as suicide was often linked with mental illness and/or drug abuse.

Ms. Curtis further explained that the audit addressed the numerous activities undertaken by the council. One impressive accomplishment was the development of a new statewide suicide prevention plan. She credited the council for outreach to the Alaska native communities and tribal leaders. The audit recommended that the council formalize the leadership structure through a written agreement and evaluate the position as required by statute. The audit included two other recommendations including monitoring of meeting attendance by the council and developing performance measures to support the statutory duties and annually report progress. Both the council and the department agreed with the recommendations.

9:33:00 AM

Senator Dunleavy asked about the increase in the budget for travel listed on the fiscal note.

KATE BURKHART, EXECUTIVE DIRECTOR, STATEWIDE SUICIDE PREVENTION COUNCIL, explained that she was also executive director for the Alaska Mental Health board and the Advisory Board on Alcoholism and Drug Abuse. She discussed the work done by the council to respond to the audit recommendations. She noted that the audit included three recommendations as mentioned by Ms. Curtis. In response to the first recommendation, the council executive committee partnered with the executive committees of the other two boards to conduct an evaluation of her performance last fall. The executive committees also worked together to memorialize the current leadership and resource sharing in a memorandum of agreement.

Ms. Burkhart continued with the council's response to recommendation number two. An attendance log was implemented in July 2012, which would be provided to the governor's office, the Senate President and the Speaker of the House at the end of each fiscal year. She stated that the council achieved a quorum at every regular meeting, which heightened the ability to accomplish statutory duties.

Ms. Burkhart discussed the final recommendation, which addressed the council's performance measures. She mentioned changes including the tracking of population indicators. The indicators were listed in the state plan and would be tracked each year. She worked with the Department of Health and Social Services (DHSS) to translate the indicators and performance into the Office of Management and Budget (OMB) language. She hoped to fully comply with the recommendation by the end of the fiscal year. She emphasized that the auditing process provided a great benefit to the council.

[9:37:31 AM](#)

Ms. Burkhart discussed the fiscal note. Beginning in 2015, the fiscal note showed an increase of \$44,600 per year, with \$18,600 for travel. The council's travel budget did not permit regular meetings outside of the Anchorage area. The council felt that the lack of travel funding restricted partnerships with rural communities and tribal organizations. The lack of travel funding restricted the

ability to represent and learn from the people of Alaska outside of the road system.

Ms. Burkhart pointed out that the largest number of suicides occurred in the Anchorage area, but the highest rates were in rural Alaska. The council wished to serve rural Alaska better with face-to-face communication. She clarified that the travel budget encouraged council members to work within constraints by meeting in Anchorage.

Ms. Burkhart pointed out that the fiscal note included \$20 thousand for projects. The council prioritized in the state plan the need for Alaska-specific research on the factors that contributed to suicide. The funding would allow the council to seed the research with partners in the state like the University and the Alaska Native Tribal Health Consortium. The funding would not be used specifically for council activities, but would allow the achievement of the goals under strategy six of the state plan.

Ms. Burkhart mentioned an additional \$8,700 for printing costs, video conferencing, and webinar support to reflect the increased presence of the council around the state. The council web-published their state plan and was unable to provide printed copies of the plan because it was cost-prohibitive. The items on the fiscal note were listed as statutory state responsibilities for the council as opposed to funding for expansion.

[9:41:15 AM](#)

BILL MARTIN, CHAIR, SUICIDE PREVENTION COUNCIL, testified in favor of the bill. He stated that he was retired and worked with suicide prevention on local, statewide, regional and national levels. He stated that he was appointed to the council 10 years ago. He mentioned summits in Juneau and Anchorage that allowed community members to share ideas. He pointed out changes in advocacy regarding suicide prevention. Tribes and communities were able to talk about suicide and prevention in their regions, which had been a difficult subject to broach. He stated that he planned to travel to Nenana to speak with school children in communities about suicide.

Mr. Martin noted the high rate of suicide with the elders in the United States. He pointed out that the higher rates of suicide in Alaska were seen with the young people. He

wanted to find the reasons. The high suicide rates for younger Alaskans were in existence for only 40 years. He commented on his upbringing where the elders took great responsibility in the upbringing of the children. He explained that the native people were very sensitive, who could be hurt very easily. Young people were especially vulnerable and required support and guidance about certain aspects of growing up. He spoke about certain aspects of Alaskan native culture that had grown obsolete such as skill sharing or sane fishing. He hoped that the travel funding would allow members of the community to visit rural areas to provide the needed communication. The council had developed a multitude of ideas to prevent suicide in the state.

[9:47:24 AM](#)

Senator Olson asked if council members could "call in" a vote, or were they required to be present at the meeting.

Ms. Burkhart replied that the bylaws permitted a telephonic full participation and vote.

[9:48:07 AM](#)

Vice-Chair Fairclough commented that the bill could be moved out of committee, but time for testimony had become limited.

GRETCHEN NEALY, ALASKA BRAIN INJURY NETWORK, stated that she worked to help survivors of trauma from the traumatic brain injury. Prior to her position she served nine years for the Alaska Joint Force Headquarters for the National Guard and oversaw the suicide prevention program. She understood the need for funding to allow for travel to rural areas.

Co-Chair Meyer stated that the bill was very important.

Co-Chair Meyer closed public testimony.

[9:50:37 AM](#)

Co-Chair Kelly MOVED to REPORT SB 37 out of committee with individual recommendations and the accompanying fiscal note(s). There being NO OBJECTION, it was so ordered.

SB 37 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN 1 (DHS).

#sb 17

SENATE BILL NO. 17

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

SB 17 was POSTPONED until the Senate Finance Committee meeting on Monday February 25.

9:51:57 AM

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ADJOURNMENT

The meeting was adjourned at 9:52 a.m.